

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2017

OFFICIAL

10 May 2017

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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**CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD
FROM 01/01/2017 TO 31/3/2017**

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the three-month period ended 31 March 2017

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VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

CORPORATE INFORMATION

Business Registration	4103001932	20 November 2003
Certificate No.	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 Lee Meng Tat	Member
	Mr Nguyen Hong Hien	Member (from 15 April 2017)
	Ms Dang Thi Thu Ha	Member (from 15 April 2017)
	Mr Le Thanh Liem	Member (from 15 April 2017)
	Mr Michael Chye Hin Fah	Member (from 15 April 2017)
	Mr Nguyen Ba Duong	Member (from 15 April 2017)
	Mr Do Le Hung	Member (from 15 April 2017)
	Mr Le Song Lai	Member (until 14 April 2017)
	Ms Ngo Thi Thu Trang	Member (until 14 April 2017)
	Mr Le Anh Minh	Member (until 14 April 2017)
Board of Directors	Mdm Mai Kieu Lien	Chief Executive Officer
	Ms Bui Thi Huong	Executive Director – Human Resource – Administration and Public Relation
	Mr Mai Hoai Anh	Executive Director – Sales Chief Operating Officer (until 8 May 2017)
	Mr Le Thanh Liem	Acting Executive Director – Finance
	Mr Phan Minh Tien	Executive Director – Marketing
	Ms Nguyen Thi Thanh Hoa	Executive Director – Supply chain
	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 Trinh Quoc Dung	Executive Director – Raw Materials Development
Supervisory Board	Mr Nguyen Trung Kien	Head of Supervisory Board (until 14 April 2017)
	Ms Nguyen Thi Tuyet Mai	Member (until 14 April 2017)
	Mr Vu Tri Thuc	Member (until 14 April 2017)
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

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

STATEMENT OF THE BOARD OF DIRECTORS

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

The Board of Directors is responsible for the consolidated interim financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 31 March 2017 and of the consolidated results of operations and cash flows for the three-month period then ended. In preparing these consolidated interim financial statements, the Board of Directors is required to:

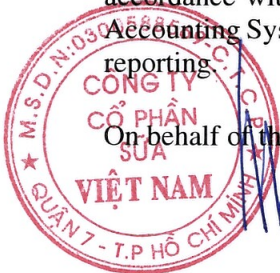
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated interim financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and which enable these consolidated interim financial statements to be prepared which complies with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated interim financial statements set out on pages 7 to 79 which give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of the consolidated results of operations and cash flows for the three-month period then ended in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

On behalf of the Board of Directors



Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, 10 May 2017



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INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders

Vietnam Dairy Products Joint Stock Company and its subsidiaries

We have reviewed the accompanying consolidated interim financial statements of Vietnam Dairy Products Joint Stock Company ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 March 2017, the related consolidated statements of income and cash flows for the three-month period then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 10 May 2017, as set out on pages 7 to 79.

Management's Responsibility

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

Auditor's Responsibility

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

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



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of Vietnam Dairy Products Joint Stock Company and its subsidiaries as at 31 March 2017 and of their consolidated results of operations and their consolidated cash flows for the three-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 17-01-148/C



Lam Chi Ngoc Hao

Practicing Auditor Registration

Certificate No. 0866-2013-007-1

Deputy General Director

Ho Chi Minh City, 10 May 2017

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 31 March 2017***FORM B01a-DN/HN***(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)**Unit: VND*

ASSETS	Code	Note	CONSOLIDATED	
			Closing balance	Opening balance
1	2	3	4	5
A- CURRENT ASSETS (100 = 110 + 120 + 130 + 140 + 150)	100		20,171,593,469,610	18,673,827,685,789
I. Cash and cash equivalents	110	VI.1	2,216,760,721,249	655,423,095,436
1. Cash	111		518,760,721,249	599,923,095,436
2. Cash equivalents	112		1,698,000,000,000	55,500,000,000
II. Short-term financial investments	120	VI.6	10,320,085,979,619	10,453,749,313,471
1. Trading securities	121	VI.6a	443,133,010,047	443,132,521,486
2. Allowance for diminution in the value of trading securities (*)	122	VI.6a	(500,850,428)	(500,629,886)
3. Held-to-maturity investments	123	VI.6c	9,877,453,820,000	10,011,117,421,871
III. Accounts receivable – short-term	130		3,607,663,053,640	2,866,683,958,798
1. Accounts receivable from customers	131	VI.2	2,611,281,502,621	2,191,348,458,582
2. Prepayments to suppliers	132		526,066,497,300	288,808,403,942
3. Short-term loans receivable	135		-	-
4. Other short-term receivables	136	VI.3a	474,618,703,937	390,619,273,181
5. Allowance for doubtful debts (*)	137	V.2b	(4,812,846,473)	(4,168,573,420)
6. Shortage of assets awaiting resolution	139	VI.4	509,196,255	76,396,513
IV. Inventories	140	VI.7	3,921,381,723,837	4,521,766,382,352
1. Inventories	141		3,924,949,167,814	4,538,439,873,598
2. Allowance for inventories (*)	149		(3,567,443,977)	(16,673,491,246)
V. Other current assets	150		105,701,991,265	176,204,935,732
1. Short-term prepaid expenses	151	VI.14a	64,217,566,864	59,288,353,847
2. Deductible value added tax	152		41,484,089,983	116,835,557,323
3. Taxes and other receivables from State Treasury	153		334,418	81,024,562
4. Other current assets	155		-	-

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

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*As at 31 March 2017***FORM B01a-DN/HN***(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)**Unit: VND*

ASSETS	Code	Note	CONSOLIDATED	
			Closing balance	Opening balance
1	2	3	4	5
B- LONG-TERM ASSETS (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		10,896,951,173,774	10,704,828,639,675
I. Accounts receivable – long-term	210		21,070,538,505	21,855,008,176
1. Loans receivable – long-term	215		6,456,333,502	7,245,908,762
2. Other long-term receivables	216	VI.3b	14,614,205,003	14,609,099,414
II. Fixed assets	220		8,261,100,271,418	8,321,053,086,713
1. Tangible fixed assets	221	VI.10	7,859,578,010,941	7,916,322,992,944
- Cost	222		14,484,383,728,488	14,257,738,667,127
- Accumulated depreciation (*)	223		(6,624,805,717,547)	(6,341,415,674,183)
2. Intangible fixed assets	227	VI.11	401,522,260,477	404,730,093,769
- Cost	228		558,862,684,643	557,891,027,713
- Accumulated amortisation (*)	229		(157,340,424,166)	(153,160,933,944)
III. Investment property	230	VI.12	135,629,558,370	136,973,382,326
- Cost	231		179,678,050,557	179,678,050,557
- Accumulated depreciation (*)	232		(44,048,492,187)	(42,704,668,231)
IV. Long-term work in progress	240		1,251,044,210,226	993,111,642,018
1. Long-term work in progress	241	VI.8	79,981,224,080	127,671,589,409
2. Construction in progress	242	VI.9	1,171,062,986,146	865,440,052,609
V. Long-term financial investments	250	VI.6	630,414,023,573	613,806,560,199
1. Investments in subsidiaries	251		-	-
2. Investments in associates, joint-ventures	252	VI.6b	436,519,292,920	419,909,385,728
3. Equity investments in other entities	253	VI.6b	11,387,836,240	11,387,476,240
4. Allowance for diminution in the value of long-term financial investments (*)	254	VI.6b	(7,493,105,587)	(7,490,301,769)
5. Held-to-maturity investments	255	VI.6c	190,000,000,000	190,000,000,000
V. Other long-term assets	260		597,692,571,682	618,028,960,243
1. Long-term prepaid expenses	261	VI.14b	455,688,125,817	459,395,057,029
2. Deferred tax assets	262	VI.15a	22,611,836,552	34,650,812,752
3. Goodwill	269	VI.13	119,392,609,313	123,983,090,462
TOTAL ASSETS (270 = 100 + 200)	270		31,068,544,643,384	29,378,656,325,464

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

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*As at 31 March 2017***FORM B01a-DN/HN***(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)**Unit: VND*

RESOURCES	Code	Note	CONSOLIDATED	
			Closing balance	Opening balance
1	2	3	4	5
A- LIABILITIES (300 = 310 + 330)	300		6,049,114,164,383	6,972,707,036,879
I. Current liabilities	310		5,534,019,542,094	6,457,497,982,894
1. Accounts payable to suppliers	311	VI.16	2,403,605,166,199	2,561,910,262,979
2. Advances from customers	312		30,555,300,153	35,951,866,026
3. Taxes payable to State Treasury	313	VI.18	746,321,904,930	255,510,130,860
4. Payables to employees	314		125,707,095,455	192,349,429,102
5. Accrued expenses	315	VI.19	1,119,390,469,461	1,025,974,683,705
6. Unearned revenue – short-term	318	VI.20a	802,734,364	3,360,079,979
7. Other payables – short-term	319	VI.21a	612,150,506,527	592,099,957,922
8. Short-term borrowings	320	VI.17	174,251,757,485	1,332,666,200,200
9. Provision – short-term	321	VI.22a	2,355,567,358	889,995,571
10. Bonus and welfare funds	322	VI.23	318,879,040,162	456,785,376,550
II. Long-term liabilities	330		515,094,622,289	515,209,053,985
1. Long-term accounts payable to suppliers	331		-	-
2. Long-term advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Long-term unearned revenue	336	VI.20b	1,663,272,218	1,663,272,218
5. Other payables – long-term	337	VI.21b	197,635,138	589,208,918
6. Long-term borrowings	338	VI.17	327,110,398,182	326,970,398,182
7. Deferred tax liabilities	341	VI.15b	90,815,906,053	90,025,589,500
8. Provision – long-term	342	VI.22b	95,307,410,698	95,960,585,167

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VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

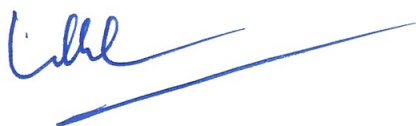
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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*As at 31 March 2017***FORM B01a-DN/HN***(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)**Unit: VND*

RESOURCES	Code	Note	CONSOLIDATED	
			Closing balance	Opening balance
1	2	3	4	5
B- EQUITY (400 = 410 + 430)	400	VI.24	25,019,430,479,001	22,405,949,288,585
I. Owners' equity	410		25,019,430,479,001	22,405,949,288,585
1. Share capital	411		14,514,534,290,000	14,514,534,290,000
- Ordinary shares with voting rights	411a		14,514,534,290,000	14,514,534,290,000
- Preference shares	411b		-	-
2. Share premium	412		260,699,620,761	260,699,620,761
4. Other capital	414		-	-
5. Treasury shares (*)	415		(3,698,257,400)	(1,176,335,920)
7. Foreign exchange differences	417		11,016,240,815	5,654,693,453
8. Investment and development fund	418		2,121,479,999,738	1,797,019,925,588
10. Other equity funds	420		-	-
11. Retained profits	421		7,877,979,627,383	5,591,831,510,779
- Retained profits brought forward	421a		5,591,831,510,779	2,928,776,175,324
- Retained profit for the current period	421b		2,286,148,116,604	2,663,055,335,455
12. Capital expenditure fund	422		-	-
13. Non-controlling interest	429		237,418,957,704	237,385,583,924
TOTAL RESOURCES (440 = 300 + 400)	440		31,068,544,643,384	29,378,656,325,464

*Prepared on 10 May 2017,***Acting Executive Director – Finance
cum Chief Accountant**

Le Thanh Liem**Chief Executive Officer**

Mai Kieu Lien*The accompanying notes are an integral part of these consolidated interim financial statements*

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2017

CONSOLIDATED STATEMENT OF INCOME**Accumulated three-month period ended 31 March 2017****FORM B02a-DN/HN***(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)**Unit: VND*

ITEMS	Code	Note	Accumulated three-month	
			Current period	Previous period (Restated)
1	2	3	6	7
1. Revenue from sales of goods and provision of services	1	VII.1	12,074,425,433,110	10,369,870,419,298
2. Revenue deductions	2	VII.1	25,056,740,672	36,961,539,682
3. Net revenue from sales of goods and provision of services (10 = 1 - 2)	10	VII.1	12,049,368,692,438	10,332,908,879,616
4. Cost of sales	11	VII.2	6,230,237,376,368	5,306,197,718,187
5. Gross profit (20 = 10 - 11)	20		5,819,131,316,070	5,026,711,161,429
6. Financial income	21	VII.3	199,756,552,892	168,672,783,352
7. Financial expenses	22	VII.4	27,661,528,509	32,919,061,976
<i>In which: Interest expense</i>	23		13,393,474,209	8,313,790,353
8. Share of profit/(loss) in associates	24	VI.6b	16,609,907,192	11,978,412,638
9. Selling expenses	25	VII.7	2,303,389,750,323	2,352,461,137,700
10. General and administration expenses	26	VII.7	234,141,221,196	228,558,093,802
11. Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		3,470,305,276,126	2,593,424,063,941
12. Other income	31	VII.5	30,423,547,544	44,073,835,871
13. Other expenses	32	VII.6	24,641,159,915	10,984,935,615
14. Results of other activities (40 = 31 - 32)	40		5,782,387,629	33,088,900,256
15. Accounting profit before tax (50 = 30 + 40)	50		3,476,087,663,755	2,626,512,964,197
16. Income tax expense – current	51	VII.9	528,294,248,598	463,895,734,708
17. Income tax expense/(benefit) – deferred	52	VII.9	12,787,981,199	833,212,911
18. Net profit after tax (60 = 50 - 51 - 52)	60		2,935,005,433,958	2,161,784,016,578

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

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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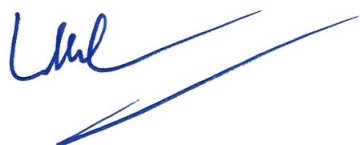
CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2017

ITEMS	Code	Note	Accumulated three-month	
			Current period	Previous period (Restated)
1	2	3	6	7
18. Net profit after tax (60 = 50 - 51 - 52)			2,935,005,433,958	2,161,784,016,578
Attributable to:				
<i>Non-controlling interest</i>			<i>(62,830,946)</i>	<i>4,594,965,268</i>
<i>Equity holders of the Parent Company</i>			2,935,068,264,904	2,157,189,051,310
19. Basic earnings per share	70	VII.8	1,799	1,350

Prepared on 10 May 2017,

Acting Executive Director – Finance
cum Chief Accountant


Le Thanh Liem

Chief Executive Officer

**Mai Kieu Lien***The accompanying notes are an integral part of these consolidated interim financial statements*

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2017

CONSOLIDATED STATEMENT OF CASH FLOWS*(Indirect method)***Accumulated three-month period ended 31 March 2017****FORM B03a-DN/HN***(Issued under Circular No. 202/2014/TT-BTC**dated 22 December 2014 of the Ministry of Finance)**Unit: VND*

ITEMS	Code	Note	Accumulated 3 months	
			Current year	Previous year
1	2	3	4	5
I, Cash flows from operating activities				
1. Profit before tax	01		3,476,087,663,755	2,626,512,964,197
2. Adjustments for				
- Depreciation and amortisation	02		311,243,892,290	289,552,380,294
- Allowances and provisions	03		(5,248,321,388)	2,069,301,682
- Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04		2,045,337,290	4,879,483,004
- (Gains)/losses on disposals of tangible fixed assets and construction in progress	05		6,756,455,655	1,586,874,770
- Dividend and interest income	05		(186,324,026,005)	(153,225,694,368)
- Share of profit in associates	05		(16,609,907,192)	(11,978,412,638)
- Allocation of goodwill	05		4,590,481,149	4,590,481,149
- Interest expense	06	VII.4	13,393,474,209	8,313,790,353
- Other adjustments			-	-
3. Operating profit before changes in working capital	08		3,605,935,049,763	2,772,301,168,443
- Change in receivables	09		(535,822,761,013)	(643,813,097,813)
- Change in inventories	10		575,893,123,634	(343,931,914,727)
- Change in payables and other liabilities	11		74,089,011,677	(407,564,684,707)
- Change in prepaid expenses	12		1,622,947,718	112,828,925,191
- Change in trading securities	13		-	391,650,000
- Interest paid	14		(34,476,094,310)	(4,411,251,035)
- Income tax paid	15	VI.18	(189,074,031,088)	(128,170,725,101)
- Other receipts from operating activities	16		-	-
- Other payments for operating activities	17		(462,882,084,959)	(442,089,418,988)
Net cash flows from operating activities	20		3,035,285,161,422	915,540,651,263

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

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2017

ITEMS	Code	Note	Accumulated 3 months	
			Current year	Previous year
1	2	3	4	5
II. Cash flows from investing activities				
1. Payments for additions to fixed assets and other long-term assets	21		(517,785,777,958)	(178,539,539,234)
2. Collections from disposals of fixed assets and other long-term assets	22		13,632,259,257	7,957,839,467
3. Payments for granting loans	23		-	-
4. Payments for purchase of debt instruments of other entities	23		-	-
5. Receipts from collecting loans	24		789,575,260	1,270,751,997
6. Receipts from sales of debt instruments of other entities	24		-	-
7. (Payments)/collections from time deposits	24		133,516,596,282	(937,769,650,000)
8. Payments for investments in other entities	25		-	(8,100,000,000)
9. Collections on investments in other entities	26		-	-
10. Receipts of interest and dividends	27		189,141,986,132	151,511,215,125
Net cash flows from investing activities	30		(180,705,361,027)	(963,669,382,645)

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

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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For the three-month period ended 31 March 2017

ITEMS	Code	Note	Accumulated 3 months	
			Current year	Previous year
1	2	3	4	5
III. Cash flows from financing activities				
1. Proceeds from shares issued, receipt of capital contributed by equity holders	31		-	-
2. Proceeds from shares issued, receipt of capital contributed by non-controlling interest	31		-	-
3. Payments for capital refunds and shares redemptions	32		(2,521,921,480)	-
4. Payment for purchase shares from non-controlling interest			(136,920,000,000)	-
5. Proceeds from borrowings	33	VI.16	678,543,472,183	679,432,646,891
6. Payments to settle loan principals	34	VI.16	(1,837,107,787,294)	(762,757,530,671)
7. Payments to settle finance lease liabilities	35		-	-
8. Payments of dividends	36		-	-
<i>Net cash flows from financing activities</i>	40		(1,298,006,236,591)	(83,324,883,780)
Net cash flows during the period (50 = 20 + 30 + 40)	50		1,556,573,563,804	(131,453,615,162)
Cash and cash equivalents at the beginning of the period	60		655,423,095,436	1,358,682,600,684
Effect of exchange rate fluctuations	61		(433,347,421)	(2,090,314,169)
Currency translation differences	62		5,197,409,430	3,191,267,436
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61 + 62)	70		2,216,760,721,249	1,228,329,938,789

Prepared on 10 May 2017,

Acting Executive Director – Finance
cum Chief Accountant



Le Thanh Liem



Chief Executive Officer

Mai Kieu Lien

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

From 01 January 2017 to 31 March 2017

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

I. CORPORATE INFORMATION:

1. Form of ownership:

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

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

- + 29 April 1993: Vietnam Dairy Products Company was established according to Decision No. 420/CNN/TCLD issued by the Ministry of Light Industry in form of a State-owned Enterprise.
- + 1 October 2003: The Company was equitised from a State-owned Enterprise of the Ministry of Industry according to Decision No. 155/2003/QĐ-BCN.
- + 20 November 2003: The Company was registered to be a joint stock company and began operating under Enterprise Laws of Vietnam and its Business Registration Certificate No. 4103001932 was issued by Ho Chi Minh City Investment and Planning Department.
- + 28 December 2005: The State Securities Commission of Vietnam issued Listed Licence No. 42/UBCK-GPNY.
- + 19 January 2006: The Company’s shares was listed on Ho Chi Minh City Stock Exchange.
- + 12 December 2006: International Real Estates One Member Limited Company was established in accordance with the Business License No. 4104000260 issued by the Department of Investment and Planning of Ho Chi Minh City.
- + 14 December 2006: Vietnam Dairy Cow One Member Limited Company was established in accordance with the Business License No. 150400003 issued by the Department of Planning and Investment of Tuyen Quang Province.
- + 26 February 2007: Lam Son Dairy Joint Stock Company was established in accordance with the Business License No. 2603000521 issued by the Department of Planning and Investment of Thanh Hoa Province.
- + 24 June 2010: Lam Son Dairy Joint Stock Company was renamed as Lam Son Dairy One Member Company Limited.

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

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

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

- + 6 December 2013: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 663/BKHDT-ĐTRNN issued by the Ministry of Investment and Planning, investing in Drifwood Dairy Holdings Corporation in California, the United States of America. As at 31 December 2013, the Company completed a transfer of its investment of USD7,000,000.00 and held 70% of ownership in Drifwood Dairy Holdings Corporation.

- + 6 January 2014: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 667/BKHDT-ĐTRNN issued by the Ministry of Investment and Planning, investing in Angkor Dairy Products Co., Ltd. in Phnompenh, Cambodia with 51% of ownership.

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

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

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- + 19 May 2016: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 201600140 issued by the Ministry of Investment and Planning, approved additional investment in Drifwood Dairy Holdings Corporation. As at 30 June 2016, the Company completed a transfer of its investment of three (03) million dollars, bringing the total investment to ten (10) million dollars and increased ownership percentage in Driftwood Dairy Holdings Corporation from 70% to 100%.
- + 19 January 2017: Vietnam Dairy Products Jointstock Company received its 25th revised Business Registration certificate dated 18 January 2017, issued by the Ho Chi Minh Department of Planning & Investment. Accordingly, Lamson Dairy Products One member Company Limited was merged into Vietnam Dairy Products Jointstock Company (prior to the merger, it is a 100% subsidiary owned by Vinamilk). The Company completed the merger on 01 March 2017.

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

2. Principal activities:

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

- a. Process, manufacture and distribute milk cake, soya milk, fresh milk, refreshment drinks, bottled milk, powdered milk, nutritious powder and other products from milk;
- b. Trade in food technology, spare parts, equipment, materials and chemicals;
- c. Trade in real estate, owner or leasing land use rights (according to rule No. 11.3 of 2014 Real Estate Law);
- d. Trade in warehouse, yards;
- e. Provide internal transportation by cars for manufacturing and consuming Company's products;
- f. Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee (not manufacturing and processing at the head office);
- g. Manufacture and sell plastic, packaging (not manufacturing at the head office);
- h. Provide health care clinic services (not at the head office);
- i. Raise cattle, cultivation;
- j. Retail sugar, milk and products from milk, bread, jam, candy and products processed from cereal, flour, starch and other food; and
- k. Retail alcoholic drinks, non-alcoholic drinks (carbonated and non-carbonated soft drinks), natural mineral water, low-alcoholic or non-alcoholic wine and beer.

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3. Normal operating cycle

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

4. Group structure

As at 31 March 2017, the Company had 5 subsidiaries, 3 associates (01 January 2017: 6 subsidiaries, 3 associates) and dependent units as follows:

	Principal activities	% of ownership	% of voting rights
+ Subsidiaries			
– Lam Son Dairy Products One Member Limited Company (*) (Le Mon Industrial Zone, Thanh Hoa City, Thanh Hoa Province)	Milk production	100%	100%
– Vietnam Dairy Cow One Member Limited Company (10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City)	Dairy cow raising	100%	100%
– Thong Nhat Thanh Hoa Dairy Cow Limited Company (Ward 1, Thong Nhat Town, Yen Dinh District, Thanh Hoa Province)	Milk production and cattle raising	96.11%	96.11%
– Driftwood Dairy Holdings Corporation (No. 10724, Street Lower Azusa and El Monte Boulevards Intersection, California 91731-1390, United States of America)	Milk production	100%	100%
– Angkor Dairy Products Co., Ltd. (Lot P2-096 and P2-097, Phnom Penh Special Economic Zone (PPSEZ), National Highway 4, Khan posenchey, Phnom Penh, Kingdom of Cambodia)	Milk production	51%	51%
– Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia (Ul. Gwiazdzista 7a/401-651 Warszawa, Poland)	Dairy raw materials and animals trading	100%	100%
+ Associates:			
– Asia Saigon Food Ingredients Joint Stock Company (Lot C-9E-CN, DE6 Street, My Phuoc 3 Industrial Zone, Thoi Hoa Ward, Ben Cat Town, Binh Duong Province)	Dairy raw materials production	15%	15%
– Miraka Limited (109 Tuwharetoa, Taupo, New Zealand)	Milk production	22.81%	22.81%
– APIS Corporation (No. 18A, VSIP II-A, 27 Street, Viet Nam – Singapore II-A Industrial Zone, Vinh Tan Ward, Tan Uyen District, Binh Duong Province)	Foods raw materials trading	18%	18%

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- (*) This subsidiary was merged to the Company in March 2017 and continued to operate as a branch of the Company from thereon.

+ Dependent units:

Sales branches:

- 1/ Vietnam Dairy Products Joint Stock Company's Branch in Hanoi – 11th Floor, Tower B, Handi Resco Building, 521 Kim Ma, Ngoc Khanh Ward, Ba Dinh District, Hanoi City.
- 2/ Vietnam Dairy Products Joint Stock Company's Branch in Da Nang – 17th Floor, Danang Post Office Tower, 271 Nguyen Van Linh, Vinh Trung Ward, Thanh Khe District, Da Nang City.
- 3/ Vietnam Dairy Products Joint Stock Company's Branch in Can Tho – 77-77B Vo Van Tan, Tan An Ward, Ninh Kieu District, Can Tho City.

Manufacturing factories:

- 1/ Thong Nhat Dairy Factory – 12 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- 2/ Truong Tho Dairy Factory – 32 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- 3/ Dielac Dairy Factory – Bien Hoa I Industrial Park, Dong Nai Province.
- 4/ Can Tho Dairy Factory – Tra Noc Industrial Park, Can Tho City.
- 5/ Saigon Dairy Factory – Tan Thoi Hiep Industrial Park, District 12, Ho Chi Minh City.
- 6/ Nghe An Dairy Factory – Sao Nam Street, Nghi Thu Commune, Cua Lo Town, Nghe An Province.
- 7/ Binh Dinh Dairy Factory – 87 Hoang Van Thu, Quang Trung Ward, Quy Nhon City, Binh Dinh Province.
- 8/ Vietnam Beverage Factory – My Phuoc II Industrial Park, Binh Duong Province.
- 9/ Tien Son Dairy Factory – Tien Son Industrial Park, Bac Ninh Province.
- 10/ Da Nang Dairy Factory – Hoa Khanh Industrial Park, Da Nang City.
- 11/ Vietnam Powdered Milk Factory – 9 Tu Do Boulevard - Vietnam-Singapore Industrial Park, Thuan An District, Binh Duong Province.
- 12/ Vietnam Dairy Factory – My Phuoc II Industrial Park, Binh Duong Province.
- 13/ Lam Son Dairy Factory – Le Mon Industrial Park, Thanh Hoa Province.

Warehouses:

- 1/ Ho Chi Minh logistic enterprise - 32 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- 2/ Hanoi logistic enterprise - Km 10 Highway 5, Duong Xa Ward, Gia Lam District, Hanoi City.

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Clinic:

An Khang Clinic – 184-186-188 Nguyen Dinh Chieu, Ward 6, District 3, Ho Chi Minh City.

As at 31 March 2017, the Group had 6,960 employees (01 January 2017: 6,981 employees).

II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY:

1. Annual accounting period

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

2. Accounting currency and presentation currency

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

III. ACCOUNTING STANDARDS AND SYSTEM APPLIED:

1. The accounting system

- The Group had adopted the Vietnamese Accounting System for enterprises in accordance with the Circular No. 200/2014/TT/BTC issued by the Ministry of Finance on 22 December 2014.
- The Group had prepared the consolidated financial statements for the three-month period ended 31 March 2017 in accordance with Vietnamese Accounting Standard No. 25 – *Consolidated Financial Statements and Accounting the investments in the subsidiaries* and Vietnamese Accounting Standard No. 27 – *Interim Financial Reporting*.

2. Statement of compliance with accounting standards and system

- The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirement applicable to interim financial reporting.
- None of newly issued or amended Vietnamese Accounting Standards are effective for the three-month period ended 31 March 2017.

3. Accounting form

The Company applies computerised accounting form.

4. Basis of preparation

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

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IV. ACCOUNTING POLICIES APPLIED:

- The accounting policies that have been adopted by the Group in the preparation of these consolidated interim financial statements are consistent with those adopted in the preparation of the latest consolidated annual financial statements.
- The following significant accounting policies have been adopted by the Group in the preparation of these consolidated interim financial statements.

1. **Foreign exchange rates applied in accounting**

a. For foreign currency transactions:

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

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

- At the reporting date, the Group revaluated the closing balance of monetary items denominated in foreign currencies as follows:
 - + Cash and loans receivable: Revaluated at account transfer buying rates at the end of the accounting period quoted by the commercial bank where the Company most frequently conducts transactions and has the largest outstanding balance of foreign currencies.
 - + Accounts payable: Revaluated at account transfer selling rates at the end of the accounting period quoted by the commercial bank where the Company most frequently conducts transactions and has the largest outstanding balance of foreign currencies.
- Foreign exchange differences from revaluation are recorded in the consolidated statement of income (in accordance with Circular 179/2012/TT-BTC).

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

As at	Bank	Buying rate	Selling rate
01/01/2017	Joint Stock Commercial Bank for Foreign Trade of Vietnam – HCM Branch	22,700 VND/USD	22,790 VND/USD
31/3/2017	Joint Stock Commercial Bank for Foreign Trade of Vietnam – HCM Branch	22,710 VND/USD	22,780 VND/USD

d. For foreign operation

- The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to VND at exchange rates at the end of the accounting period. The income and expenses of foreign operations are translated to VND at average exchange rates of the period.

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- Foreign currency differences arising from the translation of foreign operations are recognised in the consolidated statement of financial position under the caption “Foreign exchange differences” in equity.

2. Cash and cash equivalents recognition principles

a. Cash:

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

b. Cash equivalents:

Are short-term highly liquid investments, deposits with recoverable period or maturity not more than 3 months from the date of investment that are readily convertible to known amounts of cash and 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.

3. Financial investment recognition principles

a. Trading securities

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

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- Allowance for diminution in value of trading securities is made for each type of listed and unlisted securities whose market values are lower than their carrying amounts in accordance with the Circular No. 228/2009/TT-BTC dated 7 December 2009.
- 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.

b. Held-to-maturity investments

- Held-to-maturity investments are those that the Company's Board of Directors has intention and ability to hold until maturity.
- Including term deposits at bank (treasury bills and promisory notes), corporate bonds and held-to-maturity loans for the purpose of earning interests and other held-to-maturity investments.
- Held-to-maturity investments are stated at cost less allowance for allowance for diminution in value.
- All of investments classified as monetary items denominated in foreign currencies are revaluated at actual exchange rates at the reporting date.

c. Loans receivable

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

d. Equity investments in other entities:

- Investments in other entities in which the Group has no control or significant influence are other long-term holding equity investments. Investments are stated 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.

▪ Associates

- Associates are entities in which the Group has significant influence, but not control, normally by holding 20% to 50% of the voting rights in these entities. Investments in associates are initially stated at cost and accounted using the equity method in the consolidated interim financial statements. The Group's investments in associates comprise goodwill arising from investment, less allowance for diminution in value.

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- Allowance for diminution in value of investment in joint ventures and associates and other entities is made when the investees suffer a loss (except where such a loss was anticipated by the Board of Directors before making the investment). Allowance is made corresponding to the Group's equity portion in the investee according to the Circular 89/2013/TT-BTC dated 28 June 2013.
- 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.
- When disposing an investment, difference between net proceeds and carrying amount of the investment is recognised in the financial income (for profit) or financial expenses (for loss).

4. Accounts receivable recognition principles

- Accounts receivable are monitored in detail of receivable terms, receivable parties, kind of currency and other factors upon the Group' managerial requirements.
- Accounts receivable including trade and other receivables are recognised as follows:
 - + Accounts receivable from customers include trade receivables arising from buying-selling transactions such as: Receivables from sales of goods, provision of services, disposals of assets (fixed assets, investment property, financial investments) between the Group and buyers (including receivables from related parties as joint venturers and associates). Accounts receivable also include receivables from export sales from trustors through trustees. Accounts receivable are recognised in accordance with revenue accounting standards on timing of recognition based on invoices and supporting documents.
 - + Other receivables include non-trade receivables, not relating to buying-selling transactions such as:
 - Financial income receivables such as: interest income from loans and deposits, dividends and shared profits;
 - Receivables from paid on behalf of third parties; receivables by export entrustees on behalf of entrustors;
 - Non-trade receivables such as assets lending, fine receivables, compensatory receivables, shortage of assets awaiting resolution.
- Trade receivables are recognised in accordance with revenue accounting standard No. 14 on timing of recognition based on invoices and supporting documents.
- Other receivables are recognised based on reviewed/approved invoices and/or supporting documents.

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- Receivables are classified as the short-term and long-term in the consolidated statement of financial position based on the remaining period of the receivables at the reporting date.
- Allowance for doubtful debts: is made for each of doubtful debt based on overdue days in payment of principals according to initial debt commitment (exclusive of the debt rescheduling between contracting parties), or based on the estimated loss that may arise in accordance with guidance of Circular No. 228/2009/TT-BTC dated 7 December 2009.

5. Inventory recognition principles

a. Inventory recognition principles:

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

b. Inventory valuation method:

- Raw materials, fuel, spare parts, finished goods, tools and supplies, merchandise inventories are determined on a weighted average basis.
- Inventories imported during the period are recognised using the actual exchange rate at the time of transaction, the arising foreign exchange differences are recognised in financial income and expense. The import tax payables are determined upon settlement of liabilities by the customs authorities under the current law and regulations.

c. Inventory accounting method:

The Group applies the perpetual method of accounting for inventories.

d. Allowance for inventories:

The Group makes allowance for inventories in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance.

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6. Fixed asset recognition and depreciation principles

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

a. Principles of tangible and intangible fixed assets recognition:

➤ Tangible fixed assets:

- Tangible fixed assets are stated at: Cost less accumulated depreciation.
- Cost of tangible fixed assets comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs incurred to bring the asset to its working condition for its intended use.
- Cost of imported fixed assets is recognised using the actual exchange rate at the time of transaction, foreign exchange rate differences arising from settlements of liabilities in relation to purchasing fixed assets are recognised in financial income and expense. Expenditure incurred after initial recognition of tangible fixed assets is capitalised in situations where it can be clearly demonstrated that the expenditure has resulted in an improvement from the use of tangible fixed assets beyond their originally assessed standard of performance. The expenditure which does not meet the above criteria is recognised as expenses in the period.
- When fixed assets are sold or disposed, the cost and accumulated depreciation are written off and any gains or losses arising from disposal are recognised in other income or other expenses in the period.
- Development costs for cows are capitalised until they reach their mature age and transferred to fixed assets to be depreciated.

➤ Intangible fixed assets:

- Land use rights comprise all of actual expenses that the Group has paid out, directly relating to the land use area, including: purchase price, cost of compensation, site clearance cost, leveling and registration fees, etc.
- Land use rights comprise:
 - + those granted by the State for which land use payments are collected;
 - + those acquired in a legitimate transfer; 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.

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- Land use rights with definite period are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights.
- Software is stated at costs that the Company paid out until the completion stage of testing and the software is put into use. Cost of acquiring of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset.

b. Depreciation method:

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

Category	Time (years)
Buildings and structures	5 – 50
Machinery and equipment	2 – 15
Motor vehicles	6 – 10
Office equipment	3 – 10
Livestock	6
Others	3 – 10

- Intangible fixed assets which are land use rights with definite period land use rights are amortised on a straight-line basis over the valid term of land use rights certificate. Intangible fixed assets which are land use rights with indefinite period are stated at cost and not amortised.
- Intangible fixed asset that is software is amortised on a straight-line basis over 2 - 6 years.
- Others represented trade mark and customer relationship, which are acquired through business combination and are initially recognised at fair value. Trade mark and customer relationship are amortised on a straight-line basis over 4 – 10 years.

7. Investment property recognition principles

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

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- Expenses relating to the investment property after the initial recognition should be recorded as manufacturing and operating expenses during the period, unless in situations where it can be clearly demonstrated that these expenses possibly help the investment property to generate future economic benefits in more than the originally assessed standard of performance, the expenses are capitalised to the cost of the investment property.
- Depreciation: Investment property held to earn rental is depreciated on a straight-line basis to reduce its cost over its estimated useful lives. Investment property held for price appreciation is not amortised. Investment property, which is land use rights with indefinite period, is stated at cost and not depreciated.

Category	Time (years)
Land use rights	49
Infrastructure	10
Buildings	6 – 50

- Disposal: Gains and losses from disposal of investment property are determined by the difference between proceeds from disposal and carrying amount of the investment property and are recognised as income or expenses in the consolidated statement of income.

8. Construction in progress

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

9. Deferred income tax recognition principles

- Deferred income tax assets/liabilities are income taxes expenses/benefits in the future caused by the temporary differences.
- Deferred tax assets: The carrying amount of deferred tax assets is reassessed at the reporting date and reduced to the extent that future taxable profits will be available against which part or all of deferred tax assets therefrom can be utilised.
- Deferred tax liabilities: are recognised for all taxable temporary differences, except deferred tax liabilities incurred from transaction of assets or liabilities which is not effect to accounting profit or taxable gain (or loss) at transaction date.

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- Deferred tax assets / liabilities determined at the estimated tax rate applied for the period of realisation or settlement of assets and liabilities using the tax rates enacted at the end of the reporting period.

10. Prepaid expenses recognition principles

- Prepaid expenses represented actual expenditures pre-paid for a number of accounting periods and these prepayments and the amortisation of these prepaid expenses into the manufacturing and operating expenses of the subsequent accounting periods.
- Prepaid expenses: are recognised at cost and classified into short-term and long-term expenses in the consolidated statement of financial position based on prepayment period of each contract.
- Amortisation method of prepayments complies with the following principles:
 - + Based on determined useful lives: This method is applied to prepaid housing/land rental.
 - + Based on estimated useful lives: This method is applied to qualifying advertising expenses, overhaul expenses, tools and supplies, etc.

▪ **Prepaid land costs**

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

▪ **Tools and instruments**

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

▪ **Others**

Others are recorded at cost and amortised on a straight-line basis from 2 to 3 years.

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11. Goodwill

- Goodwill arises on the acquisition of subsidiaries and associates. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income.
- Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as the Board of Directors determines that it is not fully recoverable.
- In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and is not amortised.

12. Accounts payable recognition principles

- Accounts payable are monitored in details by terms, suppliers, kind of currency and other factors depending on the Group's managerial demand.
- Accounts payable to suppliers, loan payables and other payables are recognised at actual obligations incurred as follows:
 - + Accounts payable to suppliers: include trade payables from transactions of trading goods, services and assets between the Company and suppliers (including related parties as joint ventures and associates). These payables include import payables through entrustees (in the entrusted import transactions).
 - + Other payables include non-trade payables which not relating to trading activities such as:
 - Payables relating to financial expenses, such as: interest payables, dividends and shared profit payables, payables for investment activities;
 - Payables on behalf of third parties; payables from entrustors to defined parties in entrusted im-export transactions;
 - Non-trade payables such as: payables of borrowed assets, penalty payables, compensations payables, shortage of assets awaiting resolution, social insurance, health insurance, unemployment insurance, trade union, etc.
- Accounts payable are classified as short-term and long-term in the consolidated interim statement of financial position based on the remaining maturity period of these payables at the reporting date.

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13. Borrowing and finance lease liabilities recognition principles

- Including borrowings, finance lease liabilities.
- The Group monitors its borrowings and finance lease liabilities in detail by loan owners and classification of short-term and long-term period to settle.
- Expenses directly relating to the borrowings are recognised in financial expenses, except those incurred from separate borrowings for the purpose of investing, constructing or manufacturing work in progress which are capitalised.

14. Accrued expense recognition principles

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

15. Provision recognition principles

- 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.
- Provisions are recognised based on the most appropriate estimates of the amount paying out to settle the obligations at the end of the accounting period.
- The Group recognised provision under main categories as follows:
 - + Severance allowances regulated in Social Insurance Laws and current guidance documents
 - 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.

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- Provision for severance allowance to be paid to the existing eligible employees as at 31 March 2017 has been made based on the eligible employees' years of service, being the total employees' years of service less the number of years for which the employees participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group, if any, and their average salary for the six-month period prior to the end of the accounting period.
- + Regular fixed assets maintenance and repair allowances (technical demand)
- + Other provisions

16. Unearned revenue recognition principles

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

17. Equity recognition principles

The Group's equity capital includes:

- Share capital: Based on actual capital contributed by shareholders.
 - + Share capital is represented the par value and monitored in details of ordinary shares with voting rights and preference shares. Currently, the Company only has the ordinary shares with voting rights.
 - + Share premium: is the difference between contributed capital at par value and at share issued price; is the difference between buying price of treasury shares and their re-issued price.
 - + 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.

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- Other capital: is appropriated from operating results or being gifted, donated, sponsored and assets revaluation.
- The Group's profit after tax is appropriated to shareholders as dividends after approval by Shareholders at the Company's Annual General Meeting and after making appropriation to reserve funds in accordance with the Company's Charter.
- Dividends are declared and paid based on the estimated profits. The official dividends will be declared and paid in the following period from the retained profit upon approval by Shareholders at the Company's Annual General Meeting.
- Equity funds are appropriated in accordance with the Company's Charter as follows:
 - + Investment and development fund is appropriated from 10% of profit after tax.
 - + Bonus and welfare fund is appropriated from 10% of profit after tax.
- The utilisation of the above funds must be approved by shareholders, the Board of Directors or the Chief Executive Officer, depending on the nature and magnitude of the transactions defined in the Company's Charter and financial management regulations. When the fund is utilised for business expansion, the amount utilised is transferred to share capital.

18. Revenue and financial income recognition principles and method

- For merchandise inventories, finished goods: Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer and there are not significant uncertainties regarding payment and related expenses or the possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.
- For services: Revenue is recognised when there are no significant uncertainties regarding payment of cash or related expenses. In case the services are rendered in a number of accounting periods, revenue amount for each period is determined in proportion to the stage of completion of services at the end of the 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.
- For rental income: Rental income from leased property is recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.
- For interest, dividends and shared profits: Income is recognised when the right to receive the economic benefits from these activities is established and the benefits are determined reliably.
 - + Interest: Income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate in each period.

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- + Dividends and shared profits: Income is recognised when the Group is entitled to receive dividends or shared profits for capital contribution.
- Revenue from disposal of short-term and long-term financial investments: Revenue from disposal of short-term and long-term financial investments is recognised in the consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer. Significant risks and rewards of ownership have been transferred upon the completion of trading transaction (for listed securities) or the completion of the agreement on transfer of assets (for non-listed securities).

19. Revenue deductions accounting principles

- Revenue deductions included:
 - + Sales discounts: are discounts listed for customers who purchase in bulk, excluding sales discounts for customers presented in the Value Added Tax (VAT) invoices or sales invoices, which are recorded at net amounts.
 - + Sales allowances: is deduction for customers who purchase defect products, low-quality and deteriorated goods or goods with incorrect specification as stated in economic contracts; excluding sales discounts for customers presented in VAT or sales invoices, which are recorded at net amounts.
 - + Sales returns: due to violations of commitments, economic contracts, low quality or incorrect types and specifications.
- In case goods sold or services provided in the previous period but sales discounts, sales allowances, sales returns conditions were met in the following period, the Group recognises as the following principles:
 - + If sales discounts, sales allowances and sales returns conditions were met prior to the issuance of the consolidated interim financial statements: the decrease in revenue is recognised in the reporting period.
 - + If sales discounts, sales allowances and sales returns conditions were met after the issuance of consolidated interim financial statements: the decrease in revenue is recognised in the following period.

20. Cost of goods sold accounting principles

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

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21. Financial expenses accounting principles

- Losses relevant to financial investment activities:
 - + Losses from investments in other entities: recorded on actual incurred basis.
 - + Losses from securities investment: made for each of the listed and unlisted securities whose market prices lower than their carrying amounts.
- Borrowing cost: are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned. Borrowing cost are recorded monthly on loan principles, interest rates and number of actual borrowing days.
- Expenses incurred in relation to investments in joint ventures, associates and securities transfer: on actual incurred basis.
- Foreign exchange losses: recorded when there is a difference between actual transaction rate and accounting rate and when there is a loss in revaluation of monetary items denominated in foreign currencies.

22. Current and deferred income tax recognition principles

- Corporate income tax expense (or corporate income tax benefit): is total current and deferred income tax expenses (or total current and deferred tax) in determining profit or loss of a period.
 - + Current income tax expense: is corporate income tax payable calculated on taxable profit during the period and current corporate income tax rate, and any adjustment to tax payable in respect of previous years. Current income tax is calculated on taxable income and applicable tax rate during the period. Difference between taxable income and accounting profit is from adjustment of differences between accounting profit and taxable income in accordance with current tax policies.
 - + Deferred income tax expense: is corporate income tax payable in the future arising from: recognition of deferred income tax payable during the period; reversal of deferred tax assets which were recognised in previous periods.
 - + Deferred income tax benefit: is a decrease of deferred income tax expense, arising from: recognition of deferred tax assets during the period; reversal of deferred income tax liabilities which were recognised in previous periods.
 - + Current and deferred income tax are recognised in equity for transactions related to items recognised directly in equity.

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- The Group has an obligation to pay income tax at rates ranging from 10% to 40% of taxable profits (for the three-month period ended 31 March 2016: 16.5% to 40%), depending on principle activities of its factories.

23. Operating lease payments

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

24. Earnings per share

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

25. Segment reporting

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

26. Related parties

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

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27. Classification of financial instruments

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

a. Financial assets

➤ Financial asset at fair value through profit or loss

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

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

➤ Held-to-maturity investments

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

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

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➤ Loans and receivables

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

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

➤ Available-for-sale financial assets

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

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

b. Financial liabilities

➤ Financial liabilities at fair value through profit or loss

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

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

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➤ **Financial liabilities carried at amortised cost**

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

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

28. Basis of consolidation

➤ **Subsidiaries**

- Subsidiaries are the entities that the Group has the power to govern their financial and operating policies, normally with more than half of the voting rights. The existence and effectiveness of potential voting rights which are exercisable or convertible are considered in assessing whether the Group has control over these entities. Subsidiaries are consolidated fully from the date that control is transferred to the Group. The consolidation ceases when that control no longer exists.
- Acquisition accounting method is applied by the Group to account for the acquisition of subsidiaries. The purchase price is recognised at fair value of exchanged assets, issued equity instruments and incurred or confirmed liabilities at the exchanging date, plus expenses directly attributable to the purchase transaction. Identifiable assets, liabilities and contingent liabilities recognised at consolidation are initially determined at fair value at the purchasing date. Surplus of purchase price over the buyer's interest in the net assets value is considered as goodwill. If the buyer's interest in net assets value is higher than purchase price, the difference is recognised promptly in the consolidated statement of income.

➤ **Non-controlling interest**

- Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.
- Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

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➤ **Loss of control**

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

➤ **Associates**

- Associates are entities in which the Group has significant influence, but not control, through the holding of 20% to 50% voting rights of these entities. Investments in associates are initially stated at cost and accounted using the equity method in the consolidated interim financial statements. The Group's investments in associates include goodwill arising from investment, less accumulated impairment losses.
- The Group's share of profit from investment in associates is recognised in the consolidated statement of income, and the share of reserve's movements after investing in associates is recognised in the consolidated reserve. When the Group's share of losses from investees equals or exceeds its interest in an equity accounted investees, the Group will not recognise such losses except to the extent that the Group has an obligation or already paid on behalf of the associates.

➤ **Transactions eliminated on consolidation**

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

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V. FINANCIAL RISK MANAGEMENT:

- The Group assesses the following risks from its use of financial instruments:
 - Market risk;
 - Credit risk;
 - Liquidity risk
- This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks.
- The Company's Supervisory Board (from 15 April 2017 is Audit Committee which is under the Board of Management) oversees how the Board of Directors monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.
- The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.
- The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

1. Market risk

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

a. Currency risk

- The Group is exposed to currency risk on sales and purchases that are denominated in currencies other than VND. These currencies are mainly USD and EUR (other currencies have insignificant transactions).
- The Group's exposure to currency risk is managed by retaining the exposure at an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures and planning a payment schedule of foreign currencies with the highest possible accuracy.

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

As at 31 March 2017

	Foreign currencies		VND equivalent	
	USD	EUR	USD	EUR
Financial assets				
Cash on hand and cash in banks	4,330,629.00	794.75	98,348,584,590	19,208,312
Trade and other receivables	12,931,512.44	-	293,674,647,448	-
	17,262,141.44	794.75	392,023,232,038	19,208,312
Financial liabilities				
Trade and other payables	(23,843,585.91)	(2,585,661.47)	(543,156,886,916)	(63,157,367,066)
Exposure to currency risk	(6,581,444.47)	(2,584,866.72)	(151,133,654,878)	(63,138,158,754)

As at 1 January 2017

	Foreign currencies		VND equivalent	
	USD	EUR	USD	EUR
Financial assets				
Cash on hand and cash in banks	793,766.71	797.30	18,018,504,317	19,013,213
Trade and other receivables	23,235,629.42	-	527,448,787,933	-
	24,029,396.13	797.30	545,467,292,250	19,013,213
Financial liabilities				
Trade and other payables	(27,364,039.68)	(1,007,931.67)	(623,626,464,193)	(24,373,803,644)
Exposure to currency risk	(3,334,643.55)	(1,007,134.37)	(78,159,171,943)	(24,354,790,431)

Major exchange rates applied during the period are as follows:

	31/3/2017		1/01/2017	
	VND		VND	
	Selling rate	Buying rate	Selling rate	Buying rate
USD	22,780	22,710	22,790	22,700
EUR	24,426	24,169	24,182	23,847

- Below is an analysis of the possible impact on the net profit of the Group, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at the end of the accounting period.
- As at 31 March 2017, if VND weakens/strengthens by 1% against USD, while all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases, profit after tax of the period is lower/ higher by VND1,209,069,237, mainly due to foreign exchange losses/gains in translation of trade receivables and payables denominated in USD.

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- As at 31 March 2017, if VND weakens/strengthens by 1% against the EUR, while all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases, profit after tax of the period is lower/higher by VND505,105,269, mainly due to foreign exchange losses/gains in translation of the trade receivables and payables denominated in EUR.

b. Price risk

- The Group has equity investments in listed and unlisted companies and is exposed to risk from price fluctuation of these investments. The risk factors impacting these investments' results include financial performance and position of investees and market conditions. The Board of Directors manages risk related to financial performance and position of investees by selecting industries and entities to invest in. Risk related to market conditions is itself affected by general economic condition of Vietnam and investors' behaviours, which are out of the Board of Directors' control. These factors have caused market conditions to be volatile in recent years.
- For investments in listed securities, if the share prices had increased or decreased by 10% with all other variables including tax rate being held constant, the Group's net profit after tax would not have been significantly impacted.

c. Interest rate risk

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

2. **Credit risk**

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

Exposure to credit risk:

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

	Closing balance	Opening balance
Cash and cash equivalents	2,215,118,230,687	654,067,652,192
Held-to-maturity investments	10,067,453,820,000	10,201,117,421,871
Accounts receivable from customers and other receivables	3,078,003,239,793	2,567,862,867,313
	15,360,575,290,480	13,423,047,941,376

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- Cash and cash equivalents:

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

- Held-to-maturity investments

- Held-to-maturity investments include corporate bonds and term deposits. Term deposits at bank are mainly held with well-known financial institutions. The Board of Directors does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.
- The Group's exposure to credit risk from investing in bonds is influenced by individual characteristics of the instrument issuer. In managing this risk, the Board of Directors analyses the creditworthiness of the issuer before buying. The Board of Directors assessed that the issuers had good track records and believe that credit risk on those instruments is low.
- There was no allowance for held-to-maturity investments as at 31 March 2017 and 01 January 2017.

- Accounts receivable from customers and other receivables

- The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.
- The Group's Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before payment and delivery terms and conditions are offered. Credit purchase limit is established for each customer, which represents the maximum amount without approval from the Board of Directors. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.
- The Group makes allowance for doubtful debts to present estimated losses from trade and other receivables. Main component of the allowances are a particular loss relevant to particular level of major losses to each customer, which are determined when these risks could have been incurred but not yet identified. The overall losses level are determined on statistics data of historical payments of similar financial assets.

a. Financial assets neither past due nor impaired:

- Cash in banks and investments in corporate bonds which are neither past due nor impaired are deposits at banks and bond investments with high credit rating in Vietnam. Trade and other receivables which are neither past due nor impaired are mainly from companies having good collection history with the Group.
- Trade and other receivables of the Group which are neither past due nor impaired amount to VND 2,970,471,247,330 as at 31 March 2017 (01/01/2017: 2,491,761,380,210 VND).

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b. Financial assets overdue and/or impaired:

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

	Closing balance	Opening balance
Past due 1 to 30 days	115,007,173,253	81,855,992,649
Past due 31 to 60 days	7,669,762,229	13,755,346,112
Past due 61 to 90 days	1,570,939,250	3,781,593,648
Past due more than 90 days	697,440,038	778,939,970
	124,945,314,770	100,171,872,379

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

	Closing balance	Opening balance
Gross amount	5,097,849,573	4,643,578,587
Less: allowance for doubtful debts	(4,812,846,473)	(4,168,573,420)
	285,003,100	475,005,167

	Current period	Previous period
Opening balance	4,168,573,420	3,211,964,123
Increase in allowance	718,266,467	2,503,289,567
Written-off bad debts	(76,540,948)	(1,588,624,041)
Translation differences	2,547,534	41,943,771
Closing balance	4,812,846,473	4,168,573,420

3. Liquidity risks:

- Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to maintain frequent oversight of current and future liquidity to ensure the Group always have sufficient cash reserve to meet its requirement on short-term and long-term liabilities. Cash holdings and net cash flows generated from operating activities of the Group are sufficient to pay its liabilities due in the next fiscal year.

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- Below is an analysis of the Group's financial liabilities with fixed or determined payments according to relevant maturities based on the remaining period from the reporting date to their contractual maturity dates. The amounts stated in the below table are undiscounted contractual cash flows.

	Carrying amount	Contractual cash flows	Within 1 year	1 – 2 years	2 – 5 years	More than 5 years
As at 31 March 2017						
- Accounts payable to suppliers	2,403,605,166,199	2,403,605,166,199	2,403,605,166,199	-	-	-
- Payables to employess	125,707,095,455	125,707,095,455	125,707,095,455	-	-	-
- Accrued expenses	1,119,390,469,461	1,119,390,469,461	1,119,390,469,461	-	-	-
- Other short-term payables	612,150,506,527	612,150,506,527	612,150,506,527	-	-	-
- Short-term borrowings	174,251,757,485	177,986,590,135	177,986,590,135	-	-	-
- Other long-term payables	197,635,138	197,635,138	-	197,635,138	-	-
- Long-term borrowings	327,110,398,182	364,549,725,682	18,052,936,000	8,616,174,000	328,710,217,500	9,170,398,182
	4,762,413,028,447	4,803,587,188,597	4,456,892,763,777	8,813,809,138	328,710,217,500	9,170,398,182
As at 1 January 2017						
- Accounts payable to suppliers	2,561,910,262,979	2,561,910,262,979	2,561,910,262,979	-	-	-
- Payables to employees	192,349,429,102	192,349,429,102	192,349,429,102	-	-	-
- Accrued expenses	1,025,974,683,705	1,025,974,683,705	1,025,974,683,705	-	-	-
- Other short-term payables	592,099,957,922	592,099,957,922	592,099,957,922	-	-	-
- Short-term borrowings	1,332,666,200,200	1,344,537,512,722	1,344,537,512,722	-	-	-
- Other long-term payables	589,208,918	589,208,918	-	589,208,918	-	-
- Long-term borrowings	326,970,398,182	364,085,654,849	15,584,306,667	8,612,380,000	330,718,570,000	9,170,398,182
	6,032,560,141,008	6,081,546,710,197	5,732,456,153,097	9,201,588,918	330,718,570,000	9,170,398,182

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

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4. Fair value measurement:

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

	Note	Closing balance		Opening balance	
		Carrying amount	Fair value	Carrying amount	Fair value
Categorised as held-to-maturity investments (*):					
- Term deposits	(i)	9,577,453,820,000	9,577,453,820,000	9,711,117,421,871	9,711,117,421,871
- Corporate bonds	(iv)	490,000,000,000	Note (iv)	490,000,000,000	Note (iv)
Categorised as loans and receivables:					
- Cash and cash equivalents	(i)	2,215,118,230,687	2,215,118,230,687	654,067,652,192	654,067,652,192
- Accounts receivable from customers and other receivables	(i)	3,078,003,239,793	3,078,003,239,793	2,567,862,867,313	2,567,862,867,313
Categorised as available-for-sale:					
- Short-term investments in listed equity instruments available-for-sale	(ii)	1,108,409,931	607,608,103	1,107,921,870	607,335,784
- Short-term investments in unlisted equity instruments available-for-sale	(iii)	24,600,116	24,600,116	24,599,616	24,599,616
- Other short-term investments	(v)	442,000,000,000	442,000,000,000	442,000,000,000	442,000,000,000
- Long-term investments in investment funds	(iv)	10,270,276,240	Note (iv)	10,270,276,240	Note (iv)
- Other long-term investments	(iv)	1,117,560,000	Note (iv)	1,117,200,000	Note (iv)
Categorised as liabilities at amortised cost:					
- Accounts payables to suppliers and other payables	(i)	4,762,413,028,447	4,762,413,028,447	6,032,560,141,008	6,032,560,141,008

(*) Include short-term and long-term held-to-maturity investments

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

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

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

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

iii. Short-term investments in unlisted equity instruments

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

iv. Short-term corporate bonds, long-term corporate bonds, and other long-term investments

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

v. Other short-term investments

Fair value is estimated at the expected net realisable value.

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VI. SUPPLEMENT INFORMATION TO ITEMS DISCLOSED IN THE INTERIM**CONSOLIDATED STATEMENT OF FINANCIAL POSITION:****1. Cash and cash equivalents**

	<u>Closing balance</u>	<u>Opening balance</u>
- Cash on hand	1,642,490,562	1,355,443,244
- Cash in banks	517,118,230,687	598,566,823,415
- Cash in transit	-	828,777
- Cash equivalents	1,698,000,000,000	55,500,000,000
• <i>Deposits with maturity of not more than 3 months</i>	1,698,000,000,000	55,500,000,000
• <i>Securities</i>	-	-
• <i>Bonds, treasury bill, promissory note</i>	-	-
Total	<u>2,216,760,721,249</u>	<u>655,423,095,436</u>

2. Accounts receivable from customers

	<u>Closing balance</u>	<u>Opening balance</u>
Short-term accounts receivable from customers		
- Abdulkarim Alwan Foodstuff Trading (LLC)	246,987,714,750	429,110,901,892
- Other customers	2,364,293,787,871	1,762,237,556,690
Total	<u>2,611,281,502,621</u>	<u>2,191,348,458,582</u>

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

Associate

APIS Corporation	-	136,184,400
Total	<u>-</u>	<u>136,184,400</u>

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

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3. Other receivables

	Closing balance		Opening balance	
	Cost	Allowance	Cost	Allowance
Short-term	474,618,703,937	(665,007,234)	390,619,273,181	(475,005,167)
- Interest income on deposits	256,308,883,137	-	269,061,980,250	-
- Interest income from bonds and loan receivables	27,530,863,015	-	17,595,726,029	-
- Receivables from employees	2,732,262,347	-	809,687,030	-
- Advances to employees	3,206,508,654	-	3,185,564,959	-
- Collaterals, deposits	9,468,485,602	-	9,449,358,271	-
- Import tax refundable	18,215,887,796	-	27,796,047,217	-
- Rebates receivable from suppliers	3,300,000,000	-	54,797,825,720	-
- Advances to purchase additional equity interest in an subsidiary	136,920,000,000	-	-	-
- Others	16,935,813,386	(665,007,234)	7,923,083,705	(475,005,167)
b. Long-term	14,614,205,003	-	14,609,099,414	-
- Collaterals, deposits	8,366,520,177	-	8,361,414,588	-
- Others	6,247,684,826	-	6,247,684,826	-
Total	489,232,908,940	(665,007,234)	405,228,372,595	(475,005,167)

4. Shortage of assets awaiting resolution

	Closing balance		Opening balance	
	Quantity	Cost	Quantity	Cost
Inventories	-	509,196,255	-	76,396,513

5. Bad debts

	Closing balance		Opening balance	
	Cost	Recoverable amount	Cost	Recoverable amount
Total value of receivables, loans that are overdue or not pass due but hardly recoverable	1,049,460,734	-	1,031,046,334	-
In which:				
	Overdue from 1 to 30 days	Overdue from 31 to 60 days	Overdue from 61 to 90 days	Overdue more than 90 days
- Nguyen Cao Son	-	-	-	950,010,334

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

	Closing balance			Opening balance		
	Cost	Fair value	Allowance	Cost	Fair value	Allowance
- Total value of shares	1,133,010,047	632,208,219	(500,850,428)	1,132,521,486	631,935,400	(500,629,886)
- Total value of bonds	-	-	-	-	-	-
- Other investments	442,000,000,000	442,000,000,000	-	442,000,000,000	442,000,000,000	-
+ Bao Viet Commercial Joint Stock Bank (*)	442,000,000,000	442,000,000,000	-	442,000,000,000	442,000,000,000	-
Total	443,133,010,047	442,632,208,219	(500,850,428)	443,132,521,486	442,631,935,400	(500,629,886)

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

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

	Current period	Previous period
- Opening balance	(500,629,886)	(72,195,440,247)
- Allowance made	-	(245,096,300)
- Written back	-	15,666,000
- Allowance utilised	-	185,235,106
- Currency translation differences	(220,542)	4,190,294
Closing balance	(500,850,428)	(72,235,445,147)

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b. Investments in other entities

	% of		Closing balance			Opening balance		
	equity owned	voting rights	Cost	Fair value (*)	Allowance	Cost	Fair value (*)	Allowance
Investments in associates			436,519,292,920	-	-	419,909,385,728	-	-
- Asia Saigon Food Ingredients Joint Stock Company (**)	15.00%	15.00%	75,559,535,919	-	-	72,902,360,632	-	-
- APIS Corporation (**)	18.00%	18.00%	8,735,969,788	-	-	8,364,035,008	-	-
- Miraka Limited	22.81%	22.81%	352,223,787,213	-	-	338,642,990,088	-	-
Investments in other entities			11,387,836,240	-	(7,493,105,587)	11,387,476,240	-	(7,490,301,769)
- Vietnam Growth Investment Fund (VF2)			10,270,276,240	-	(7,493,105,587)	10,270,276,240	-	(7,490,301,769)
- An Khang Clinic - Pharmacy			300,000,000	-	-	300,000,000	-	-
- Others			817,560,000	-	-	817,200,000	-	-
Total			447,907,129,160	-	(7,493,105,587)	431,296,861,968	-	(7,490,301,769)

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

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

Movements of equity investments in associates during the period were as follows:

	Current period	Previous period
- Opening balance	419,909,385,728	397,130,670,931
- Share of profits	16,609,907,192	11,978,412,638
Closing balance	436,519,292,920	409,109,083,569

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

	Current period	Previous period
– Opening balance	(7,490,301,769)	(4,740,126,948)
– Allowance made	(2,803,818)	(2,741,763,366)
– Written back	-	-
– Allowance utilised	-	-
Closing balance	(7,493,105,587)	(7,481,890,314)

c. Held-to-maturity investments

	Closing balance		Opening balance	
	Cost	Fair value	Cost	Fair value
Short-term	9,877,453,820,000	9,877,453,820,000	10,011,117,421,871	10,011,117,421,871
– Term deposits	9,577,453,820,000	9,577,453,820,000	9,711,117,421,871	9,711,117,421,871
– Corporate bonds (*)	300,000,000,000	300,000,000,000	300,000,000,000	300,000,000,000
Long-term	190,000,000,000	(**)	190,000,000,000	(**)
– Term deposits	-	-	-	-
– Corporate bonds (*)	190,000,000,000	(**)	190,000,000,000	(**)
Total	10,067,453,820,000		10,201,117,421,871	

(*) 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 8% to 8.4% per annum (2016: from 7.5% to 8.4%) and are receivable in June 2017 and September 2018, respectively.

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

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7. Inventories

	Closing balance		Opening balance	
	Cost	Allowance	Cost	Allowance
- Goods in transit	560,821,318,175	-	634,956,689,982	-
- Raw materials, fuel, technical materials	2,210,861,033,631	(2,392,921,816)	2,533,783,474,836	(7,137,697,729)
- Tools and supplies	17,376,784,091	-	17,581,053,761	-
- Work in progress	78,218,880,483	-	54,226,522,481	-
- Finished goods	1,015,723,636,578	(1,174,522,161)	1,202,995,232,465	(9,535,793,517)
- Merchandise inventories	35,586,089,512	-	90,105,103,241	-
- Goods on consignment	6,361,425,344	-	4,791,796,832	-
Total	3,924,949,167,814	(3,567,443,977)	4,538,439,873,598	(16,673,491,246)

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

	Current period	Previous period
- Opening balance	(16,673,491,246)	(17,274,104,181)
- Allowance made	(1,606,782,664)	(677,214,221)
- Written back	7,576,174,337	2,248,249,760
- Allowance utilised	7,136,655,596	1,541,875,968
Closing balance	(3,567,443,977)	(14,161,192,674)

8. Long-term work in progress

	Closing balance	Opening balance
- Cows under 16 months of age	79,981,224,080	127,671,589,409

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

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9. Construction in progress

	Current period	Previous period
- Opening balance	865,440,052,609	761,285,112,786
- Additions	477,085,563,814	188,157,808,974
- Transfer to tangible fixed assets	(166,699,675,939)	(180,230,320,225)
- Transfer to intangible fixed assets	-	-
- Transfer to inventories	(784,229,851)	(38,239,526)
- Transfer to long-term prepaid expenses	(2,830,088,354)	(812,540,272)
- Disposals	(217,376,364)	(394,102,311)
- Other increases/(decreases)	(938,142,493)	(1,785,120,282)
- Translation differences	6,882,724	(103,218,118)
Closing balance	1,171,062,986,146	766,079,381,026

Major construction in progress are as follows:

	Closing balance	Opening balance
Machinery and equipment – Vietnam Dairy Factory	180,085,696,973	179,888,609,336
Machinery and equipment – Saigon Dairy Factory	66,318,925,098	90,072,363,870
Machinery and equipment – Nghe An Dairy Factory	205,594,187,509	43,770,007,044
Tay Ninh Dairy Cow Farms	296,306,508,507	233,475,427,576
Thong Nhat Thanh Hoa Dairy Farms	162,418,391,097	102,020,948,231
Others	260,339,276,962	216,212,696,552
Closing balance	1,171,062,986,146	865,440,052,609

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10. Movements of tangible fixed assets

	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Livestock	Others	Total
<u>I. Cost</u>							
Opening balance	3,007,241,465,794	9,191,877,230,900	846,918,883,799	517,689,874,335	605,814,584,799	88,196,627,500	14,257,738,667,127
Purchase	3,299,081,210	7,932,982,583	1,737,155,636	8,286,074,000	-	1,236,233,975	22,491,527,404
Transfer from construction in progress	71,051,783,401	95,507,785,909	-	140,106,629	-	-	166,699,675,939
Transfer from inventories (livestock)	-	-	-	-	78,928,136,495	-	78,928,136,495
Other increases	-	-	-	-	-	-	-
Reclassification	-	7,262,108,643	-	(6,640,660,773)	-	(621,447,870)	-
Disposals	(150,616,364)	(2,684,874,340)	(5,114,888,808)	(867,320,718)	(32,880,957,249)	-	(41,698,657,479)
Other decreases	-	(277,046,182)	-	-	-	-	(277,046,182)
Translation differences	99,574,216	299,171,427	41,207,113	17,063,295	-	44,409,133	501,425,184
Closing balance	3,081,541,288,257	9,299,917,358,940	843,582,357,740	518,625,136,768	651,861,764,045	88,855,822,738	14,484,383,728,488
<u>II. Accumulated depreciation</u>							
Opening balance	741,036,482,817	4,616,175,131,644	380,716,907,457	361,670,334,825	171,989,165,477	69,827,651,963	6,341,415,674,183
Charge for the period	40,478,931,520	202,550,076,505	20,063,017,000	14,728,819,673	25,907,543,220	2,007,268,101	305,735,656,019
Other increases	-	-	-	-	-	-	-
Reclassification	36,372,757	2,719,970,634	-	(2,503,803,024)	-	(252,540,367)	-
Disposals	(97,900,629)	(1,279,676,437)	(4,697,488,808)	(867,320,718)	(15,699,199,339)	-	(22,641,585,931)
Other decreases	-	-	-	-	-	-	-
Translation differences	30,338,404	185,375,035	24,800,098	14,591,584	-	40,868,155	295,973,276
Closing balance	781,484,224,869	4,820,350,877,381	396,107,235,747	373,042,622,340	182,197,509,358	71,623,247,852	6,624,805,717,547
<u>III. Net book value</u>							
Opening balance	2,266,204,982,977	4,575,702,099,256	466,201,976,342	156,019,539,510	433,825,419,322	18,368,975,537	7,916,322,992,944
Closing balance	2,300,057,063,388	4,479,566,481,559	447,475,121,993	145,582,514,428	469,664,254,687	17,232,574,886	7,859,578,010,941

Included in the cost of tangible fixed assets were assets costing VND1,355,956,750,978 which were fully depreciated as at 31 March 2017 (01/01/2017: VND1,666,304,535,994), but which are still in active use.

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11. Movements of intangible fixed assets

	Land use rights	Software	Others	Total
Cost				
+ Opening balance	375,681,235,405	132,950,792,308	49,259,000,000	557,891,027,713
+ Additions				
-Purchases	-	857,000,000	-	857,000,000
-Transfer from construction in progress	-	-	-	-
-Other increases	-	-	-	-
+Decreases				
-Diposals	-	-	-	-
-Other decreases	-	-	-	-
-Translation differences	92,147,130	809,800	21,700,000	114,656,930
+Closing balance	375,773,382,535	133,808,602,108	49,280,700,000	558,862,684,643
Accumulated amortisation				
+Opening balance	28,721,931,735	91,070,002,209	33,369,000,000	153,160,933,944
+Additions				
-Charge for the period	544,623,423	3,619,788,892	-	4,164,412,315
-Other increases	-	-	-	-
+ Decreases				
-Disposals	-	-	-	-
-Other decreases	-	-	-	-
-Translation differences		377,907	14,700,000	15,077,907
+Closing balance	29,266,555,158	94,690,169,008	33,383,700,000	157,310,268,352
Net book value				
+Opening balance	346,959,303,670	41,880,790,099	15,890,000,000	404,730,093,769
+Closing balance	346,506,827,377	39,118,433,100	15,897,000,000	401,522,260,477

Included in the cost of intangible fixed assets were assets costing VND53,207,704,915 which were fully depreciated as at 31 March 2017 (01/01/2017: VND48,086,488,915), but which are still in active use.

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12. Investment property

	Land use rights	Buildings	Infrastructure	Total
Cost				
+Opening balance	82,224,238,170	90,989,593,826	6,464,218,561	179,678,050,557
+Additions				
-Purchases	-	-	-	-
-Transfer from construction in progress	-	-	-	-
-Other increases	-	-	-	-
-Reclassification	-	-	-	-
+Decreases				
-Disposals	-	-	-	-
-Other decreases	-	-	-	-
+Closing balance	82,224,238,170	90,989,593,826	6,464,218,561	179,678,050,557
Accumulated amortisation				
+Opening balance	2,645,189,674	35,483,908,620	4,575,569,937	42,704,668,231
+Additions				
-Charge for the period	198,389,226	992,593,727	152,841,003	1,343,823,956
-Other decreases	-	-	-	-
+Decreases				
-Disposals	-	-	-	-
+Closing balance	2,843,578,900	36,476,502,347	4,728,410,940	44,048,492,187
Net book value				
+Opening balance	79,579,048,496	55,505,685,206	1,888,648,624	136,973,382,326
+Closing balance	79,380,659,270	54,513,091,479	1,735,807,621	135,629,558,370

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

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

Included in the cost of investment property held to earn rental was assets costing VND7,892,173,774 which were fully depreciated as at 31 March 2017 (01/01/2017: VND7,892,173,774), but which are still in active use.

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13. Goodwill

	<u>Current period</u>	<u>Previous period</u>
Opening balance	123,983,090,462	142,345,015,058
Charge for the period	(4,590,481,149)	(4,590,481,149)
Closing balance	<u>119,392,609,313</u>	<u>137,754,533,909</u>

14. Prepaid expenses*a. Short-term prepaid expenses*

	<u>Opening balance</u>	<u>Additions</u>	<u>Amortised to expenses during the period</u>	<u>Currency translation differences</u>	<u>Closing balance</u>
- Prepaid software deployment and networks maintenance expenses	5,166,842,293	1,825,943,058	3,083,318,157	-	3,909,467,194
- Prepaid advertising expenses	5,746,426,437	2,929,120,907	3,977,657,364	-	4,697,889,980
- Prepaid maintenance expenses	2,628,565,218	5,142,349,945	3,061,516,460	-	4,709,398,703
- Prepaid operating lease expenses	7,007,482,846	7,768,008,366	5,703,828,099	-	9,071,663,113
- Prepaid tools and supplies expenses	22,178,505,168	6,149,074,175	10,933,018,860	95,313	17,394,655,796
- Prepaid renovation and repair expenses	2,809,598,781	2,610,425,398	1,352,253,986	-	4,067,770,193
- Others	13,750,933,104	68,056,428,696	61,450,421,877	9,781,962	20,366,721,885
Total	<u>59,288,353,847</u>	<u>94,481,350,545</u>	<u>89,562,014,803</u>	<u>9,877,275</u>	<u>64,217,566,864</u>

b. Long-term prepaid expenses

	<u>Opening balance</u>	<u>Additions</u>	<u>Amortised to expenses during the period</u>	<u>Other decreases</u>	<u>Translation differences</u>	<u>Closing balance</u>
- Leased land and infrastructure	233,057,352,676	1,641,629,777	1,546,386,941	86,350,489	14,440,019	233,080,685,042
- Tools and supplies	183,921,289,004	26,769,800,583	25,994,647,493	202,760,317	179,160	184,493,860,937
- Others	42,416,415,349	3,587,262,937	7,976,969,795	(86,350,489)	520,858	38,113,579,838
Total	<u>459,395,057,029</u>	<u>31,998,693,297</u>	<u>35,518,004,229</u>	<u>202,760,317</u>	<u>15,140,037</u>	<u>455,688,125,817</u>

15. Deferred tax assets and liabilities

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a. Deferred tax assets

	Tax rate	Closing Balance	Opening Balance
Deferred tax assets			
Foreign exchange differences	20%	373,718,234	-
Accrued expenses and provisions	20%	22,240,424,679	35,072,880,406
		<u>22,614,142,913</u>	<u>35,072,880,406</u>
Deferred tax liabilities			
Foreign exchange differences	20%	(2,306,361)	(422,067,654)
		<u>22,611,836,552</u>	<u>34,650,812,752</u>
Net deferred tax assets			
		<u>22,611,836,552</u>	<u>34,650,812,752</u>

b. Deferred tax liabilities

	Tax rate (*)	Closing Balance	Opening Balance
Deferred tax assets			
Accounts receivable	40%	2,355,853,644	2,354,816,280
Inventories	40%	1,170,980,832	1,170,465,209
Tax losses carry forwards	40%	45,816,261,872	45,796,087,384
Accrued expenses	40%	6,333,007,622	6,138,857,752
Others	40%	503,530,663	503,308,941
		<u>56,179,634,633</u>	<u>55,963,535,566</u>
Valuation allowance	40%	(42,244,283,199)	(42,225,681,578)
Total deferred tax assets		<u>13,935,351,434</u>	<u>13,737,853,988</u>
Deferred tax liabilities			
Fixed assets	40%	(103,661,808,597)	(103,616,162,711)
Others	40%	(1,089,448,890)	(147,280,777)
		<u>(104,751,257,487)</u>	<u>(103,763,443,488)</u>
Total deferred tax liabilities		<u>(104,751,257,487)</u>	<u>(103,763,443,488)</u>
Net deferred tax liabilities		<u>(90,815,906,053)</u>	<u>(90,025,589,500)</u>

(*) Net deferred tax liabilities have been recognised on taxable temporary differences after netting off against respective deductible temporary differences and tax losses using the effective tax rate of Driftwood Dairy Holdings Corporation, a subsidiary incorporated and operating in the United State of America and Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia, a subsidiary incorporated and operating in Poland.

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16. Accounts payable to suppliers

	Closing balance		Opening balance	
	Cost	Amount within payment capacity	Cost	Amount within payment capacity
Short-term accounts payable to suppliers	2,403,605,166,199	2,403,605,166,199	2,561,910,262,979	2,561,910,262,979

*In which, accounts payable to suppliers who are related parties:****Associate***

APIS Corporation	7,381,742,670	7,381,742,670	8,760,950,000	8,760,950,000
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The trade related amounts due to the related parties were unsecured, interest free and payable within 60 days from invoice date.

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17. Short-term and long-term borrowings

	Opening balance		Movements during the period			Closing balance	
	Carrying value	Repayable amount	Increase	Decrease	Translation differences	Carrying value	Repayable amount
Short-term borrowings	1,332,666,200,200	1,332,666,200,200	678,543,472,182	(1,837,107,787,294)	149,872,397	174,251,757,485	174,251,757,485
– Short-term borrowings from banks	1,287,266,200,200	1,287,266,200,200	678,543,472,182	(1,837,107,787,294)	129,872,397	128,831,757,485	128,831,757,485
– Current portion of long-term borrowings	45,400,000,000	45,400,000,000	-	-	20,000,000	45,420,000,000	45,420,000,000
Long-term borrowings	326,970,398,182	326,970,398,182	-	-	140,000,000	327,110,398,182	327,110,398,182
– Long-term borrowings from banks	317,800,000,000	317,800,000,000	-	-	140,000,000	317,940,000,000	317,940,000,000
– Other long-term borrowings	9,170,398,182	9,170,398,182	-	-	-	9,170,398,182	9,170,398,182
Total	1,659,636,598,382	1,659,636,598,382	678,543,472,182	(1,837,107,787,294)	289,872,397	501,362,155,667	501,362,155,667

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

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Lenders	Note	Currency	Annual interest rate	Closing balance	Opening balance
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch	(i)	VND	4.90%	-	1,100,000,000,000
The Bank of Tokyo-Mitsubishi UFJ Ltd. – Ho Chi Minh City Branch	(ii)	VND	4.90%	-	100,000,000,000
Wells Fargo Bank, N.A.	(iii)	USD	2.899%	128,831,757,485	87,266,200,200
				128,831,757,485	1,287,266,200,200

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

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

(iii) This borrowing was secured by accounts receivable from customers with carrying amount of VND302,042 million as at 31 March 2017 (01/01/2017: VND169,897 million).

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

Lenders		Currency	Annual interest rate	Year of maturity	Closing balance VND	Opening balance VND
Sumitomo Mitsui Banking Corporation	(i)	USD	2.71%	2020	363,360,000,000	363,200,000,000
Individuals	(ii)	VND	None	2039	9,170,398,182	9,170,398,182
					372,530,398,182	372,370,398,182

(i) This borrowing was secured by long-term deposits and fixed assets with carrying amount of VND76,500 million (01/01/2017: VND76,500 million) and VND412,490 million (01/01/2017: VND424,927), respectively, as at 31 March 2017.

(ii) These borrowings are unsecured.

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18. Taxes and other payables to State Treasury

	Opening balance	Additions	Payments	Translation differences	Closing balance
- VAT on domestic goods sold	51,360,423,060	439,686,734,695	308,418,442,663	8,653,850	182,637,368,942
- VAT on import goods	9,154,300,018	66,000,179,952	45,679,594,924	-	29,474,885,046
- Withholding VAT	241,321,774	2,052,632,980	1,573,081,213	-	720,873,541
- Special consumption tax	294,122,084	(3,068,617)	-	122,798	291,176,265
- Import-export tax	1,974,408,062	19,729,784,462	12,742,627,756	(242,398)	8,961,322,370
- Corporate income tax	174,771,741,111	528,294,248,598	189,074,031,088	(2,227,375)	513,989,731,246
- Withholding corporate income tax	1,122,096,141	5,229,079,841	4,495,262,561	-	1,855,913,421
- Personal income tax	14,917,198,239	138,044,352,937	145,785,594,092	181,996	7,176,139,080
- Natural resource tax	63,609,298	216,389,664	213,321,352	-	66,677,610
- Land tax	-	12,220,690	12,220,690	-	-
- Land rental charges	-	117,978,491	117,978,491	-	-
- Other taxes	1,610,911,073	561,465,372	1,028,424,277	625,241	1,144,577,409
- Fees, charges and other payables to State Treasury	-	157,362,080	154,122,080	-	3,240,000
Total	255,510,130,860	1,200,099,361,145	709,294,701,187	7,114,112	746,321,904,930

19. Accrued expenses

	Closing balance	Opening balance
- Promotion, sales support expenses	570,240,211,124	584,298,882,216
- Rentals of docks, shelves, light box and exhibition stand	14,231,638,848	922,786,364
- Advertising expenses	281,913,358,124	170,814,940,905
- Transportation expenses	79,690,348,091	77,412,131,182
- Repairs and maintenance expenses	45,091,155,202	11,769,500,442
- Interest expense	-	21,082,620,101
- Fuel expenses	12,962,070,818	13,959,796,579
- Expenses for outsourced employees	37,773,040,455	62,494,315,062
- Others	77,488,646,799	83,219,710,854
Total	1,119,390,469,461	1,025,974,683,705

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20. Unearned revenue

	<u>Closing balance</u>	<u>Opening balance</u>
a. Short-term unearned revenue		
– Unearned revenue	802,734,364	3,360,079,979
b. Long-term unearned revenue		
– Unearned revenue	1,663,272,218	1,663,272,218
Total	2,466,006,582	5,023,352,197

21. Other payables

	<u>Closing balance</u>	<u>Opening balance</u>
a. Other short-term payables	612,150,506,527	592,099,957,922
– Social, health and unemployment insurance	2,281,037,854	19,680,495
– Trade union fees	987,450,719	709,099,419
– Short-term deposits received	87,038,882,980	71,249,658,216
– Outstanding checks in exceed of bank balance	24,779,724,904	8,189,608,390
– Other payables from financial investments (*)	448,007,419,155	448,007,419,155
– Dividends payable	4,003,285,748	4,003,285,748
– Import duty payables	31,534,579,783	42,613,702,494
– Other payables	13,518,125,384	17,307,504,005
b. Other long-term payables	197,635,138	589,208,918
– Long-term deposits received	-	-
– Other payables	197,635,138	589,208,918
Total	612,348,141,665	592,689,166,840

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

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22. Provisions

	<u>Closing balance</u>	<u>Opening balance</u>
a. Short-term provision		
– Fixed assets maintenance and repair	2,355,567,358	889,995,571
b. Long-term provision		
– Severance allowance	95,307,410,698	95,960,585,167
Total	97,662,978,056	96,850,580,738

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

	<u>Current period</u>	<u>Previous period</u>
Opening balance	95,960,585,167	87,325,705,000
Increase in provision during the period	-	-
Provision used during the period	(653,174,469)	(784,178,492)
Closing balance	95,307,410,698	86,541,526,508

23. Bonus and welfare fund

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

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

	<u>Current period</u>	<u>Previous period</u>
Opening balance	456,785,376,550	405,464,362,576
Increase in provision during the period	324,460,074,150	212,582,268,101
Provision used during the period	(462,366,410,538)	(441,760,332,754)
Closing balance	318,879,040,162	176,286,297,923

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24. Change in owners' equity

Items	Share capital	Share premium	Treasury shares	Foreign exchange differences	Investment and development fund	Retained profits	Non-controlling interest	Total
A	1	2	3	4	5	6	7	8
Opening balance of the previous year	12,006,621,930,000	-	(5,388,109,959)	8,329,599,322	3,291,207,229,973	5,391,795,573,082	231,349,525,167	20,923,915,747,585
- Net profit for the year	-	-	-	-	-	2,157,189,051,310	4,594,965,268	2,161,784,016,578
- Appropriation to equity funds	-	-	-	-	212,582,268,099	(425,164,536,200)	-	(212,582,268,101)
- Translation differences	-	-	-	1,580,123,142	-	-	(1,762,064,994)	(181,941,852)
Balance as at 31 March 2016	12,006,621,930,000	-	(5,388,109,959)	9,909,722,464	3,503,789,498,072	7,123,820,088,192	234,182,425,441	22,872,935,554,210
- Additions	2,507,912,360,000	260,699,620,761	5,388,109,959	-	(2,419,035,050,000)	-	-	354,965,040,720
- Purchase of non-controlling interest	-	-	-	-	-	(62,222,774,839)	(5,922,583,589)	(68,145,358,428)
- Purchase of treasury shares	-	-	(1,176,335,920)	-	-	-	-	(1,176,335,920)
- Net profit for the year	-	-	-	-	-	7,193,140,079,073	8,905,681,839	7,202,045,760,912
- Appropriation to equity funds	-	-	-	-	712,265,477,516	(1,424,427,389,647)	-	(712,161,912,131)
- Dividends	-	-	-	-	-	(7,238,478,492,000)	(4,003,285,748)	(7,242,481,777,748)
- Translation differences	-	-	-	(4,255,029,011)	-	-	4,223,345,981	(31,683,030)
Closing balance of the previous year	14,514,534,290,000	260,699,620,761	(1,176,335,920)	5,654,693,453	1,797,019,925,588	5,591,831,510,779	237,385,583,924	22,405,949,288,585

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Items	Share capital	Share premium	Treasury shares	Foreign exchange differences	Investment and development fund	Retained profits	Non-controlling interest	Total
A	1	2	3	4	5	6	7	8
Opening balance of the current period	14,514,534,290,000	260,699,620,761	(1,176,335,920)	5,654,693,453	1,797,019,925,588	5,591,831,510,779	237,385,583,924	22,405,949,288,585
- Additions	-	-	-	-	-	-	-	-
- Purchase of non-controlling interest	-	-	-	-	-	-	-	-
- Purchase of treasury shares	-	-	(2,521,921,480)	-	-	-	-	(2,521,921,480)
- Net profit for the period	-	-	-	-	-	2,935,068,264,904	(62,830,946)	2,935,005,433,958
- Appropriation	-	-	-	-	324,460,074,150	(648,920,148,300)	-	(324,460,074,150)
- Other additions	-	-	-	-	-	-	-	-
- Dividends	-	-	-	-	-	-	-	-
- Other decreases	-	-	-	-	-	-	-	-
- Translation differences	-	-	-	5,361,547,362	-	-	96,204,726	5,457,752,088
Balance as at 31 March 2017	14,514,534,290,000	260,699,620,761	(3,698,257,400)	11,016,240,815	2,121,479,999,738	7,877,979,627,383	237,418,957,704	25,019,430,479,001

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Details of owners' capital

	<u>Closing balance</u>	<u>Opening balance</u>
- The State's capital	5,708,566,336,257	5,708,566,336,257
- Other shareholders' capital	8,805,967,953,743	8,805,967,953,743
- Share premium	260,699,620,761	260,699,620,761
- Treasury shares	(3,698,257,400)	(1,176,335,920)
Total	14,771,535,653,361	14,774,057,574,841

Capital transactions with shareholders and appropriation of profits and dividends**Shares**

	<u>Closing balance</u>	<u>Opening balance</u>
Registered shares	1,451,453,429	1,451,453,429
Issued shares	1,451,453,429	1,451,453,429
- Ordinary shares	1,451,453,429	1,451,453,429
- Preference shares (classified as equity)	-	-
Repurchased shares (treasury shares)	(38,114)	(27,100)
- Ordinary shares	(38,114)	(27,100)
- Preference shares (classified as equity)	-	-
Shares currently in circulation	1,451,415,315	1,451,426,329
- Ordinary shares	1,451,415,315	1,451,426,329
- Preference shares (classified as equity)	-	-

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.

25. Off balance sheet items

	Closing balance		Opening balance	
	Original currency	VND equivalent	Original currency	VND equivalent
Foreign currencies				
▪ USD	4,330,629.00	98,348,584,590	793,766.71	18,018,504,317
▪ EUR	794.75	19,208,312	797.30	19,013,213
		98,367,792,902		18,037,517,530

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

	Current period	Previous period
Total revenue	12,074,425,433,110	10,369,870,419,298
• <i>Sales of merchandise inventories</i>	454,080,620,551	334,579,560,341
• <i>Sales of finished goods</i>	11,586,637,160,573	10,002,535,878,714
• <i>Service rendered</i>	13,288,112,373	12,022,810,224
• <i>Rental income</i>	3,943,138,919	3,954,556,575
• <i>Others</i>	16,476,400,694	16,777,613,444
Less sales deductions:	25,056,740,672	36,961,539,682
• <i>Sale discounts</i>	4,717,995,629	137,596,997
• <i>Sale returns</i>	20,338,745,043	36,823,942,685
Net revenue	12,049,368,692,438	10,332,908,879,616
<i>In which:</i>		
• <i>Sales of merchandises and finished goods</i>	12,032,137,441,146	10,316,931,512,817
• <i>Service rendered</i>	17,231,251,292	15,977,366,799

In which, revenue with related parties was as follows:

	Current period	Previous period
Associates		
- Asia Saigon Food Ingredients Joint Stock Company	2,793,720,034	127,348,524
- APIS Corporation	94,734,000	-
Total	2,888,454,034	127,348,524

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2. Cost of goods sold

	Current period	Previous period (restated)
- Cost of merchandise goods sold	369,993,664,192	248,341,899,093
- Cost of finished goods sold	5,689,062,845,285	4,861,398,389,224
- Cost of promotional goods	172,135,017,150	193,938,563,284
- Cost of services rendered	2,516,571,543	2,026,351,088
- Operating cost of investment property held for earn rental	2,127,541,897	2,060,469,898
- Inventories losses	371,127,973	-
- Under-capacity costs	-	3,081,139
- Allowance for inventories	(5,969,391,673)	(1,571,035,539)
Total	6,230,237,376,368	5,306,197,718,187

3. Financial income

	Current period	Previous period
- Interest income from deposits	176,382,439,303	143,933,453,772
- Interest income from bonds	9,935,136,986	9,286,986,295
- Dividends	6,449,716	6,036,011
- Gains on disposal of securities	-	-
- Foreign exchange gains	13,432,526,887	15,446,307,274
- Others	-	-
Total	199,756,552,892	168,672,783,352

4. Financial expenses

	Current period	Previous period
- Interest expenses on borrowings	13,393,474,209	8,313,790,353
- Interest expenses on deposits received	711,492,000	437,937,521
- Losses on disposal of financial investments	-	-
- Transaction fee for trading securities	-	783,300
- Foreign exchange losses	13,553,758,482	21,194,575,426
- Allowance for diminution in value of short-term investments	-	229,430,300
- Allowance for diminution in value of long-term investments	2,803,818	2,741,763,366
- Others	-	781,710
Total	27,661,528,509	32,919,061,976

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5. Other income

	Current period	Previous period
- Proceeds from disposals of fixed assets	12,519,492,257	7,957,839,465
- Proceeds from disposals of construction in progress	-	-
- Compensations received from other parties	1,962,382,234	663,454,395
- Rebate income from suppliers	11,000,000,000	29,724,980,343
- Collection from written-off doubtful debts	17,674,800	69,729,899
- Income from written back accrual expense of previous period being not utilised	3,573,741	-
- Others	4,920,424,512	5,657,831,769
Total	30,423,547,544	44,073,835,871

6. Other expenses

	Current period	Previous period
- Book value of fixed assets disposed	19,057,071,548	9,150,611,926
- Expense incurred relating to disposal of fixed assets	1,500,000	-
- Book value of construction in progress disposed	217,376,364	394,102,311
- Breach of contract penalties	17,360,000	7,903,632
- Tax penalties	444,721,668	-
- Others	4,903,130,335	1,432,317,746
Total	24,641,159,915	10,984,935,615

7. Production and business costs by element

	Current period	Previous period
- Materials costs included in production costs	4,671,674,658,724	4,240,587,966,340
- Labour and staff costs	535,371,578,245	494,446,117,006
- Depreciation and amortisation expenses	307,456,538,391	289,552,380,211
- Outside services expenses	485,527,138,213	454,900,453,856
- Other expenses	2,161,447,244,100	2,271,562,120,375
Total	8,161,477,157,673	7,751,049,037,788

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*In which:***Production costs**

	Current period	Previous period
– Materials costs	4,657,733,099,180	4,230,633,629,282
– Labour and staff costs	271,695,397,295	259,384,373,203
– Fixed assets depreciation	276,334,291,441	258,745,035,657
– Outside services	200,713,851,110	184,203,307,013
– Other expenses	45,334,530,071	43,124,897,991
Total	5,451,811,169,097	4,976,091,243,146

Selling expenses

	Current period	Previous period (restated)
– Staff costs	158,012,265,443	146,303,802,283
– Materials expenses	10,522,989,398	7,330,104,898
– Tools and supplies expenses	32,442,192,800	23,227,620,993
– Depreciation expenses	10,236,930,094	9,539,058,549
– Maintenance expenses	10,317,168,448	6,921,505,509
– Transportation expenses	135,413,347,797	128,340,071,099
– Other outside services expenses	84,024,132,302	72,367,495,744
– Advertising and market research expenses	330,641,847,554	367,642,221,416
– Promotion, product display and sale support expenses	1,531,778,876,487	1,590,789,257,209
Total	2,303,389,750,323	2,352,461,137,700

General and administration expenses

	Current period	Previous period
– Staff costs	105,663,915,506	88,757,941,520
– Materials expenses	3,418,570,146	2,624,232,160
– Office supplies	3,431,662,946	4,247,649,848
– Depreciation expenses	20,885,316,856	21,268,286,005
– Fees and duties	2,704,574,841	8,631,022,005
– Allowance expenses	699,852,067	783,835,600
– Transportation expenses	12,123,359,047	9,537,143,179
– Outside services expenses	49,076,389,538	59,072,807,738
– Loading expenses	3,206,516,498	4,823,042,912
– Per-diem allowances	10,309,756,708	8,188,333,754
– Bank charges	2,514,859,151	2,945,759,018
– Other expenses by cash	20,106,447,892	17,678,040,063
Total	234,141,221,196	228,558,093,802

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8. Basic earnings per share

The calculation of earnings per share for the three-month period ended 31 March 2017 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund, of VND 2,610,608,190,754 (for the three-month period ended 31 March 2016: VND 1,944,606,783,209) and a weighted average number of ordinary shares outstanding of VND 1,451,419,721 (for the three-month period ended 31 March 2016: VND 1,440,167,278), calculated as follows:

	Current period	Previous period
- Accounting profit after tax	2,935,068,264,904	2,157,189,051,310
- Adjustments for accounting profit after tax to determine profit attributable to ordinary shareholders	-	-
- Net profit attributable to ordinary shareholders before appropriation to bonus and welfare fund	2,935,068,264,904	2,157,189,051,310
- Appropriation to bonus and welfare fund	324,460,074,150	212,582,268,101
- Net profit for the period attributable to ordinary shareholders after appropriation to bonus and welfare fund	2,610,608,190,754	1,944,606,783,209
- Weighted average number of ordinary shares in circulation during the period	1,451,419,721	1,440,167,278
Basic earnings per share	1,799	1,350

Weighted average number of ordinary shares in circulation during period was as follows:

	Current period	Previous period
- Number of ordinary share in circulation at the beginning of period	1,451,426,329	1,200,139,398
- Effects of bonus shares issued in previous period	-	240,027,880
- Effects of ordinary shares repurchased during the period	(6,608)	-
Weighted average number of ordinary shares in circulation during the period	1,451,419,721	1,440,167,278

As at 31 March 2017, the Company did not have potentially dilutive ordinary shares.

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9. Income tax***a. Current tax expense***

	Current period	Previous period
Income tax expense calculated on taxable income of the current period	529,871,502,104	436,166,712,942
Under/(over) provision in prior period	(1,577,253,506)	27,729,021,766
Adjustment of income tax expense of previous periods into income tax expense of current period	-	-
Total	528,294,248,598	463,895,734,708

b. Deferred tax expense/(income)

	Current period	Previous period
- Deferred tax expense arising from taxable temporary differences	12,787,981,199	833,212,911
- Deferred tax expense arising from reversal of deferred tax assets	-	-
- Deferred tax income arising from deductible temporary differences	-	-
Total	12,787,981,199	833,212,911

c. Reconciliation of effective tax rate

	Current period	Previous period
Accounting profit before tax	3,476,087,663,755	2,626,512,964,197
Tax at the Company's tax rate	695,217,532,751	525,302,592,839
Tax rate differential applied to Company's branches and factories	(150,163,661)	(937,072,192)
Tax exempt income	-	-
Non-deductible expenses	1,848,523,301	1,398,734,474
Tax incentives	(108,008,885,778)	(83,356,440,684)
Deferred tax assets not previously recognised	(46,247,523,310)	(5,407,888,584)
Under/(over) provision in prior period	(1,577,253,506)	27,729,021,766
Total	541,082,229,797	464,728,947,619

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

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

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

i) Purchase of goods and services

	<u>Current period</u>	<u>Previous period</u>
Associates:		
– Miraka Limited	-	24,586,164,960
– APIS Corporation	15,612,929,700	-
	<u>15,612,929,700</u>	<u>24,586,164,960</u>

ii) Payments for key management personnel

	<u>Current period</u>	<u>Previous period</u>
Compensation and other gross benefits of Board of Management’s and Board of Directors’ members	52,419,441,604	45,328,708,190

2. Segment information

- Segment information is presented in respect of the Group’s primary segment, which is the geographical segment.
- Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling expenses, general and administration expenses, other gains or losses, and corporate income tax.
- 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.

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Item	First quarter 2017		First quarter 2016	
	Domestic	Oversea	Domestic (Restated)	Oversea
1. Revenue on goods sold and service rendered	10,105,679,792,099	1,968,745,641,011	8,081,565,107,887	2,288,305,311,411
2. Revenue deductions	13,992,418,748	11,064,321,924	26,772,939,210	10,188,600,472
3. Net revenue on goods sold and service rendered	10,091,687,373,351	1,957,681,319,087	8,054,792,168,677	2,278,116,710,939
4. Cost of sales	5,223,278,232,520	1,006,959,143,848	4,118,162,048,327	1,188,035,669,860
5. Gross profit on goods sold and service rendered	4,868,409,140,831	950,722,175,239	3,936,630,120,349	1,090,081,041,079

3. Restated announced financial information:

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

Item	Code	Accumulated three-month 2016	
		Disclosed	Restated
4. Cost of sales	11	(5,993,498,656,982)	(5,306,197,718,187)
5. Gross profit on goods sold and service rendered	20	4,339,410,222,634	5,026,711,161,429
8. Selling expenses	24	(1,665,160,198,905)	(2,352,461,137,700)
10. Net operating profit	30	2,593,424,063,941	2,593,424,063,941

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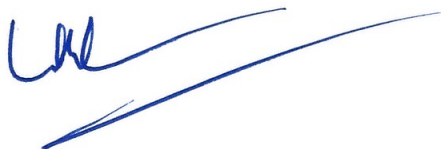
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4. Post balance sheet event:

On 15 April 2017, the Company' shareholders resolved to distribute dividends amounting to VND2,000 per share. The amount payable has not been accrued in the consolidated interim financial statements.

**Acting Executive Director – Finance
cum Chief Accountant**



Le Thanh Liem

Prepared on 10 May 2017,

Chief Executive Officer



Mai Kieu Lien