



Vietnam Dairy Products Joint Stock Company

Separate financial statements
for the year ended 31 December 2016

Vietnam Dairy Products Joint Stock Company Corporate Information

Business Registration

Certificate No.	4103001932	20 November 2003
	0300588569	18 January 2017

The Company's business registration certificate has been amended several times, the most recent of which is by business registration certificate No. 0300588569 dated 18 January 2017. The business registration certification was issued by Ho Chi Minh City Planning and Investment Department.

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

Vietnam Dairy Products Joint Stock Company
Statement of the Board of Directors

**STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN
RESPECT OF THE SEPARATE FINANCIAL STATEMENTS**

The Board of Directors is responsible for the separate financial statements of Vietnam Dairy Products Joint Stock Company ("the Company") which give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2016 and of the unconsolidated results of operations and unconsolidated cash flows for the year ended then ended. In preparing these separate financial statements, the Board of Directors is required to:

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

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

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements set out on pages 5 to 58 which give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2016, and of the unconsolidated results of operations and unconsolidated cash flows for the year ended then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Directors



Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, 28 February 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders Vietnam Dairy Products Joint Stock Company

We have audited the accompanying separate financial statements of Vietnam Dairy Products Joint Stock Company ("the Company"), which comprise the separate balance sheet as at 31 December 2016, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 28 February 2017, as set out on pages 5 to 58.

Management's Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Vietnam Dairy Products Joint Stock Company as at 31 December 2016 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 16-01-305/YE1



Hà Vũ Đình

Practicing Auditor Registration
Certificate No. 0414-2013-007-1
Deputy General Director

Lam Thi Ngoc Hao
Practicing Auditor Registration
Certificate No. 0866-2013-007-1

Ho Chi Minh City, 28 February 2017

Vietnam Dairy Products Joint Stock Company
Separate balance sheet as at 31 December 2016

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2016 VND	1/1/2016 VND
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		17,801,341,382,408	15,822,463,925,273
Cash	110	5	485,358,843,152	1,067,935,585,325
Short-term financial investments	120		10,368,523,488,016	8,653,183,733,226
Trading securities	121	6(a)	442,023,488,016	524,884,057,132
Allowance for diminution in the value of trading securities	122	6(a)	-	(71,700,323,906)
Held-to-maturity investments	123	6(b)	9,926,500,000,000	8,200,000,000,000
Accounts receivable – short-term	130		2,702,207,940,196	2,558,257,733,837
Accounts receivable from customers	131	7	1,983,880,118,265	2,059,022,259,461
Prepayments to suppliers	132		240,402,985,745	108,355,688,039
Other short-term receivables	136	8(a)	478,323,444,840	390,914,195,337
Allowance for doubtful debts	137		(475,005,167)	(34,409,000)
Shortage of assets awaiting for resolution	139		76,396,513	-
Inventories	140	9	4,098,729,148,422	3,467,279,028,328
Inventories	141		4,115,402,639,668	3,484,395,015,086
Allowance for inventories	149		(16,673,491,246)	(17,115,986,758)
Other current assets	150		146,521,962,622	75,807,844,557
Short-term prepaid expenses	151	14(a)	33,324,800,182	38,346,903,574
Deductible value added tax	152		113,197,162,440	37,460,940,983

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

Vietnam Dairy Products Joint Stock Company
Separate balance sheet as at 31 December 2016 (continued)

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2016 VND	1/1/2016 VND
Long-term assets				
(200 = 210 + 220 + 230 + 240 + 250 + 260)	200		10,321,862,962,386	10,186,083,968,354
Accounts receivable – long-term	210		15,126,638,176	14,238,293,770
Long-term loan receivables	215		7,245,908,762	5,573,700,349
Other long-term receivables	216	8(b)	7,880,729,414	8,664,593,421
Fixed assets	220		5,790,522,519,072	6,195,233,101,403
Tangible fixed assets	221	10	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)
Intangible fixed assets	227	11	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)
Investment property	230	12	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)
Long-term work in progress	240		430,308,443,075	277,294,577,637
Construction in progress	242	13	430,308,443,075	277,294,577,637
Long-term financial investments	250		3,616,419,284,278	3,255,627,270,385
Investments in subsidiaries	251	6(c)	3,126,810,823,122	2,500,056,584,693
Investments in associates	252	6(c)	319,289,808,669	311,189,808,669
Equity investments in other entities	253	6(c)	10,570,276,240	10,570,276,240
Allowance for diminution in the value of long-term financial investments	254	6(c)	(30,251,623,753)	(102,785,399,217)
Held-to-maturity investments	255	6(b)	190,000,000,000	536,596,000,000
Other non-current assets	260		334,590,662,507	303,968,077,361
Long-term prepaid expenses	261	14(b)	299,939,849,755	278,787,890,047
Deferred tax assets	262	15	34,650,812,752	25,180,187,314
TOTAL ASSETS (270 = 100 + 200)	270		28,123,204,344,794	26,008,547,893,627

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

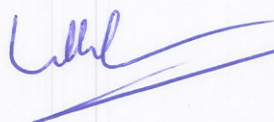
Vietnam Dairy Products Joint Stock Company
Separate balance sheet as at 31 December 2016 (continued)

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2016 VND	1/1/2016 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		6,329,270,261,772	5,650,757,468,579
Current liabilities	310		6,233,534,218,272	5,563,657,738,579
Accounts payable to suppliers	311	16	2,568,934,375,909	2,118,962,866,700
Advances from customers	312		35,900,744,953	14,656,723,939
Taxes payable to State Treasury	313	17	245,031,363,448	204,127,132,111
Payables to employees	314		166,926,421,131	439,923,313,515
Accrued expenses	315	18	984,149,487,382	559,028,023,597
Unearned revenue	318		2,629,190,398	140,459,988
Other short-term payables	319	19	574,093,150,299	579,352,532,299
Short-term borrowings	320	20	1,200,000,000,000	1,242,010,000,000
Provision – short-term	321		889,995,571	2,420,017,605
Bonus and welfare fund	322	21	454,979,489,181	403,036,668,825
Long-term liabilities	330		95,736,043,500	87,099,730,000
Provision – long-term	342	22	95,736,043,500	87,099,730,000
EQUITY (400 = 410)	400		21,793,934,083,022	20,357,790,425,048
Owners' equity	410	23	21,793,934,083,022	20,357,790,425,048
Share capital	411	24	14,514,534,290,000	12,006,621,930,000
Share premium	412		260,699,620,761	-
Treasury shares	415	24	(1,176,335,920)	(5,388,109,959)
Investment and development fund	418	26	1,794,957,937,585	3,289,455,938,121
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
- Profit for the current year	421b		2,558,096,699,710	2,141,426,153,420
TOTAL RESOURCES (440 = 300 + 400)	440		28,123,204,344,794	26,008,547,893,627

28 February 2017

Prepared by:



Le Thanh Liem
Acting Executive Director – Finance
cum Chief Accountant

Approved by:



Mai Kieu Lien
Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company
Separate statement of income for the year ended 31 December 2016

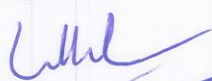
Form B 02 – DN

(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2016 VND	2015 VND
Revenue from sales of goods and provision of services	01	28	43,932,164,892,426	38,009,930,558,904
Revenue deductions	02	28	123,038,511,216	96,431,044,141
Net revenue (10 = 01 - 02)	10	28	43,809,126,381,210	37,913,499,514,763
Cost of sales	11	29	22,522,706,121,326	22,470,518,366,089
Gross profit (20 = 10 - 11)	20		21,286,420,259,884	15,442,981,148,674
Financial income	21	30	775,693,544,401	639,783,992,634
Financial expenses	22	31	(1,239,350,917)	114,125,221,658
<i>In which: Interest expense</i>	23		29,633,689,355	13,936,351,072
Selling expenses	25	32	10,320,592,720,769	5,883,383,256,260
General and administration expenses	26	33	788,972,501,837	962,654,397,973
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		10,953,787,932,596	9,122,602,265,417
Other income	31	34	263,295,376,038	243,666,523,615
Other expenses	32	35	150,146,674,029	120,734,150,499
Results of other activities (40 = 31 - 32)	40		113,148,702,009	122,932,373,116
Accounting profit before tax (50 = 30 + 40)	50		11,066,936,634,605	9,245,534,638,533
Income tax expense – current	51	37	1,831,036,765,405	1,442,545,945,664
Income tax (benefit)/expense – deferred	52	37	(9,470,625,438)	125,612,981,095
Net profit after tax (60 = 50 - 51 - 52)	60		9,245,370,494,638	7,677,375,711,774

28 February 2017

Prepared by:



Le Thanh Liem
Acting Executive Director – Finance
cum Chief Accountant

Approved by:



Mai Kieu Lien
Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company
Separate statement of cash flows for the year ended 31 December 2016
(Indirect method)

Form B 03 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code Note	2016 VND	2015 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	01	11,066,936,634,605	9,245,534,638,533
Adjustments for			
Depreciation and amortisation	02	898,148,802,451	876,974,011,354
Allowances and provisions	03	(52,422,845,107)	(6,408,292,749)
Exchange (gain)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(1,318,867,186)	3,971,846,156
Gains on disposals of tangible fixed assets and construction in progress	05	(8,235,817,112)	(29,185,557)
Gain on fixed assets revaluation for investments in other entities	05	-	(31,819,572,312)
Dividends and interest income	05	(737,410,536,886)	(568,382,740,773)
Interest expense	06	29,633,689,355	13,936,351,072
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	(641,911,165,310)	(104,950,486,317)
Change in payables and other liabilities	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
		10,882,927,521,514	10,274,707,471,040
Interest paid	14	(15,991,217,076)	(11,011,405,053)
Income tax paid	15	(1,722,453,829,341)	(1,778,837,496,979)
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

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

Vietnam Dairy Products Joint Stock Company
Separate statement of cash flows for the year ended 31 December 2016
(Indirect method – continued)

Form B 03 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code Note	2016 VND	2015 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(743,276,724,586)	(478,842,215,913)
Collections on disposals of fixed assets and other long-term assets	22	157,426,587,913	109,734,366,971
Payments for time deposits	23	(1,379,904,000,000)	(1,350,000,000,000)
Payments for purchase of debt instruments of other entities	23	-	(190,000,000,000)
Payments for granting loans	23	(1,672,208,413)	-
Receipts from collecting loans	24	-	1,821,603,322
Payments for investments in other entities	25	(634,854,238,429)	(693,316,294,124)
Collections on investments in other entities	26	-	155,767,663
Receipts of interest 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)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital issued	31	354,965,040,720	-
Payment for repurchase of treasury shares	32	(1,176,335,920)	-
Proceeds from borrowings	33	1,200,000,000,000	1,242,010,000,000
Payments to settle loan principals	34	(1,242,010,000,000)	(1,110,720,000,000)
Payments of dividends	36	(7,238,478,492,000)	(6,000,711,624,000)
Net cash flows from financing activities	40	(6,926,699,787,200)	(5,869,421,624,000)

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

Vietnam Dairy Products Joint Stock Company
Separate statement of cash flows for the year ended 31 December 2016
(Indirect method – continued)

Form B 03 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code Note	2016 VND	2015 VND
Net cash flows during the year (50 = 20 + 30 + 40)	50	(582,540,853,643)	(228,612,565,896)
Cash at the beginning of the year	60	1,067,935,585,325	1,298,826,375,540
Effect of exchange rate fluctuations on cash	61	(35,888,530)	(2,278,224,319)
Cash at the end of the year (70 = 50 + 60 + 61)	70 5	485,358,843,152	1,067,935,585,325

28 February 2017

Prepared by:



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

Approved by:



Mai Kieu Lien
Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

1. Reporting Entity

(a) Ownership structure

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

(b) Principal activities

The principal activities of the Company are to:

- Process, manufacture and distribute milk cake, soya milk, fresh milk, refreshment drinks, bottled milk, powdered milk, nutritious powder and other products from milk;
- Trade in food technology, spare parts, equipment, materials and chemicals;
- Trade in houses, brokerage and leasing of real estate;
- Provide warehousing, transportation;
- Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee;
- Manufacture and sell plastic package and label printing;
- Provide health care clinic services;
- Provide supporting agricultural operations such as: supply of seeds of cultivated crops, guidance on cultivation techniques, cultivation harvest, soil working, irrigation; and
- Raise cattle: supply of breeding animals and breeding techniques, run agricultural operations.

(c) Normal operating cycle

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

(d) Group structure

As at 31 December 2016, the Company had 6 subsidiaries and 3 associates (1 January 2016: 6 subsidiaries and 2 associates) as listed in Note 6(c).

As at 31 December 2016, the Company had 5,383 employees (1/1/2016: 5,189 employees).

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

2. Basis of preparation

(a) Statement of compliance

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirement applicable to financial reporting. The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Company's consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements.

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

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

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

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

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

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(b) Cash and cash equivalents

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

(c) Investments

(i) *Trading securities*

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

(ii) *Held-to-maturity investments*

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

(iii) *Investments in subsidiaries and associates*

For the purpose of these separate financial statements, investments in subsidiaries and associates are initially recognised at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss, except where such a loss was anticipated by the Company's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(iv) Investment in equity instruments of other entities

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

(d) Accounts receivable

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

(e) Inventories

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

The Company applies the perpetual method of accounting for inventories.

(f) Tangible fixed assets

(i) Cost

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(ii) Depreciation

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

- | | |
|----------------------------|---------------|
| ▪ buildings and structures | 10 – 50 years |
| ▪ machinery and equipment | 8 – 15 years |
| ▪ motor vehicles | 6 – 10 years |
| ▪ office equipment | 3 – 10 years |

(g) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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

Indefinite lived land use rights are stated at cost and not amortised.

(ii) Software

Cost of acquiring of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 2 – 6 years.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(h) Investment property

(i) Cost

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

(ii) Depreciation

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

- | | |
|-------------------|---------------|
| ▪ land use rights | 49 years |
| ▪ infrastructure | 10 years |
| ▪ buildings | 10 – 50 years |

(i) Construction in progress

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

(j) Long-term prepaid expenses

(i) Prepaid land costs

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(ii) Tools and instruments

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 1 to 4 years.

(iii) Others

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

(k) Trade and other payables

Trade and other payables are stated at their cost.

(l) Provisions

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

Severance allowance

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

Provision for severance allowance to be paid to the existing eligible employees as at 31 December 2016 has been made based on the eligible employees’ years of service, being the total employees’ years of service less the number of years for which the employees participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company, if any, and their average salary for the six-month period prior to the end of the annual accounting period.

(m) Share capital

(i) Ordinary shares

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

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

(n) Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

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

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

(o) Revenue and other income

(i) Goods sold

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

(ii) Services rendered

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(iii) *Rental income*

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

(iv) *Interest income*

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

(v) *Dividend income*

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

(vi) *Revenue from disposal of short-term and long-term investments*

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

(p) *Operating lease payments*

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

(q) *Borrowing costs*

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(r) Dividend distribution

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

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

(s) Funds

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

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

Utilisation of the above reserve funds requires approval of the shareholders, the Board of Directors or the Chief Executive Officer, depending on the nature and magnitude of the transactions involved as stated in the Company's Charter and financial regulations.

(t) Segment reporting

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

(u) Related parties

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

Vietnam Dairy Products Joint Stock Company**Notes to the separate financial statements for the year ended 31 December 2016 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***4. Segment reporting**

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

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

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, which is located in Vietnam ("Domestic") or countries other than Vietnam ("Overseas"). Segment assets and capital expenditure are not presented since the location of assets and production is mostly in Vietnam.

	Domestic		Overseas		Total	
	2016 VND	2015 VND	2016 VND	2015 VND	2016 VND	2015 VND
Net revenue	38,064,089,962,852	32,644,060,337,849	5,745,036,418,358	5,269,439,176,914	43,809,126,381,210	37,913,499,514,763
Cost of sales	(20,452,296,148,635)	(19,927,431,395,418)	(2,070,409,972,691)	(2,543,086,970,671)	(22,522,706,121,326)	(22,470,518,366,089)
Segment income	17,611,793,814,217	12,716,628,942,431	3,674,626,445,667	2,726,352,206,243	21,286,420,259,884	15,442,981,148,674

5. Cash

	31/12/2016 VND	1/1/2016 VND
Cash on hand	791,588,837	878,964,524
Cash in banks	484,567,254,315	1,067,056,620,801
	485,358,843,152	1,067,935,585,325

Vietnam Dairy Products Joint Stock Company

Notes to the separate financial statements for the year ended 31 December 2016 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

6. Investments

(a) Trading securities

	31/12/2016			1/1/2016		
	Carrying amount VND	Fair value VND	Allowance for diminution in value VND	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Short-term investments in shares:						
▪ Bao Viet Joint Stock Commercial Bank (*)	442,000,000,000	442,000,000,000	-	442,000,000,000	442,000,000,000	-
▪ An Binh Commercial Joint Stock Bank	-	-	-	82,283,660,000	10,784,237,200	(71,499,422,800)
▪ Others	23,488,016	23,531,816	-	600,397,132	399,572,816	(200,901,106)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	442,023,488,016	442,023,531,816	-	524,884,057,132	453,183,810,016	(71,700,323,906)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

(*) As at the reporting date, the Company has entered into a share purchase agreement to transfer its securities of Bao Viet Joint Stock Commercial Bank, the transaction has not been completed (Note 19). The carrying value of the securities represented the expected realisable amount.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(b) Held-to-maturity investments

	Note	31/12/2016 VND	1/1/2016 VND
Held-to-maturity investments – short-term			
▪ term deposits		9,626,500,000,000	8,200,000,000,000
▪ corporate bonds	(*)	300,000,000,000	-
		9,926,500,000,000	8,200,000,000,000
Held-to-maturity investments – long-term			
▪ term deposits		-	46,596,000,000
▪ corporate bonds	(*)	190,000,000,000	490,000,000,000
		190,000,000,000	536,596,000,000

- (*) These amounts represented investments in bonds issued by Ho Chi Minh Development Joint Stock Commercial Bank with an original maturity of 36 months from their placement dates. The bonds were unsecured, earned interest rates ranging from 7.5% to 8.4% per annum (2015: from 7.5% to 8%) and are receivable in June 2017 and September 2018, respectively.

Vietnam Dairy Products Joint Stock Company

Notes to the separate financial statements for the year ended 31 December 2016 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(c) Investments in other entities

31 December 2016	Address	% of equity owned	% of voting rights	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Equity investments in:						
Subsidiaries						
▪ Vietnam Dairy Cow One Member Limited Company	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	100.00%	100.00%	2,110,780,000,000	(*)	(22,761,321,984)
▪ Lamson Dairy Products One Member Company Limited (i)	Le Mon Industrial Zone, Thanh Hoa Province, Vietnam	100.00%	100.00%	370,800,000,000	(*)	-
▪ Driftwood Dairy Holdings Corporation	10724 E.Lower Azusa Rd. El Monte, CA 91731-1390, United States of America	100.00%	100.00%	225,895,918,429	(*)	-
▪ Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Gwiazdzista 7a/4, 01-065 Warszawa, Poland	100.00%	100.00%	66,463,150,000	(*)	-
▪ Thong Nhat Thanh Hoa Dairy Cow Company Limited	Quarter 1, Thong Nhat Town, Yen Dinh District, Thanh Hoa Province, Vietnam	96.11%	96.11%	135,000,000,000	(*)	-
▪ Angkor Dairy Products Co, Ltd.	P2-096, P2-097, PPSEZ Boeung Thom, Posen Chey Phnom Penh, Kingdom of Cambodia	51.00%	51.00%	217,871,754,693	(*)	-
				<hr/>		<hr/>
				3,126,810,823,122		(22,761,321,984)
				<hr/>		<hr/>

(i) Subsequent to year-end, this subsidiary was merged to the Company.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016 (continued)
Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

31 December 2016	Address	% of equity owned	% of voting rights	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Associates						
▪ Miraka Limited	109 Tuwharetoa, Taupo, New Zealand	22.81%	22.81%	293,189,808,669	(*)	-
▪ Asia Saigon Food Ingredients Joint Stock Company	Lot C-9E-CN, My Phuoc 3 Industrial Park, Ben Cat District, Binh Duong Province, Vietnam	(**) 15.00%	15.00%	18,000,000,000	(*)	-
▪ APIS Corporation	No. 18A, VSIP II-A, Road 27, Vietnam – Singapore II-A Industrial Park, Vinh Tan Commune, Tan Uyên Town, Binh Duong Province, Vietnam	(**) 18.00%	18.00%	8,100,000,000	(*)	-
				319,289,808,669		-
Others						
▪ Vietnam Growth Investment Fund (VF2)	Melinh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam			10,270,276,240	(*)	(7,490,301,769)
▪ An Khang Clinic – Pharmacy	184-186-188 Nguyen Dinh Chieu Street, District 3, Ho Chi Minh City, Vietnam			300,000,000	(*)	-
				10,570,276,240		(7,490,301,769)
				3,456,670,908,031		(30,251,623,753)

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

(**) Management assessed that the Company had significant influence over these entities because the Company has members in Board of Management of these two entities.

Vietnam Dairy Products Joint Stock Company

Notes to the separate financial statements for the year ended 31 December 2016 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

1 January 2016	Address	% of equity owned	% of voting rights	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Equity investments in:						
Subsidiaries						
▪ Vietnam Dairy Cow One Member Limited Company	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	100.00%	100.00%	1,670,000,000,000	(*)	(98,045,272,269)
▪ Lamson Dairy Products One Member Company Limited	Le Mon Industrial Zone, Thanh Hoa Province, Vietnam	100.00%	100.00%	370,800,000,000	(*)	-
▪ Driftwood Dairy Holdings Corporation	10724 E.Lower Azusa Rd. El Monte, CA 91731-1390, United States of America	70.00%	70.00%	157,750,560,000	(*)	-
▪ Vinamilk Europe Spółstka Z Ograniczona Odpowiedzialnoscia	Gwiazdzista 7a/4, 01-065 Warszawa, Poland	100.00%	100.00%	9,834,270,000	(*)	-
▪ Thong Nhat Thanh Hoa Dairy Cow Company Limited	Quarter 1, Thong Nhat Town, Yen Dinh District, Thanh Hoa Province, Vietnam	96.11%	96.11%	73,800,000,000	(*)	-
▪ Angkor Dairy Products Co, Ltd.	P2-096, P2-097, PPSEZ Boeung Thom, Posen Chey Phnom Penh, Kingdom of Cambodia	51.00%	51.00%	217,871,754,693	(*)	-
				<hr/>		<hr/>
				2,500,056,584,693		(98,045,272,269)
				<hr/>		<hr/>

Vietnam Dairy Products Joint Stock Company

Notes to the separate financial statements for the year ended 31 December 2016 (continued)

Form B 09 – DN

(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

1 January 2016	Address	% of equity owned	% of voting rights	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Associates						
▪ Miraka Limited	109 Tuwharetoa, Taupo, New Zealand	22.81%	22.81%	293,189,808,669	(*)	-
▪ Asia Saigon Food Ingredients Joint Stock Company	Lot C-9E-CN, My Phuoc 3 Industrial Park, Ben Cat District, Binh Duong Province, Vietnam	(**) 15.00%	15.00%	18,000,000,000	(*)	-
				<hr/>		<hr/>
				311,189,808,669		-
Others						
▪ Vietnam Growth Investment Fund (VF2)	Melinh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam			10,270,276,240	(*)	(4,740,126,948)
▪ An Khang Clinic – Pharmacy	184-186-188 Nguyen Dinh Chieu Street, District 3, Ho Chi Minh City, Vietnam			300,000,000	(*)	-
				<hr/>		<hr/>
				10,570,276,240		(4,740,126,948)
				<hr/>		<hr/>
				2,821,816,669,602		(102,785,399,217)
				<hr/>		<hr/>

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

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

	2016 VND	2015 VND
Opening balance	71,700,323,906	139,208,371,400
Increase in allowance during the year	-	1,960,770,400
Written back	(260,762,300)	(14,723,076,000)
Allowance utilised during the year	(71,439,561,606)	(54,745,741,894)
	<hr/>	<hr/>
Closing balance	-	71,700,323,906
	<hr/>	<hr/>

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

	2016 VND	2015 VND
Opening balance	102,785,399,217	119,386,972,960
Increase in allowance during the year	2,750,174,821	-
Written back	(75,283,950,285)	(14,123,773,502)
Allowance utilised during the year	-	(2,477,800,241)
	<hr/>	<hr/>
Closing balance	30,251,623,753	102,785,399,217
	<hr/>	<hr/>

7. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	31/12/2016 VND	1/1/2016 VND
Abdulkarim Alwan Foodstuff Trading (LLC)	429,110,901,892	203,761,695,760
Other customers	1,554,769,216,373	1,855,260,563,701
	<hr/>	<hr/>
	1,983,880,118,265	2,059,022,259,461
	<hr/>	<hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(b) Accounts receivable from customers who are related parties

	31/12/2016	1/1/2016
	VND	VND
Subsidiaries		
Angkor Dairy Products Co., Ltd.	10,114,960,745	16,382,351,291
Vietnam Dairy Cow One Member Limited Company	4,694,934,985	97,026,738,987
Driftwood Dairy Holdings Corporation	524,528,900	-
Thong Nhat Thanh Hoa Dairy Cow Limited Company	40,702,511	83,711,375
Lamson Dairy Products One Member Company Limited	5,894,748,601	7,905,186,000
Associate		
APIS Corporation	136,184,400	-

The trade related amount due from related parties were unsecured, interest free and receivable on demand.

8. Other receivables

(a) Other short-term receivables

	31/12/2016	1/1/2016
	VND	VND
Interest income from deposits	268,804,804,005	212,049,612,558
Interest income from bonds	17,595,726,029	16,252,054,779
Receivables from import entrustment	99,213,751,320	38,110,188,937
Rebates receivable from suppliers	54,797,825,720	54,213,539,996
Import tax refundable	27,796,047,217	51,308,507,620
Receivables from employees	779,702,422	845,323,856
Advances to employees	2,286,937,297	1,643,057,113
Short-term deposits	177,731,000	127,000,000
Dividends receivable	3,988,025,835	-
Others	2,882,893,995	16,364,910,478
	478,323,444,840	390,914,195,337

(b) Other long-term receivables

	31/12/2016	1/1/2016
	VND	VND
Receivables from an investment	6,247,684,826	7,247,684,826
Long-term deposits	1,633,044,588	1,416,908,595
	7,880,729,414	8,664,593,421

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

9. Inventories

	31/12/2016		1/1/2016	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	561,281,869,361	-	649,191,603,779	-
Raw 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	-
	<hr/>		<hr/>	
	4,115,402,639,668	(16,673,491,246)	3,484,395,015,086	(17,115,986,758)
	<hr/>		<hr/>	

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

	2016 VND	2015 VND
Opening balance	17,115,986,758	12,977,886,653
Increase in allowance during the year	20,495,989,783	24,948,604,734
Written back	(10,647,145,123)	(14,757,077,585)
Allowance utilised during the year	(10,291,340,172)	(6,053,427,044)
	<hr/>	
Closing balance	16,673,491,246	17,115,986,758
	<hr/>	

Vietnam Dairy Products Joint Stock Company

Notes to the separate financial statements for the year ended 31 December 2016 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

10. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
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	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
Disposals	-	(31,113,664,295)	(11,201,850,063)	(1,707,116,991)	(44,022,631,349)
Reclassification	11,839,362,577	(8,015,376,172)	-	(3,823,986,405)	-
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	3,325,789,125,307	258,894,095,218	280,090,833,529	4,299,822,456,636
Charge for the year	83,517,372,994	679,753,310,142	56,931,539,128	56,990,219,961	877,192,442,225
Disposals	-	(31,109,962,401)	(8,109,577,835)	(1,685,295,409)	(40,904,835,645)
Reclassification	2,474,487,022	1,370,858,339	-	(3,845,345,361)	-
Closing balance	521,040,262,598	3,975,803,331,387	307,716,056,511	331,550,412,720	5,136,110,063,216
Net book value					
Opening balance	1,395,093,460,402	4,098,723,927,443	351,390,336,598	157,010,458,557	6,002,218,183,000
Closing balance	1,353,768,145,684	3,747,315,283,819	377,577,081,545	133,635,859,327	5,612,296,370,375

Included in the cost of tangible fixed assets were assets costing VND1,257,988,443,769 which were fully depreciated as at 31 December 2016 (1/1/2016: VND1,031,379,432,521), but which are still in active use.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

11. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	166,507,249,624	129,772,188,308	296,279,437,932
Additions	-	1,340,358,000	1,340,358,000
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
Charge for the year	2,178,493,690	13,950,634,016	16,129,127,706
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

Included in the cost of intangible fixed assets were assets costing VND48,086,488,915 which were fully amortised as at 31 December 2016 (1/1/2016: VND48,086,488,915), but which are still in use.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

12. Investment property

	Land use rights VND	Infrastructure VND	Buildings VND	Total VND
Cost				
Opening and closing balance	82,224,238,170	6,464,218,561	87,584,055,107	176,272,511,838
Accumulated depreciation				
Opening balance	1,851,632,773	3,944,983,747	30,753,247,520	36,549,864,040
Charge for the year	793,556,901	630,586,190	3,403,089,429	4,827,232,520
Closing balance	2,645,189,674	4,575,569,937	34,156,336,949	41,377,096,560
Net book value				
Opening balance	80,372,605,397	2,519,234,814	56,830,807,587	139,722,647,798
Closing balance	79,579,048,496	1,888,648,624	53,427,718,158	134,895,415,278

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

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

Included in the cost of investment property held to earn rental was assets costing VND7,892,173,774 which were fully depreciated as at 31 December 2016 (1/1/2016: VND7,541,595,410), but which are still in use.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

13. Construction in progress

	2016 VND	2015 VND
Opening balance	277,294,577,637	284,106,071,554
Additions	645,028,465,318	452,461,225,964
Transfer from tangible fixed assets	-	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 other short-term receivables	(32,951,504)	(26,582,788,137)
Transfer to long-term prepaid expenses	(2,749,287,993)	(19,568,769,205)
Transfer to investments in a subsidiary	-	(7,609,392,273)
Transfer to inventories	-	(830,923,853)
Disposals	(142,448,689,166)	(110,855,170,774)
Other decreases	(206,783,451)	(5,253,139,549)
	<hr/>	<hr/>
Closing balance	430,308,443,075	277,294,577,637
	<hr/>	<hr/>

Major constructions in progress were as follows:

	31/12/2016 VND	1/1/2016 VND
Machinery and equipment – Vietnam Dairy Factory	179,888,609,336	-
Machinery and equipment – Saigon Dairy Factory	90,072,363,870	6,881,459,400
Office building project – Can Tho Branch	52,079,729,352	52,079,729,352
Machinery and equipment – Lam Son Dairy Factory	30,025,233,724	123,805,377,889
Machinery and equipment – Tien Son Dairy Factory	23,655,279,304	53,100,190,499
Others	54,587,227,489	41,427,820,497
	<hr/>	<hr/>
	430,308,443,075	277,294,577,637
	<hr/>	<hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

14. Prepaid expenses

(a) Short-term prepaid expenses

	31/12/2016 VND	1/1/2016 VND
Prepaid tools and supplies expenses	10,887,434,065	6,453,467,173
Prepaid software deployment and networks maintenance expenses	5,166,842,293	4,312,079,769
Prepaid renovation and repair expenses	2,809,598,781	5,036,642,188
Prepaid operating lease expenses	7,007,482,846	15,894,422,496
Prepaid advertising expenses	5,746,426,437	4,448,905,912
Other short-term prepaid expenses	1,707,015,760	2,201,386,036
	<hr/> 33,324,800,182	<hr/> 38,346,903,574 <hr/>

(b) Long-term prepaid expenses

	Prepaid land costs VND	Tools and instruments VND	Other prepaid expenses VND	Total VND
Opening balance	117,987,380,387	106,651,744,871	54,148,764,789	278,787,890,047
Additions	14,638,947,086	86,411,091,822	29,695,624,157	130,745,663,065
Transfer from construction in progress	-	-	2,749,287,993	2,749,287,993
Amortisation for the year	(5,219,157,168)	(58,957,900,902)	(48,165,933,280)	(112,342,991,350)
Closing balance	<hr/> 127,407,170,305	<hr/> 134,104,935,791	<hr/> 38,427,743,659	<hr/> 299,939,849,755 <hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

15. Deferred tax assets

	Tax rate	31/12/2016 VND	1/1/2016 VND
Deferred tax assets			
Foreign exchange differences	20%	-	683,950,320
Accrued expenses and provisions	20%	35,072,880,406	24,496,236,994
		<hr/>	<hr/>
		35,072,880,406	25,180,187,314
Deferred tax liabilities			
Foreign exchange differences	20%	(422,067,654)	-
		<hr/>	<hr/>
Net deferred tax assets		34,650,812,752	25,180,187,314
		<hr/>	<hr/>

16. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	31/12/2016		1/1/2016	
	Carrying amount VND	Repayable amount VND	Carrying amount VND	Repayable amount VND
Lamson Dairy Products One Member Company Limited	230,564,754,601	230,564,754,601	140,420,664,436	140,420,664,436
Other suppliers	2,338,369,621,308	2,338,369,621,308	1,978,542,202,264	1,978,542,202,264
	<hr/>	<hr/>	<hr/>	<hr/>
	2,568,934,375,909	2,568,934,375,909	2,118,962,866,700	2,118,962,866,700
	<hr/>	<hr/>	<hr/>	<hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(b) Accounts payable to suppliers who are related parties

	31/12/2016	1/1/2016
	VND	VND
Subsidiaries		
Lamson Dairy Products One Member Company Limited	230,564,754,601	140,420,664,436
Vietnam Dairy Cow One Member Limited Company	28,517,268,205	15,618,162,511
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	3,329,163,200	70,823,148,000
Driftwood Dairy Holdings Corporation	13,198,829	-
Associates		
Miraka Limited	-	74,684,584,840
APIS Corporation	8,760,950,000	-

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

17. Taxes payable to State Treasury

	1/1/2016	Incurred	Paid	31/12/2016
	VND	VND	VND	VND
Value added tax	112,966,718,063	1,849,005,800,166	(1,902,792,035,637)	59,180,482,592
Corporate income tax	59,458,847,685	1,831,036,765,405	(1,722,453,829,341)	168,041,783,749
Personal income tax	30,553,012,885	319,517,473,163	(335,714,188,425)	14,356,297,623
Import tax	1,113,500,048	129,188,318,759	(128,570,240,817)	1,731,577,990
Other taxes	35,053,430	43,584,307,236	(41,898,139,172)	1,721,221,494
	204,127,132,111	4,172,332,664,729	(4,131,428,433,392)	245,031,363,448

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

18. Accrued expenses

	31/12/2016	1/1/2016
	VND	VND
Sale incentives, promotion	583,040,840,709	303,369,638,660
Advertising expenses	170,814,940,905	54,006,437,728
Transportation expenses	77,412,131,182	58,991,919,668
Repair and maintenance expenses	11,769,500,442	47,714,730,252
Fuel expenses	13,959,796,579	13,355,140,533
Expenses for outsourced employees	62,494,315,062	34,667,035,675
Rental fees	922,786,364	740,454,553
Interest expense	21,056,388,889	7,413,916,610
Others	42,678,787,250	38,768,749,918
	<hr/> 984,149,487,382	<hr/> 559,028,023,597 <hr/>

19. Other short-term payables

	31/12/2016	1/1/2016
	VND	VND
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Import duty payables	42,613,702,494	58,076,772,374
Short-term deposits received	70,812,658,216	63,454,967,568
Insurance and trade union fees	48,746,710	513,220,526
Others	12,610,623,724	9,300,152,676
	<hr/> 574,093,150,299	<hr/> 579,352,532,299 <hr/>

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

20. Short-term borrowings

	1/1/2016 VND	Addition VND	Paid VND	31/12/2016 VND
Short-term borrowings	1,242,010,000,000	1,200,000,000,000	(1,242,010,000,000)	1,200,000,000,000

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

Lenders	Note	Currency	Annual interest rate	31/12/2016 VND	1/1/2016 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch					
▪ Loan 1	(i)	VND	4.9%	1,100,000,000,000	-
▪ Loan 2		USD	1.28%	-	677,460,000,000
The Bank of Tokyo-Mitsubishi UFJ Ltd. – Ho Chi Minh City Branch					
▪ Loan 1	(ii)	VND	4.9%	100,000,000,000	-
▪ Loan 2		USD	1.28%	-	564,550,000,000
				1,200,000,000,000	1,242,010,000,000

(i) This borrowing has a maximum facility of VND3,300 billion and is unsecured.

(ii) This borrowing has a maximum facility of USD50 million and is unsecured.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

21. Bonus and welfare fund

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

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

	2016 VND	2015 VND
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)
	<hr/>	<hr/>
Closing balance	454,979,489,181	403,036,668,825
	<hr/>	<hr/>

22. Long-term provisions

Movement of long-term provision during the year were as follows:

	Severance allowance VND
Opening balance	87,099,730,000
Increase in provision during the year	10,053,842,830
Provision used during the year	(1,417,529,330)
	<hr/>
Closing balance	95,736,043,500
	<hr/>

Vietnam Dairy Products Joint Stock Company

Notes to the separate financial statements for the year ended 31 December 2016 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

23. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Retained profits VND	Total VND
Balance at 1 January 2015	10,006,413,990,000	-	(5,388,109,959)	2,521,718,366,944	6,926,119,661,466	19,448,863,908,451
Bonus shares issued	2,000,207,940,000	-	-	-	(2,000,207,940,000)	-
Net profit for the year	-	-	-	-	7,677,375,711,774	7,677,375,711,774
Appropriation to equity funds	-	-	-	767,737,571,177	(767,737,571,177)	-
Appropriation to bonus and welfare fund	-	-	-	-	(767,737,571,177)	(767,737,571,177)
Dividends (Note 25)	-	-	-	-	(6,000,711,624,000)	(6,000,711,624,000)
Balance at 1 January 2016	12,006,621,930,000	-	(5,388,109,959)	3,289,455,938,121	5,067,100,666,886	20,357,790,425,048
Bonus shares issued	2,507,912,360,000	260,699,620,761	5,388,109,959	(2,419,035,050,000)	-	354,965,040,720
Purchase 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	(924,537,049,464)	-
Appropriation to bonus and welfare fund	-	-	-	-	(924,537,049,464)	(924,537,049,464)
Dividends (Note 25)	-	-	-	-	(7,238,478,492,000)	(7,238,478,492,000)
Balance at 31 December 2016	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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

24. Share capital

The Company's authorised and issued share capital are:

	31/12/2016		1/1/2016	
	Number of shares	VND	Number of shares	VND
Authorised share capital	1,451,453,429	14,514,534,290,000	1,200,662,193	12,006,621,930,000
Issued shares				
Ordinary shares	1,451,453,429	14,514,534,290,000	1,200,662,193	12,006,621,930,000
Treasury shares				
Ordinary shares	(27,100)	(1,176,335,920)	(522,795)	(5,388,109,959)
Shares currently in circulation				
Ordinary shares	1,451,426,329	14,513,357,954,080	1,200,139,398	12,001,233,820,041

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

Movements in share capital during the year were as follows:

	2016		2015	
	Number of shares	VND	Number of shares	VND
Opening balance	1,200,139,398	12,001,233,820,041	1,000,118,604	10,001,025,880,041
Shares issued under Employees Stock Option Plan (“ESOP”) during the year (*)				
▪ Issuance of new shares	8,887,731	88,877,310,000	-	-
▪ Reissuance of treasury shares	522,795	5,388,109,959	-	-
Bonus shares issued during the year (**)	241,903,505	2,419,035,050,000	200,020,794	2,000,207,940,000
Treasury shares purchased during the year	(27,100)	(1,176,335,920)	-	-
Closing balance	1,451,426,329	14,513,357,954,080	1,200,139,398	12,001,233,820,041

(*) On 13 July 2016, there were 9,410,526 ordinary shares (including 8,887,731 new ordinary shares and 522,795 treasury shares) issued to the Company’s employees under Employee Stock Option Plan (“ESOP”) at VND37,720 per share.

(**) On 7 September 2016, there were 241,903,505 bonus shares (2015: 200,020,794 bonus shares) issued to existing shareholders at the ratio of 1 new share for each 5 existing ordinary shares held.

25. Dividends

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

26. Investment and development fund

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

27. Off balance sheet items

(a) Leases

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

	31/12/2016	1/1/2016
	VND	VND
Within 1 year	29,027,143,771	25,336,827,248
From 2 to 5 years	64,918,173,271	53,819,969,794
Over 5 years	315,191,823,980	329,963,585,585
	<hr/> 409,137,141,022	<hr/> 409,120,382,627

(b) Foreign currencies

	31/12/2016		1/1/2016	
	Original	VND	Original	VND
	currency	equivalent	currency	equivalent
Foreign currencies				
▪ USD	793,767	18,018,504,317	22,791,963	511,679,564,411
▪ EUR	797	19,013,213	19,731	481,733,342
		<hr/> 18,037,517,530		<hr/> 512,161,297,753

(c) Capital commitments

At the reporting date, the Group had the following outstanding capital commitments approved but not provided for in the balance sheet:

	31/12/2016	1/1/2016
	VND	VND
Approved and contracted	832,902,274,687	257,229,592,474
	<hr/>	<hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

28. Revenue from sales of goods and provision of services

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

Net revenue comprised:

	2016	2015
	VND	VND
Total revenue		
▪ Sales of finished goods	42,031,616,457,513	36,645,016,099,293
▪ Sales of merchandise goods	1,773,809,041,542	1,231,278,825,898
▪ Rental income from investment property	14,781,077,080	13,771,318,271
▪ Other services	38,091,344,143	33,673,155,398
▪ Sales of scraps	73,866,972,148	86,191,160,044
	<hr/> 43,932,164,892,426	<hr/> 38,009,930,558,904
Less revenue deductions		
▪ Sale discounts	-	(2,169,545,595)
▪ Sale returns	(123,038,511,216)	(94,261,498,546)
	<hr/> (123,038,511,216)	<hr/> (96,431,044,141)
Net revenue	<hr/> 43,809,126,381,210	<hr/> 37,913,499,514,763

29. Cost of sales

	2016	2015
	VND	VND
Total cost of sales		
▪ 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
▪ Merchandise goods sold	1,490,989,417,149	1,035,961,935,745
▪ Operating costs of investment property	8,818,721,507	7,715,592,758
▪ Other services	5,723,123,980	3,098,117,745
▪ Under-capacity cost	-	10,867,636,599
▪ Increase of allowance for inventories	9,848,844,660	10,191,527,149
	<hr/> 22,522,706,121,326	<hr/> 22,470,518,366,089

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

30. Financial income

	2016 VND	2015 VND
Interest income from deposits	618,680,914,155	525,480,839,066
Interest income from corporate bonds	38,593,671,250	27,693,150,666
Foreign exchange gains	38,282,999,485	71,324,036,261
Dividends	80,121,753,282	15,145,102,599
Gains on disposal of trading securities	8,030	77,215,600
Others	14,198,199	63,648,442
	<hr/> 775,693,544,401	<hr/> 639,783,992,634 <hr/>

31. Financial expenses

	2016 VND	2015 VND
Interest expense on borrowings	29,633,689,355	13,936,351,072
Interest expense on deposits received	2,389,947,521	2,263,051,997
Foreign exchange losses	38,044,924,662	124,836,482,306
Written back allowance for diminution in the value of financial investments – net	(72,794,537,764)	(26,886,079,102)
Losses from disposal of trading securities	1,470,577,500	-
Reversal of discounts to distributors	-	(273,015,418)
Others	16,047,809	248,430,803
	<hr/> (1,239,350,917)	<hr/> 114,125,221,658 <hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

32. Selling expenses

	2016 VND	2015 VND
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
Expenses of damaged goods	25,597,661,339	20,934,283,343
Transportation expenses	531,690,989,955	552,969,023,597
Outside service expenses	326,849,410,184	265,992,251,894
Advertising and 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
	<hr/> 10,320,592,720,769	<hr/> 5,883,383,256,260 <hr/>

33. General and administrative expenses

	2016 VND	2015 VND
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 for doubtful debts and provision for severance allowance	10,522,847,997	10,286,259,203
Transportation expenses	41,659,941,622	46,856,620,341
Outside service 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
Others	91,411,941,198	68,703,272,846
	<hr/> 788,972,501,837	<hr/> 962,654,397,973 <hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

34. Other income

	2016 VND	2015 VND
Rebate income from suppliers	100,049,825,720	79,652,573,289
Proceeds from disposals of tangible 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
Gain on revaluation of fixed assets for investments in other entities	-	31,819,572,312
Others	5,009,914,174	3,449,179,363
	<hr/> 263,295,376,038	<hr/> 243,666,523,615 <hr/>

35. Other expenses

	2016 VND	2015 VND
Book value of tangible fixed assets disposed	3,117,795,704	5,959,656,185
Book value of construction in progress disposed	142,448,689,166	110,855,170,774
Others	4,580,189,159	3,919,323,540
	<hr/> 150,146,674,029	<hr/> 120,734,150,499 <hr/>

36. Production and business costs by element

	2016 VND	2015 VND
Raw material costs included in production costs	18,310,004,489,484	18,734,559,922,756
Labour costs and staff costs	1,238,141,822,844	1,399,926,733,615
Depreciation and amortisation	897,420,910,134	876,974,011,354
Outside services	1,831,369,897,661	1,655,826,321,857
Other expenses	10,499,487,681,237	6,757,225,879,639
	<hr/> <hr/>	<hr/> <hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

37. Income tax

(i) Recognised in the separate statement of income

	2016 VND	2015 VND
Current tax expense		
Current year	1,835,648,099,045	1,454,536,128,176
Over provision in prior year	(4,611,333,640)	(11,990,182,512)
	<hr/> 1,831,036,765,405	<hr/> 1,442,545,945,664
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	(9,470,625,438)	125,612,981,095
	<hr/> 1,821,566,139,967	<hr/> 1,568,158,926,759
	<hr/> <hr/>	<hr/> <hr/>

(ii) Reconciliation of effective tax rate

	2016 VND	2015 VND
Accounting profit before tax	11,066,936,634,605	9,245,534,638,533
Tax at the Company's tax rate	2,213,387,326,921	2,034,017,620,477
Tax rate differential applied to Company's branches and factories	(46,119,133,923)	(25,317,039,040)
Tax exempt income	(16,024,352,262)	(3,068,745,655)
Non-deductible expenses	9,321,426,309	6,773,941,163
Tax incentives	(334,387,793,438)	(434,774,686,405)
Over provision in prior year	(4,611,333,640)	(11,990,182,512)
Write down of deferred tax assets due to reduction in tax rate from 22% to 20%	-	2,518,018,731
	<hr/> 1,821,566,139,967	<hr/> 1,568,158,926,759
	<hr/> <hr/>	<hr/> <hr/>

(iii) Applicable tax rates

The Company is required to pay income tax at rates ranging from 15% to 20% (2015: 15% to 22%), depending on principal activities of its factories, on taxable profits.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

38. Financial risk management

(a) Overview

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

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

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

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

(b) Risk management framework

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

The Company's risk management policies are established 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. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(c) Credit risk

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(i) Exposure to credit risk

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

	Note	31/12/2016 VND	1/1/2016 VND
Cash in banks	(ii)	484,567,254,315	1,067,056,620,801
Held-to-maturity investments	(iii)	10,116,500,000,000	8,736,596,000,000
Accounts receivable from customers and other receivables	(iv)	2,445,992,509,178	2,410,343,450,979
		<hr/>	<hr/>
		13,047,059,763,493	12,213,996,071,780
		<hr/>	<hr/>

(ii) Cash in banks

Cash in 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.

(iii) Held-to-maturity investments

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

There was no allowance for diminution in the value of held-to-maturity investments as at 31 December 2016 and 1 January 2016.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(iv) Accounts receivable from customers and other receivables

The Company's exposure to credit risk from accounts receivable from customers and other receivables is influenced mainly by the individual characteristics of each customer. In response to the risk, the Company's management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Credit purchase limit is established for each customer, which represents the maximum open amount without requiring approval from the Chief Executive Officer. The limit is reviewed if needed. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

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

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

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

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

	2016	2015
	VND	VND
Opening balance	34,409,000	2,507,733,503
Increase in allowance during the year	469,005,167	-
Written back	-	(1,336,062,129)
Allowance utilised during the year	(28,409,000)	(1,137,262,374)
	<hr/>	<hr/>
Closing balance	475,005,167	34,409,000
	<hr/>	<hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(d) 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 approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

31 December 2016

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND
Accounts payable to suppliers	2,568,934,375,909	2,568,934,375,909	2,568,934,375,909
Payables to employees	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
Short-term borrowings	1,200,000,000,000	1,209,473,333,333	1,209,473,333,333
	<hr/> 5,494,103,434,721 <hr/>	<hr/> 5,503,576,768,054 <hr/>	<hr/> 5,503,576,768,054 <hr/>

1 January 2016

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND
Accounts payable to suppliers	2,118,962,866,700	2,118,962,866,700	2,118,962,866,700
Payables to employees	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
Short-term borrowings	1,242,010,000,000	1,250,658,738,352	1,250,658,738,352
	<hr/> 4,939,276,736,111 <hr/>	<hr/> 4,947,925,474,463 <hr/>	<hr/> 4,947,925,474,463 <hr/>

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(e) Market risk

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

(i) Currency risk

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

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

Exposure to currency risk

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

	31/12/2016		1/1/2016	
	USD	EUR	USD	EUR
Cash in banks	793,767	797	22,791,963	19,731
Accounts receivable from customers and other receivables	23,235,629	-	13,886,927	-
Accounts payable to suppliers and other payables	(27,364,040)	(870,972)	(24,515,508)	(1,363,805)
	(3,334,644)	(870,175)	12,163,382	(1,344,074)

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

	Exchange rates as at			
	31/12/2016		1/1/2016	
	VND		VND	
	Buying rate	Selling rate	Buying rate	Selling rate
USD 1	22,700	22,790	22,450	22,520
EUR 1	23,847	24,182	24,415	24,711

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

	Effect to net profit after tax VND
31 December 2016	
USD (1% strengthening)	(625,273,376)
EUR (2% weakening)	336,685,179
	<hr/>
1 January 2016	
USD (5% strengthening)	10,582,721,426
EUR (6% weakening)	1,554,660,914
	<hr/> <hr/>

The opposite movement of the currencies would have the equal but opposite effect to the net profit after tax of the Company.

(ii) Interest rate risk

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

(iii) Price risk

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

For investments in listed securities, if the share prices had increased or decreased by 10% with all other variables including tax rate being held constant, the Company's net profit after tax would not have been significantly impacted.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

39. Significant transactions with related parties

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

Related Party	Relationship	Nature of transaction	2016 VND	2015 VND
Vietnam Dairy Cow One Member Limited Company	Subsidiary	Sales of goods and fixed assets	130,561,767,714	288,309,946,472
		Purchases of goods	573,317,479,621	450,819,329,801
		Capital contribution	440,780,000,000	496,000,000,000
Lamson Dairy Products One Member Company Limited	Subsidiary	Sales of goods and fixed assets	534,369,718,318	314,472,877,488
		Purchases of goods and fixed assets	921,524,530,221	581,895,267,178
Thong Nhat Thanh Hoa Dairy Cow Company Limited	Subsidiary	Sales of goods and fixed assets	2,334,242,530	1,951,304,853
		Capital contribution	61,200,000,000	56,000,000,000
Angkor Dairy Products Co., Ltd.	Subsidiary	Sales of goods	50,610,228,699	56,709,276,534
		Purchases of goods	13,164,080	-
		Capital contribution	-	109,952,822,193
Driftwood Dairy Holdings Corporation	Subsidiary	Sales of goods	1,511,530,415	-
		Purchases of goods	8,573,687,032	1,285,710,408
		Capital contribution	68,145,358,429	-
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Subsidiary	Purchases of goods	489,895,320,702	735,340,773,581
		Capital contribution	56,628,880,000	-
Miraka Limited	Associate	Purchases of goods	24,586,164,960	456,404,881,496
		Capital contribution	-	80,161,500,899

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

Related Party	Relationship	Nature of transaction	2016 VND	2015 VND
Asia Saigon Food Ingredients Joint Stock Company	Associate	Sales of goods and services	5,912,758,807	510,424,095
APIS Corporation	Associate	Sales of goods and services	445,512,000	-
		Purchase of goods	21,767,504,800	-
		Capital contribution	8,100,000,000	-
Board of Management's and Board of Directors' members		Compensations	90,786,063,749	67,282,713,861
The State Capital Investment Corporation		Dividends	3,246,324,480,000	2,705,270,400,000

28 February 2017

Prepared by:



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

Approved by:



Mai Kieu Lien
Chief Executive Officer