



Vietnam Dairy Products Joint Stock Company

Separate interim financial statements
for the six-month period ended 30 June 2017

Vietnam Dairy Products Joint Stock Company

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Vietnam Dairy Products Joint Stock Company Corporate Information

Business Registration	4103001932	20 November 2003
Certificate No.	0300588569	23 June 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 23 June 2017. The business registration certification was issued by Ho Chi Minh City Planning and Investment Department.

Board of Management	Mdm Le Thi Bang Tam Mdm Mai Kieu Lien Mr Lee Meng Tat Mr Nguyen Hong Hien Ms Dang Thi Thu Ha Mr Le Thanh Liem Mr Michael Chye Hin Fah Mr Nguyen Ba Duong Mr Do Le Hung Mr Le Song Lai Ms Ngo Thi Thu Trang Mr Le Anh Minh	Chairwoman Member Member Member (from 15 April 2017) Member (from 15 April 2017) Member (from 15 April 2017) Member (from 15 April 2017) Member (from 15 April 2017) Member (from 15 April 2017) Member (until 14 April 2017) Member (until 14 April 2017) Member (until 14 April 2017)
Board of Directors	Mdm Mai Kieu Lien Ms Bui Thi Huong Mr Mai Hoai Anh Mr Le Thanh Liem Mr Phan Minh Tien Ms Nguyen Thi Thanh Hoa Ms Ngo Thi Thu Trang Mr Tran Minh Van Mr Nguyen Quoc Khanh Mr Trinh Quoc Dung	Chief Executive Officer Executive Director – Human Resource – Administration and Public Relation Executive Director – Sales Executive Director – Finance Executive Director – Marketing Executive Director – Supply chain Executive Director – Projects Executive Director – Production Executive Director – Research and Development Executive Director – Raw Materials Development
Registered Office	10 Tan Trao, Tan Phu Ward District 7, Ho Chi Minh City Vietnam	
Auditor	KPMG Limited Vietnam	

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

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

The Board of Directors is responsible for the separate interim financial statements of Vietnam Dairy Products Joint Stock Company ("the Company") which give a true and fair view of the unconsolidated financial position of the Company as at 30 June 2017 and of the unconsolidated results of operations and unconsolidated cash flows for the six-month period then ended. In preparing these separate 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 separate interim financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the unconsolidated financial position of the Company and which enable these separate 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE SEPARATE INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying separate interim financial statements set out on pages 6 to 66 which give a true and fair view of the unconsolidated financial position of the Company as at 30 June 2017, and of the unconsolidated results of operations and unconsolidated cash flows for the six-month period ended then ended in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.



On behalf of the Board of Directors

Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, 28 July 2017



KPMG Limited Branch
10th Floor, Sun Wah Tower
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District 1, Ho Chi Minh City, Vietnam
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INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders Vietnam Dairy Products Joint Stock Company

We have reviewed the accompanying separate interim financial statements of Vietnam Dairy Products Joint Stock Company ("the Company"), which comprise the separate balance sheet as at 30 June 2017, the separate statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 28 July 2017, as set out on pages 6 to 66.

Management's Responsibility

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting, and for such internal control as the Board of Directors determines necessary to enable the preparation of separate 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 separate 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 separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial position of Vietnam Dairy Products Joint Stock Company as at 30 June 2017 and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Review Report No.: 17-01-149/Q2S



Lam Thi Ngoc Hao

Practicing Auditor Registration

Certificate No. 0866-2013-007-1

Deputy General Director

Ho Chi Minh City, 28 July 2017

Vietnam Dairy Products Joint Stock Company
Separate statement of financial position as at 30 June 2017

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

	Code	Note	30/6/2017 VND	1/1/2017 VND
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		19,813,632,133,518	17,801,341,382,408
Cash and cash equivalents	110	VI.1	365,483,486,697	485,358,843,152
Cash	111		365,483,486,697	485,358,843,152
Cash equivalents	112		-	-
Short-term financial investments	120		11,405,000,831,849	10,368,523,488,016
Trading securities	121	VI.4(a)	442,023,488,016	442,023,488,016
Allowance for diminution in the value of trading securities	122		-	-
Held-to-maturity investments	123	VI.4(b)	10,962,977,343,833	9,926,500,000,000
Accounts receivable – short-term	130		4,019,775,789,965	2,702,207,940,196
Accounts receivable from customers	131	VI.2	2,848,934,018,807	1,983,880,118,265
Prepayments to suppliers	132		550,278,500,087	240,402,985,745
Other short-term receivables	136	VI.3(a)	621,150,119,860	478,323,444,840
Allowance for doubtful debts	137	V.3(c)	(665,007,234)	(475,005,167)
Shortage of assets awaiting fo resolution	139		78,158,445	76,396,513
Inventories	140	VI.5	3,907,408,513,301	4,098,729,148,422
Inventories	141		3,909,988,899,933	4,115,402,639,668
Allowance for inventories	149		(2,580,386,632)	(16,673,491,246)
Other current assets	150		115,963,511,706	146,521,962,622
Short-term prepaid expenses	151	VI.10(a)	58,960,158,636	33,324,800,182
Deductible value added tax	152		57,003,353,070	113,197,162,440

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

Vietnam Dairy Products Joint Stock Company
Separate statement of financial position as at 30 June 2017 (continued)

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

	Code	Note	30/6/2017 VND	1/1/2017 VND
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		10,938,365,286,904	10,321,862,962,386
Accounts receivable – long-term	210		13,127,326,526	15,126,638,176
Long-term loan receivables	215		5,102,571,597	7,245,908,762
Other long-term receivables	216	VI.3(b)	8,024,754,929	7,880,729,414
Fixed assets	220		6,005,034,445,960	5,790,522,519,072
Tangible fixed assets	221	VI.7	5,830,979,257,944	5,612,296,370,375
Cost	222		11,556,437,467,357	10,748,406,433,591
Accumulated depreciation	223		(5,725,458,209,413)	(5,136,110,063,216)
Intangible fixed assets	227	VI.8	174,055,188,016	178,226,148,697
Cost	228		301,560,822,265	297,619,795,932
Accumulated amortisation	229		(127,505,634,249)	(119,393,647,235)
Investment property	230	VI.9	106,784,826,368	134,895,415,278
Cost	231		152,105,529,077	176,272,511,838
Accumulated depreciation	232		(45,320,702,709)	(41,377,096,560)
Long-term work in progress	240		1,023,274,599,300	430,308,443,075
Construction in progress	242	VI.6	1,023,274,599,300	430,308,443,075
Long-term financial investments	250		3,451,374,998,625	3,616,419,284,278
Investments in subsidiaries	251	VI.4(c)	2,939,010,823,122	3,126,810,823,122
Investments in associates	252	VI.4(c)	319,289,808,669	319,289,808,669
Equity investments in other entities	253	VI.4(c)	10,570,276,240	10,570,276,240
Allowance for diminution in the value of long-term financial investments	254	VI.4(c)	(7,495,909,406)	(30,251,623,753)
Held-to-maturity investments	255	VI.4(b)	190,000,000,000	190,000,000,000
Other non-current assets	260		338,769,090,125	334,590,662,507
Long-term prepaid expenses	261	VI.10(b)	312,144,054,226	299,939,849,755
Deferred tax assets	262	VI.17	26,625,035,899	34,650,812,752
TOTAL ASSETS (270 = 100 + 200)	270		30,751,997,420,422	28,123,204,344,794

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

Vietnam Dairy Products Joint Stock Company
Separate statement of financial position as at 30 June 2017 (continued)

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

	Code	Note	30/6/2017 VND	1/1/2017 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		6,388,554,272,105	6,329,270,261,772
Current liabilities	310		6,289,523,839,887	6,233,534,218,272
Accounts payable to suppliers	311	VI.11	3,000,222,436,616	2,568,934,375,909
Advances from customers	312		22,664,769,243	35,900,744,953
Taxes payable to State Treasury	313	VI.12	852,157,146,913	245,031,363,448
Payables to employees	314		132,582,877,717	166,926,421,131
Accrued expenses	315	VI.13	1,209,698,680,839	984,149,487,382
Short-term unearned revenue	318		650,653,333	2,629,190,398
Other short-term payables	319	VI.14	573,436,932,544	574,093,150,299
Short-term borrowings	320		-	1,200,000,000,000
Provision – short-term	321		3,565,814,784	889,995,571
Bonus and welfare fund	322	VI.16	494,544,527,898	454,979,489,181
Long-term liabilities	330		99,030,432,218	95,736,043,500
Long-term unearned revenue	336		1,663,272,218	-
Provision – long-term	342	VI.15	97,367,160,000	95,736,043,500
EQUITY (400 = 410)	400	VI.18	24,363,443,148,317	21,793,934,083,022
Owners' equity	410		24,363,443,148,317	21,793,934,083,022
Share capital	411	VI.19	14,514,534,290,000	14,514,534,290,000
Share premium	412		260,699,620,761	260,699,620,761
Treasury shares	415		(4,915,821,280)	(1,176,335,920)
Investment and development fund	418		2,403,395,156,993	1,794,957,937,585
Retained profits	421		7,189,729,901,843	5,224,918,570,596
- Retained profits brought forward	421a		2,322,232,146,596	2,666,821,870,886
- Profit for the current period	421b		4,867,497,755,247	2,558,096,699,710
TOTAL RESOURCES	440		30,751,997,420,422	28,123,204,344,794
(440 = 300 + 400)				

28 July 2017

Prepared by:



Le Thanh Liem
Executive Director – Finance
cum Chief Accountant

Approved by:



Mai Kieu Lien
Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company
Separate statement of income for the six-month period ended 30 June 2017

Form B 02a – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Three-month period ended 30/6/2017 VND	30/6/2016 VND Restated	Six-month period ended 30/6/2017 VND	30/6/2016 VND Restated
Revenue from sales of goods and provision of services	01	VII.1	12,463,085,838,623	11,683,709,265,780	23,577,875,677,093	21,260,809,180,126
Revenue deductions	02	VII.1	23,704,393,328	33,296,813,061	37,677,345,995	60,069,752,271
Net revenue (10 = 01 - 02)	10	VII.1	12,439,381,445,295	11,650,412,452,719	23,540,198,331,098	21,200,739,427,855
Cost of sales	11	VII.2	6,148,282,715,829	5,906,538,174,412	11,767,923,893,686	10,718,443,177,561
Gross profit (20 = 10 - 11)	20		6,291,098,729,466	5,743,874,278,307	11,772,274,437,412	10,482,296,250,294
Financial income	21	VII.3	199,547,858,388	191,634,551,023	826,926,403,997	354,200,800,100
Financial expenses	22	VII.4	8,107,083,322	2,342,720,538	4,308,731,929	(30,428,227,563)
<i>In which: Interest expense</i>	23		-	3,981,570,101	9,310,000,000	7,965,956,202
Selling expenses	25	VII.7	2,914,307,542,889	2,499,316,886,454	5,093,368,553,916	4,746,755,076,080
General and administration expenses	26	VII.8	181,287,266,780	183,700,065,411	348,512,543,110	336,795,087,730
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		3,386,944,694,863	3,250,149,156,927	7,153,011,012,454	5,783,375,114,147
Other income	31	VII.5	42,341,210,694	7,421,915,516	57,548,664,436	38,315,779,840
Other expenses	32	VII.6	38,749,067,816	4,184,507,203	44,004,249,180	4,727,189,003
Results of other activities (40 = 31 - 32)	40		3,592,142,878	3,237,408,313	13,544,415,256	33,588,590,837

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

Vietnam Dairy Products Joint Stock Company
Separate statement of income for the six-month period ended 30 June 2017 (continued)

Form B 02a – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Three-month period ended 30/6/2017 VND	30/6/2016 VND Restated	Six-month period ended 30/6/2017 VND	30/6/2016 VND Restated
Accounting profit before tax (50 = 30 + 40)	50		3,390,536,837,741	3,253,386,565,240	7,166,555,427,710	5,816,963,704,984
Income tax expense – current	51	VII.10	554,778,584,518	541,253,028,686	1,074,157,456,794	978,174,274,533
Income tax benefit – deferred	52	VII.10	(4,013,199,347)	(5,061,878,547)	8,025,776,853	(4,228,665,636)
Net profit after tax (60 = 50 - 51 - 52)	60		2,839,771,452,570	2,717,195,415,101	6,084,372,194,063	4,843,018,096,087

28 July 2017

Prepared by:



Le Thanh Liem
Executive Director – Finance
cum Chief Accountant

Approved by:



Mai Kieu Lien
Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2017
(Indirect method)

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

	Code	Note	Six-month period ended 30/6/2017 VND	30/6/2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		7,166,555,427,710	5,816,963,704,984
Adjustments for				
Depreciation and amortisation	02		475,748,846,020	445,609,616,910
Allowances and provisions	03		(26,273,884,366)	(52,885,441,303)
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		4,957,104,264	2,225,304,532
Gains on disposals of fixed assets, investment properties and construction in progress	05		(6,530,068,974)	(763,309,767)
Gain from merger of a subsidiary	05	VIII.5	(430,894,168,467)	-
Dividends and interest income	05		(379,170,084,290)	(334,936,547,077)
Interest expense	06	VII.4	9,310,000,000	7,965,956,202
Operating profit before changes in working capital	08		6,813,703,171,897	5,884,179,284,481
Change in receivables	09		(968,878,901,782)	(472,541,589,757)
Change in inventories	10		306,375,449,591	(570,303,191,647)
Change in payables and other liabilities	11		718,394,864,355	71,435,771,099
Change in prepaid expenses	12		(32,028,958,179)	30,941,403,825
Change in trading securities	13		-	391,674,010
Interest paid	14		(30,366,388,889)	-
Income tax paid	15	VI.12	(607,575,870,612)	(516,369,253,980)
Other payments for operating activities	17		(569,617,030,643)	(462,007,206,013)
Net cash flows from operating activities	20		5,630,006,335,738	3,965,726,892,018

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

Vietnam Dairy Products Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2017
(Indirect method – continued)

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

	Code	Note	Six-month period ended 30/6/2017 VND	30/6/2016 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(820,158,808,871)	(235,295,670,679)
Collections on disposals of fixed assets, investment properties and other long-term assets	22		35,749,029,121	10,854,418,095
(Payments for)/Collections from time deposits	23		(1,336,477,343,833)	370,096,000,000
Receipts from collecting loans	24		2,143,337,165	2,532,377,671
Receipts from sales of debt instruments of other entities	24		300,000,000,000	-
Payments for investments in other entities	25		(405,848,353,000)	(205,029,170,608)
Collections on investments in a subsidiary	26	VIII.5	273,192,164,317	-
Receipts of interest and dividends	27		308,011,350,808	340,835,278,264
Net cash flows from investing activities	30		(1,643,388,624,293)	283,993,232,743
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment for repurchase of treasury shares	32		(3,739,485,360)	-
Payments to settle loan principals	34		(1,200,000,000,000)	-
Payments of dividends	36		(2,902,686,424,000)	(2,400,278,796,000)
Net cash flows from financing activities	40		(4,106,425,909,360)	(2,400,278,796,000)

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

Vietnam Dairy Products Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2017
(Indirect method – continued)

Form B 03a – DN

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

	Code	Note	Six-month period ended	
			30/6/2017 VND	30/6/2016 VND
Net cash flows during the period (50 = 20 + 30 + 40)	50		(119,808,197,915)	1,849,441,328,761
Cash and cash equivalents at the beginning of the period	60		485,358,843,152	1,067,935,585,325
Effect of exchange rate fluctuations on cash and cash equivalents	61		(67,158,540)	(2,246,133,585)
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	VI.1	365,483,486,697	2,915,130,780,501

28 July 2017

Prepared by:



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

Approved by:



Mai Kieu Lien
Chief Executive Officer

Vietnam Dairy Products Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2017

Form B 09a – DN

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

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

I. CORPORATE INFORMATION

1. Ownership structure

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 (“the Company”) are recognised as follows:

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

2. Principal activities

The principal activities of the Company are to:

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2017 (continued)

Form B 09a – DN

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

3. Normal operating cycle

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

4. Group structure

As at 30 June 2017, the Company had 5 subsidiaries and 3 associates (1 January 2017: 6 subsidiaries and 3 associates) and dependent units as follows:

(a) Subsidiaries

Name	Location	Principal activities	% of ownership/ voting rights
• Vietnam Dairy Cow One Member Limited Company	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City	Dairy cow raising	100.00%
• 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%
• Driftwood Dairy Holdings Corporation	No. 10724, Street Lower Azusa and El Monte Boulevards Intersection, California 91731-1390, United States	Milk production	100.00%
• 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	51.00%
• Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Ul. Gwiazdzista 7a/401-651 Warszawa, Poland	Dairy raw materials and animal trading	100.00%

Vietnam Dairy Products Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2017 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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(b) Associates

Name	Location	Principal activities	% of ownership/ voting rights
• Miraka Limited	109 Tuwharetoa, Taupo, New Zealand	Milk production	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	Food raw materials trading	18.00%
• 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	14.71%

(c) Dependent units:

Sales branches:

- 1/ Vietnam Dairy Products Joint Stock Company's Branch in Ha Noi – 11th Floor, Tower B, Handi Resco Building, 521 Kim Ma, Ngoc Khanh Ward, Ba Dinh District, Ha Noi City.
- 2/ Vietnam Dairy Products Joint Stock Company's Branch in Da Nang – 7th Floor, Danang Post Office Tower, 271 Nguyen Van Linh, Vinh Trung Ward, Thanh Khe District, Da Nang City.
- 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/ Sai Gon Dairy Factory – Tan Thoi Hiep Industrial Park, District 12, Ho Chi Minh City.
- 6/ Nghe An Dairy Factory – Sao Nam Street, Nghi Thu Commune, Cua Lo Town, Nghe An Province.

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- 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 Zone, Thanh Hoa City, 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 Commune, Gia Lam District, Hanoi City.

Clinics:

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

As at 30 June 2017, the Company had 5,602 employees (1/1/2017: 5,383 employees).

II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

1. Annual accounting period

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

2. Accounting currency

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

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III. ACCOUNTING STANDARDS AND SYSTEM

1. Statement of compliance

The separate 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. The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Company's consolidated interim financial position, its consolidated results of operations and its consolidated cash flows, these separate interim financial statements should be read in conjunction with the consolidated interim financial statements.

2. Basis of measurement

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

3. Accounting form

The Company applies computerised accounting form.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies that have been adopted by the Company in the preparation of these separate interim financial statements are consistent with those adopted in the preparation of the latest separate annual financial statements.

1. Foreign currency transactions

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

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

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

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2. Cash and cash equivalents

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

3. Investments

(a) Trading securities

Trading securities are those held by the Company for trading purpose, include those with maturity periods more than 12 months that are purchased for resale with the aim of making profits. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less allowance for diminution in value.

Trading securities shall be recorded when the Company acquires the ownership, in particular:

- Listed securities are recognised at the time of matching (T+0);
- Unlisted securities are recognised at the time the ownership is acquired as prescribed in the Vietnamese laws and regulations.

An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(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. Held-to-maturity investments include term deposits at bank, corporate bonds, redeemable preference shares which the issuers are required to repurchase at a certain date, granting loans held to maturity and other held-to-maturity investments. These investments are stated at costs less allowance for diminution in the value.

Held-to-maturity investments classified as monetary items denominated in foreign currencies are revaluated at actual exchange rate at the reporting date.

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(c) Loans receivable

Loans receivables are loans granted under an agreement between parties but not being traded as securities in the market. Allowance for doubtful loans is made for each loan based on overdue days in payment of loan principals according to initial loan commitment (exclusive of the loan rescheduling between parties), or based on expected loss that may arise.

(d) Investments in subsidiaries and associates

Subsidiaries are those entities in which the Company has control over the financial and operating policies, generally evidenced by holding more than half of voting rights. In assessing control, exercisable potential voting rights are taken into account.

Associates are entities in which the Company has significant influence, but not control, normally by holding 20% to 50% of voting rights in these entities.

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

In case the Company dissolves the subsidiary and merges all assets and liabilities of the subsidiary into the Company (the Company inherits all the rights and obligations of the subsidiary), the Company decreases the carrying amount of the investment in the subsidiary and records all assets and liabilities of the dissolved subsidiary in the separate interim financial statement of the Company at fair value at the date of the merger. The difference between the cost of an investment in a subsidiary and the fair value of the asset and liability is recognised in financial income or expense.

(e) Investment in equity instruments of other entities

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

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4. Accounts receivable

Accounts receivable are monitored in detail of receivable terms, receivable parties, original currency and other factors depending on the Company's managerial requirements. Accounts receivable from customers include trade receivables arising from buying-selling transactions. Other receivables include non-trade receivables, not related to buying-selling transactions. Accounts receivable are classified as short-term and long-term in the separate statement of financial position based on the remaining period of these receivables at the reporting date.

Trade and other receivables are stated at cost less allowance for doubtful debts. Allowance for doubtful debts is made for each doubtful debt based on overdue days in payment of principals according to initial debt commitment (exclusive of the debts rescheduling between contracting parties), or based on expected loss that may arise.

Trade and other receivables classified as monetary items denominated in foreign currencies are revaluated at actual exchange rate at the reporting date.

5. Inventories

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

The Company applies the perpetual method of accounting for inventories.

6. Tangible fixed assets

(a) Cost

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

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(b) Depreciation

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

- | | |
|----------------------------|--------------|
| ▪ buildings and structures | 5 – 50 years |
| ▪ machinery and equipment | 2 – 15 years |
| ▪ motor vehicles | 6 – 10 years |
| ▪ office equipment | 3 – 10 years |

7. Intangible fixed assets

(a) Land use rights

Land use rights comprise:

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

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

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

(b) Software

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

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8. Investment property

(a) Cost

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

(b) Depreciation

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

- | | |
|-------------------|--------------|
| ▪ land use rights | 49 years |
| ▪ infrastructure | 10 years |
| ▪ buildings | 6 – 50 years |

9. Construction in progress

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

10. Prepaid expenses

(a) Prepaid land costs

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

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(b) Tools and instruments

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

(c) Others

Others are recorded at cost and amortised on a straight-line basis over their economic useful lives of 1 - 3 years.

11. Trade and other payables

Accounts payable are monitored in details by payable terms, payable parties, original currency and other factors depending on the Company's managerial requirements. Account payables to suppliers include trade payables arising from transaction of buying-selling transactions and payables for import through trustees (in import entrustment transactions). Other payables include non-trade payables, not related to buying-selling transactions. Accounts payable are classified as short-term and long-term in the separate statement of financial position based on the remaining period of these payables at the reporting date.

Trade and other payables are stated at their cost. Trade and other payables classified as monetary items denominated in foreign currencies are revaluated at actual exchange rate at the reporting date.

12. Accrued expenses

Accrued expenses include those made for goods, services received from suppliers in the accounting period but not yet paid due to the lack of receipts or supporting documents, are recognised as manufacturing and operating expense in the reporting period based on the term stated in the respective contracts.

13. Provisions

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

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Severance allowance

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

Provision for severance allowance to be paid to the existing eligible employees as at 30 June 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 Company, if any, and their average salary for the six-month period prior to the end of the accounting period.

14. Share capital

(a) Ordinary shares

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

(b) 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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15. Classification of financial instruments

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

(a) Financial assets

(i) *Financial assets at fair value through profit or loss*

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

- It is considered by the Board of Directors 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 Company as at financial assets at fair value through profit or loss.

(ii) *Held-to-maturity investments*

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

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

(iii) *Loans and receivables*

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

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

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(iv) Available-for-sale financial assets

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

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

(b) Financial liabilities

(i) 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 The Board of Directors 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 Company as financial liabilities at fair value through profit or loss.

(ii) Financial liabilities carried at amortised cost

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

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

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16. Taxation

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

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

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

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

17. Revenue and other income

(a) Goods sold

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

(b) Services rendered

Revenue from services rendered is recognised in the separate statement of income in proportion to the stage of completion of the transaction at the end of the 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.

(c) Rental income

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

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(d) Interest income

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

(e) Dividend income

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

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

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

18. Revenue deductions

Revenue deductions included sales discounts, sales allowances and sales returns.

In case goods were sold or services were provided during the reporting period but the related sales discounts, sales allowances or sales returns incur in the following period, revenue deductions are recognised in the reporting period only if such payments occur prior to the issuance of the separate interim financial statements.

19. Cost of sales

Cost of sales comprise the cost of products, goods and services provided during the period and is recognised corresponding to revenue. Cost of direct raw materials consumed which is over the normal level, labour cost and manufacturing overheads not allocated to finished goods are recorded directly into the cost of sales (after deducting compensations, if any) even if products and goods are not yet determined to be consumed.

20. Operating lease payments

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

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21. Borrowing costs

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

22. Dividend distribution

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

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

23. Funds

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

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

Utilisation of the above reserve funds requires approval of the shareholders, the Board of Directors or the Chief Executive Officer, depending on the nature and magnitude of the transactions involved as stated in the Company's Charter. When the fund is utilised for business expansion, the amount utilised is transferred to share capital

24. Segment reporting

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

25. Related parties

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

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V. FINANCIAL RISK MANAGEMENT

1. Overview

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

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

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

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

2. Risk management framework

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

3. Credit risk

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

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Exposure to credit risk

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

	Note	30/6/2017 VND	1/1/2017 VND
Cash and cash equivalents	(a)	364,681,356,772	484,567,254,315
Held-to-maturity investments	(b)	11,152,977,343,833	10,116,500,000,000
Accounts receivable from customers and other receivables	(c)	3,461,375,000,783	2,445,992,509,178
		14,979,033,701,388	13,047,059,763,493

(a) Cash and cash equivalents

Cash and cash equivalents at banks of the Company 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 Company.

(b) Held-to-maturity investments

Held-to-maturity investments include corporate bonds and term deposits. The Company's exposure to credit risk from held-to-maturity investments is influenced by individual characteristics of the instrument issuer. In managing this risk, the Company's Board of Directors analyses the creditworthiness of the issuer before acquiring the instruments. The Board of Directors assessed that the issuers had good track records and believe that credit risk on those instruments is low. Held-to-maturity investments that are term deposits at bank are mainly held with well-know financial institutions. 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 Company.

There was no allowance for diminution in the value of held-to-maturity investments as at 30 June 2017 and 1 January 2017.

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(c) Accounts receivable from customers and other receivables

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

The Company makes allowance for doubtful debts to represent estimated losses from trade and other receivables. Main components of the allowance are specified losses relevant to the specific major losses to each customer and the overall losses of similar financial assets, which are determined when these risks could have been incurred but not yet identified. The overall losses are determined on statistic data of historical payment of the similar financial assets.

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

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

	30/6/2017	1/1/2017
	VND	VND
Past due 1 – 30 days	46,101,093,437	40,413,823,659
Past due 31 – 60 days	5,184,104,725	1,762,548,396
Past due 61 – 90 days	1,314,918,125	691,305,540
Past due more than 90 days	1,005,478,949	281,213,709
	53,605,595,236	43,148,891,304

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

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Opening balance	475,005,167	34,409,000
Increase in allowance during the period	190,002,067	281,003,100
Written back	-	(28,409,000)
Closing balance	665,007,234	287,003,100

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4. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

30 June 2017

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND
Accounts payable to suppliers	3,000,222,436,616	3,000,222,436,616	3,000,222,436,616
Payables to employees	132,582,877,717	132,582,877,717	132,582,877,717
Accrued expenses	1,209,698,680,839	1,209,698,680,839	1,209,698,680,839
Other short-term payables	573,436,932,544	573,436,932,544	573,436,932,544
	4,915,940,927,716	4,915,940,927,716	4,915,940,927,716

1 January 2017

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND
Accounts payable to suppliers	2,568,934,375,909	2,568,934,375,909	2,568,934,375,909
Payables to employees	166,926,421,131	166,926,421,131	166,926,421,131
Accrued expenses	984,149,487,382	984,149,487,382	984,149,487,382
Other short-term payables	574,093,150,299	574,093,150,299	574,093,150,299
Short-term borrowings	1,200,000,000,000	1,209,473,333,333	1,209,473,333,333
	5,494,103,434,721	5,503,576,768,054	5,503,576,768,054

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

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5. Market risk

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

(a) Currency risk

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

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

Exposure to currency risk

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

	30/6/2017		1/1/2017	
	USD	EUR	USD	EUR
Cash and cash equivalents	1,346,940.80	792.02	793,766.71	797.30
Accounts receivable from customers and other receivables	21,300,802.36	-	23,235,629.42	-
Accounts payable to suppliers and other payables	(41,180,227.60)	(2,015,095.95)	(27,364,039.68)	(870,971.67)
	(18,532,484.44)	(2,014,303.93)	(3,334,643.54)	(870,174.37)

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

	Exchange rates as at			
	30/6/2017		1/1/2017	
	VND		VND	
	Buying rate	Selling rate	Buying rate	Selling rate
USD 1	22,700	22,770	22,700	22,790
EUR 1	25,786	26,073	23,847	24,182

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

	Effect to net profit after tax VND
30 June 2017	
USD (1% strengthening)	(3,388,598,502)
EUR (8% strengthening)	(3,361,227,116)
	<hr/>
1 January 2017	
USD (1% strengthening)	(625,273,376)
EUR (2% weakening)	336,685,179
	<hr/>

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

(b) Interest rate risk

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

(c) Price risk

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

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

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6. Fair values measurement

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

	30/6/2017		1/1/2017	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Categorised as held-to-maturity investments (*)				
- Term deposits	10,962,977,343,833	10,962,977,343,833	9,626,500,000,000	9,626,500,000,000
- Corporate bonds	190,000,000,000	(**)	490,000,000,000	(**)
Categorised as loans and receivables				
- Cash and cash equivalents	364,681,356,772	364,681,356,772	484,567,254,315	484,567,254,315
- Accounts receivable from customers and other receivables	3,461,375,000,783	3,461,375,000,783	2,445,992,509,178	2,445,992,509,178
Categorised as available-for-sale				
- Short-term investments in listed equity instruments available-for-sale	23,400	70,200	23,400	67,200
- Short-term investments in unlisted equity instruments not available-for-sale	23,464,616	23,464,616	23,464,616	23,464,616
- Other short-term investments	442,000,000,000	442,000,000,000	442,000,000,000	442,000,000,000
- Long-term investments in investment funds	10,270,276,240	(**)	10,270,276,240	(**)
- Other long-term investments	300,000,000	(**)	300,000,000	(**)
Categorised as available-for-sale				
- Accounts payables to suppliers and other payables	4,915,940,927,716	4,915,940,927,716	5,494,103,434,721	5,494,103,434,721

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

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

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VI. SUPPLEMENT INFORMATION TO ITEMS DISCLOSED IN THE SEPARATE STATEMENT OF FINANCIAL POSITION

1. Cash and cash equivalents

	30/6/2017 VND	1/1/2017 VND
Cash on hand	802,129,925	791,588,837
Cash in banks	364,681,356,772	484,567,254,315
	365,483,486,697	485,358,843,152

2. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	30/6/2017 VND	1/1/2017 VND
Abdulkarim Alwan Foodstuff Trading (LLC)	340,809,696,100	429,110,901,892
Other customers	2,508,124,322,707	1,554,769,216,373
	2,848,934,018,807	1,983,880,118,265

(b) Accounts receivable from customers who are related parties

	30/6/2017 VND	1/1/2017 VND
Subsidiaries		
Angkor Dairy Products Co., Ltd.	16,972,947,657	10,114,960,745
Vietnam Dairy Cow One Member Limited Company	751,327,150	4,694,934,985
Driftwood Dairy Holdings Corporation	-	524,528,900
Thong Nhat Thanh Hoa Dairy Cow Limited Company	38,407,675	40,702,511
Lamson Dairy Products One Member Company Limited	-	5,894,748,601
Associate		
APIS Corporation	-	136,184,400

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

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3. Other receivables

(a) Other short-term receivables

	30/6/2017	1/1/2017
	VND	VND
Dividends receivable	-	3,988,025,835
Interest income from deposits	349,399,392,091	268,804,804,005
Interest income from bonds	12,147,897,260	17,595,726,029
Receivables from employees	646,052,110	779,702,422
Advances to employees	3,854,190,093	2,286,937,297
Short-term deposits	184,400,000	177,731,000
Import tax refundable	16,671,214,973	27,796,047,217
Rebates receivable from suppliers	-	54,797,825,720
Receivables from import entrustment	472,666,370	99,213,751,320
Advances to acquiring interest in a subsidiary	222,128,353,000	-
Others	15,645,953,963	2,882,893,995
	621,150,119,860	478,323,444,840

(b) Other long-term receivables

	30/6/2017	1/1/2017
	VND	VND
Long-term deposits	1,777,070,103	1,633,044,588
Receivables in relation to an investment	6,247,684,826	6,247,684,826
	8,024,754,929	7,880,729,414

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4. Investments

(a) Trading securities

	30/6/2017			1/1/2017		
	Carrying amount VND	Fair value VND	Allowance for diminution in value VND	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Short-term investments in shares:						
▪ Bao Viet Joint Stock Commercial Bank (*)	442,000,000,000	442,000,000,000	-	442,000,000,000	442,000,000,000	-
▪ Others	23,488,016	23,534,816	-	23,488,016	23,531,816	-
	442,023,488,016	442,023,534,816	-	442,023,488,016	442,023,531,816	-

(*) As at the reporting date, the Company has entered into a share purchase agreement to transfer its securities of Bao Viet Joint Stock Commercial Bank, the transaction has not been completed (Note VI.14). The carrying value of the securities represented the expected realisable amount.

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(b) Held-to-maturity investments

	Note	30/6/2017 VND	1/1/2017 VND
Held-to-maturity investments – short-term			
▪ term deposits		10,962,977,343,833	9,626,500,000,000
▪ corporate bonds		-	300,000,000,000
		10,962,977,343,833	9,926,500,000,000
Held-to-maturity investments – long-term			
▪ term deposits		-	-
▪ corporate bonds	(*)	190,000,000,000	190,000,000,000
		190,000,000,000	190,000,000,000

- (*) The amount represented an investment in bonds issued by Ho Chi Minh Development Joint Stock Commercial Bank with an original maturity of 36 months from its placement dates. The bonds were unsecured, earned interest rates of 8.075% per annum (for six-month period ended 30 June 2016: 7.5% and are receivable in September 2018).

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(c) Investments in other entities

		30 June 2017				1 January 2017		
	% of equity owned and voting rights	Cost VND	Fair value VND	Allowance for diminution in value VND	% of equity owned and voting rights	Cost VND	Fair value VND	Allowance for diminution in value VND
Equity investments in:								
Subsidiaries								
▪ Vietnam Dairy Cow One Member Limited Company	100.00%	2,110,780,000,000	(*)	-	100.00%	2,110,780,000,000	(*)	(22,761,321,984)
▪ Lamson Dairy Products One Member Company Limited	-	-	(*)	-	100.00%	370,800,000,000	(*)	-
▪ Driftwood Dairy Holdings Corporation	100.00%	225,895,918,429	(*)	-	100.00%	225,895,918,429	(*)	-
▪ Vinamilk Europe Spółska Z Ograniczona Odpowiedzialnoscia	100.00%	66,463,150,000	(*)	-	100.00%	66,463,150,000	(*)	-
▪ Thong Nhat Thanh Hoa Dairy Cow Company Limited	96.11%	318,000,000,000	(*)	-	96.11%	135,000,000,000	(*)	-
▪ Angkor Dairy Products Co, Ltd.	51.00%	217,871,754,693	(*)	-	51.00%	217,871,754,693	(*)	-
		<u>2,939,010,823,122</u>		<u>-</u>		<u>3,126,810,823,122</u>		<u>(22,761,321,984)</u>

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		30 June 2017				1 January 2017		
	% of equity owned and voting rights	Cost VND	Fair value VND	Allowance for diminution in value VND	% of equity owned and voting rights	Cost VND	Fair value VND	Allowance for diminution in value VND
Associates								
▪ Asia Saigon Food Ingredients Joint Stock Company (**)	14.71%	18,000,000,000	(*)	-	14.71%	18,000,000,000	(*)	-
▪ APIS Corporation (**)	18.00%	8,100,000,000	(*)	-	18.00%	8,100,000,000	(*)	-
▪ Miraka Limited	22.81%	293,189,808,669	(*)	-	22.81%	293,189,808,669	(*)	-
		<u>319,289,808,669</u>		<u>-</u>		<u>319,289,808,669</u>		<u>-</u>
Others								
▪ Vietnam Growth Investment Fund		10,270,276,240	(*)	(7,495,909,406)		10,270,276,240	(*)	(7,490,301,769)
▪ An Khang Clinic – Pharmacy		300,000,000	(*)	-		300,000,000	(*)	-
		<u>10,570,276,240</u>		<u>(7,495,909,406)</u>		<u>10,570,276,240</u>		<u>(7,490,301,769)</u>
		3,268,870,908,031		(7,495,909,406)		3,456,670,908,031		(30,251,623,753)

(*) At the reporting date, the Company has not determined fair values of these financial instruments for disclosure in the separate 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.

(**) The Company had significant influence over this entity because the Company has the right to appoint members in the Board of Management of these two entities.

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

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Opening balance	30,251,623,753	102,785,399,217
Increase in allowance during the period	5,607,637	2,744,567,184
Written back	(22,761,321,984)	(64,887,445,616)
Closing balance	7,495,909,406	40,642,520,785

5. Inventories

	30/6/2017		1/1/2017	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	813,764,490,688	-	561,281,869,361	-
Raw materials	1,973,592,470,814	(1,949,601,201)	2,315,039,717,953	(7,137,697,729)
Tools and supplies	66,387,976	-	472,026,406	-
Work in progress	18,763,004,755	-	15,105,363,931	-
Finished goods	939,606,137,878	(630,785,431)	1,146,274,640,723	(9,535,793,517)
Merchandise inventories	146,520,997,931	-	72,437,224,462	-
Goods on consignment	17,675,409,891	-	4,791,796,832	-
	3,909,988,899,933	(2,580,386,632)	4,115,402,639,668	(16,673,491,246)

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

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Opening balance	16,673,491,246	17,115,986,758
Increase in allowance during the period	2,511,201,632	2,819,823,464
Written back	(8,508,298,550)	(4,149,365,515)
Allowance utilised during the period	(8,096,007,696)	(4,907,134,526)
Closing balance	2,580,386,632	10,879,310,181

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6. Construction in progress

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Opening balance	430,308,443,075	277,294,577,637
Additions	775,041,209,928	207,305,892,642
Increase from merger of a subsidiary (Note VIII.5)	295,492,565	-
Transfer to tangible fixed assets	(178,819,485,789)	(190,997,091,240)
Transfer to intangible fixed assets	(1,970,211,600)	-
Transfer to short-term prepaid expenses	(757,710,055)	(2,683,337,993)
Transfer to inventories	(822,538,824)	-
Disposals	-	(3,377,245,000)
Other decreases	(600,000)	(674,161,105)
Closing balance	1,023,274,599,300	286,868,634,941

Major constructions in progress were as follows:

	30/6/2017	1/1/2017
	VND	VND
Machinery and equipment – Viet Nam Dairy Factory	193,830,464,430	179,888,609,336
Machinery and equipment – Sai Gon Dairy Factory	1,153,049,592	90,072,363,870
Office building project – Can Tho Branch	52,101,510,922	52,101,510,922
Machinery and equipment – Lam Son Factory	217,094,797,017	30,025,233,724
Machinery and equipment – Da Nang Dairy Factory	122,005,134,856	-
Machinery and equipment – Nghe An Dairy Factory	258,320,892,911	43,673,643,408
Machinery and equipment – Truong Tho Dairy Factory	111,376,449,645	-
Others	67,392,299,927	34,547,081,815
	1,023,274,599,300	430,308,443,075

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7. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	1,874,808,408,282	7,723,118,615,206	685,293,138,056	465,186,272,047	10,748,406,433,591
Additions	3,956,669,728	36,274,950,946	11,207,354,728	12,955,397,200	64,394,372,602
Transfer from construction in progress	12,316,056,352	149,881,110,306	16,622,319,131	-	178,819,485,789
Increase from merger of a subsidiary (Note VIII.5)	132,983,404,491	419,349,543,061	9,044,111,866	13,578,191,938	574,955,251,356
Reclassification	-	22,836,877,739	-	(22,836,877,739)	-
Disposals	(150,616,364)	(3,134,718,838)	(5,198,631,475)	(1,654,109,304)	(10,138,075,981)
Closing balance	2,023,913,922,489	8,348,326,378,420	716,968,292,306	467,228,874,142	11,556,437,467,357
Accumulated depreciation					
Opening balance	521,040,262,598	3,975,803,331,384	307,716,056,511	331,550,412,723	5,136,110,063,216
Charge for the period	44,858,994,169	363,164,703,919	31,031,747,477	25,993,280,079	465,048,725,644
Increase from merger of a subsidiary (Note VIII.5)	14,300,061,318	111,077,679,861	2,629,925,801	5,786,742,523	133,794,409,503
Reclassification	-	10,516,762,036	-	(10,516,762,036)	-
Disposals	(97,900,629)	(2,967,435,042)	(4,781,231,475)	(1,648,421,804)	(9,494,988,950)
Closing balance	580,101,417,456	4,457,595,042,158	336,596,498,314	351,165,251,485	5,725,458,209,413
Net book value					
Opening balance	1,353,768,145,684	3,747,315,283,822	377,577,081,545	133,635,859,324	5,612,296,370,375
Closing balance	1,443,812,505,033	3,890,731,336,262	380,371,793,992	116,063,622,657	5,830,979,257,944

Included in the cost of tangible fixed assets were assets costing VND1,418,496,796,297 which were fully depreciated as at 30 June 2017 (1/1/2017: VND1,257,988,443,769), but which are still in active use.

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8. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	166,507,249,624	131,112,546,308	297,619,795,932
Additions	-	1,970,814,733	1,970,814,733
Transfer from construction in progress	-	1,970,211,600	1,970,211,600
Closing balance	166,507,249,624	135,053,572,641	301,560,822,265
Accumulated amortisation			
Opening balance	28,721,931,735	90,671,715,500	119,393,647,235
Charge for the period	1,089,246,846	7,022,740,168	8,111,987,014
Closing balance	29,811,178,581	97,694,455,668	127,505,634,249
Net book value			
Opening balance	137,785,317,889	40,440,830,808	178,226,148,697
Closing balance	136,696,071,043	37,359,116,973	174,055,188,016

Included in the cost of intangible fixed assets were assets costing VND54,712,304,675 which were fully amortised as at 30 June 2017 (1/1/2017: VND48,086,488,915), but which are still in use.

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9. Investment property

	Land use rights VND	Infrastructure VND	Buildings VND	Total VND
Cost				
Opening balance	82,224,238,170	6,464,218,561	87,584,055,107	176,272,511,838
Increase from merger of a subsidiary (Note VIII.5)	-	-	3,405,538,719	3,405,538,719
Disposals	(27,489,150,000)	-	(83,371,480)	(27,572,521,480)
Closing balance	54,735,088,170	6,464,218,561	90,906,222,346	152,105,529,077
Accumulated depreciation				
Opening balance	2,645,189,674	4,575,569,937	34,156,336,949	41,377,096,560
Charge for the period	396,778,452	305,682,006	1,885,672,904	2,588,133,362
Increase from merger of a subsidiary (Note VIII.5)	-	-	1,422,169,969	1,422,169,969
Disposals	-	-	(66,697,182)	(66,697,182)
Closing balance	3,041,968,126	4,881,251,943	37,397,482,640	45,320,702,709
Net book value				
Opening balance	79,579,048,496	1,888,648,624	53,427,718,158	134,895,415,278
Closing balance	51,693,120,044	1,582,966,618	53,508,739,706	106,784,826,368

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

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

Included in the cost of investment property held to earn rental was assets costing VND7,892,173,774 which were fully depreciated as at 30 June 2017 (1/1/2017: VND7,892,173,774), but which are still in use.

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10. Prepaid expenses

(a) Short-term prepaid expenses

	30/6/2017	1/1/2017
	VND	VND
Prepaid software deployment and networks maintenance expenses	14,298,819,439	5,166,842,293
Prepaid advertising expenses	4,605,267,075	5,746,426,437
Prepaid maintenance expenses	4,639,234,191	2,628,565,218
Prepaid operating lease expenses	7,648,023,683	7,007,482,846
Prepaid tools and supplies expenses	11,536,250,405	8,258,868,844
Prepaid renovation and repair expenses	5,860,593,349	2,809,598,781
Other short-term prepaid expenses	10,371,970,494	1,707,015,763
	58,960,158,636	33,324,800,182

(b) Long-term prepaid expenses

	Prepaid land costs VND	Tools and instruments VND	Other prepaid expenses VND	Total VND
Opening balance	127,407,170,305	134,359,476,891	38,173,202,559	299,939,849,755
Additions	1,561,578,148	56,187,717,764	8,626,297,276	66,375,593,188
Amortisation for the period	(2,209,627,871)	(38,159,718,517)	(13,802,042,329)	(54,171,388,717)
Closing balance	126,759,120,582	152,387,476,138	32,997,457,506	312,144,054,226

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11. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	30/6/2017		1/1/2017	
	Carrying amount VND	Repayable amount VND	Carrying amount VND	Repayable amount VND
TetraPak Vietnam				
Joint Stock Company	357,202,259,881	357,202,259,881	180,755,690,493	180,755,690,493
Other suppliers	2,643,020,176,735	2,643,020,176,735	2,388,178,685,416	2,388,178,685,416
	3,000,222,436,616	3,000,222,436,616	2,568,934,375,909	2,568,934,375,909

(b) Accounts payable to suppliers who are related parties

	30/6/2017 VND	1/1/2017 VND
Subsidiaries		
Vietnam Dairy Cow One Member Limited Company	30,395,330,084	28,517,268,205
Lamson Dairy Products One Member Company Limited	-	230,564,754,601
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	55,878,946,200	3,329,163,200
Angkor Dairy Products Co., Ltd	1,105,293,371	13,198,829
Associate		
APIS Corporation	22,775,660,300	8,760,950,000

The trade related amounts due to related parties were unsecured and interest free.

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12. Taxes payable to State Treasury

	1/1/2017 VND	Incurred VND	Increases from merger of a subsidiary VND	Paid VND	30/6/2017 VND
Value added tax	59,180,482,592	1,055,481,921,405	6,195,050,892	(932,422,397,335)	188,435,057,554
Import tax	1,731,577,990	51,477,511,469	-	(39,922,534,404)	13,286,555,055
Corporate income tax	168,041,783,749	1,074,157,456,794	4,269,369,639	(607,575,870,612)	638,892,739,570
Personal income tax	14,356,297,623	147,262,274,882	44,595,723	(157,386,429,257)	4,276,738,971
Other taxes	1,721,221,494	19,956,432,674	-	(14,411,598,405)	7,266,055,763
	245,031,363,448	2,348,335,597,224	10,509,016,254	(1,751,718,830,013)	852,157,146,913

13. Accrued expenses

	30/6/2017 VND	1/1/2017 VND
Sale incentives, promotion	564,217,479,159	583,040,840,709
Rental fees	6,799,168,732	922,786,364
Advertising expenses	439,143,651,304	170,814,940,905
Transportation expenses	79,118,794,041	77,412,131,182
Repair and maintenance expenses	17,360,637,851	11,769,500,442
Interest expense	-	21,056,388,889
Fuel expenses	14,997,295,427	13,959,796,579
Expenses for outsourced employees	43,036,633,578	62,494,315,062
Others	45,025,020,747	42,678,787,250
	1,209,698,680,839	984,149,487,382

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14. Other short-term payables

	30/6/2017	1/1/2017
	VND	VND
Insurance and trade union fees	147,050,665	48,746,710
Short-term deposits received	85,309,291,227	70,812,658,216
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Import duty payables	30,235,626,505	42,613,702,494
Others	9,737,544,992	12,610,623,724
	573,436,932,544	574,093,150,299

- (*) Other payables relating to financial investments included an advance payment of VND447,822,000,000 received from a third party in respect of the future transfer of the Company's investment in Bao Viet Joint Stock Commercial Bank (Note VI.4(a)). As at the reporting date, the transfer has not been completed.

15. Long-term provisions

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

	Provision for severance allowance	
	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Opening balance	95,736,043,500	87,099,730,000
Increase in provision during the period	2,288,924,832	10,321,642,080
Increases from merger of a subsidiary (Note VIII.5)	224,541,667	-
Provision used during the period	(882,349,999)	(1,174,129,330)
Closing balance	97,367,160,000	96,247,242,750

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16. 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:

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Opening balance	454,979,489,181	403,036,668,825
Appropriation	608,437,219,408	484,301,809,609
Utilisation	(568,872,180,691)	(461,369,391,706)
Closing balance	494,544,527,898	425,969,086,728

17. Deferred tax assets

	Tax rate	30/6/2017	1/1/2017
		VND	VND
Deferred tax assets			
Foreign exchange differences	20%	215,444,617	-
Accrued expenses and provisions	20%	26,415,304,123	35,072,880,406
		26,630,748,740	35,072,880,406
Deferred tax liabilities			
Foreign exchange differences	20%	(5,712,841)	(422,067,654)
Net deferred tax assets		26,625,035,899	34,650,812,752

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18. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Retained profits VND	Total VND
Balance at 1 January 2016	12,006,621,930,000	-	(5,388,109,959)	3,289,455,938,121	5,067,100,666,886	20,357,790,425,048
Net profit for the period	-	-	-	-	4,843,018,096,087	4,843,018,096,087
Appropriation to equity funds	-	-	-	484,301,809,609	(484,301,809,609)	-
Appropriation to bonus and welfare fund	-	-	-	-	(484,301,809,609)	(484,301,809,609)
Dividends (Note VI.20)	-	-	-	-	(2,400,278,796,000)	(2,400,278,796,000)
Balance at 30 June 2016	12,006,621,930,000	-	(5,388,109,959)	3,773,757,747,730	6,541,236,347,755	22,316,227,915,526
Additions	2,507,912,360,000	260,699,620,761	5,388,109,959	(2,419,035,050,000)	-	354,965,040,720
Purchase treasury shares	-	-	(1,176,335,920)	-	-	(1,176,335,920)
Net profit for the period	-	-	-	-	4,402,352,398,551	4,402,352,398,551
Appropriation to equity funds	-	-	-	440,235,239,855	(440,235,239,855)	-
Appropriation to bonus and welfare fund	-	-	-	-	(440,235,239,855)	(440,235,239,855)
Dividends	-	-	-	-	(4,838,199,696,000)	(4,838,199,696,000)
Balance at 1 January 2017	14,514,534,290,000	260,699,620,761	(1,176,335,920)	1,794,957,937,585	5,224,918,570,596	21,793,934,083,022
Purchase treasury shares	-	-	(3,739,485,360)	-	-	(3,739,485,360)
Net profit for the period	-	-	-	-	6,084,372,194,063	6,084,372,194,063
Appropriation to equity funds	-	-	-	608,437,219,408	(608,437,219,408)	-
Appropriation to bonus and welfare fund	-	-	-	-	(608,437,219,408)	(608,437,219,408)
Dividends (Note VI.20)	-	-	-	-	(2,902,686,424,000)	(2,902,686,424,000)
Balance at 30 June 2017	14,514,534,290,000	260,699,620,761	(4,915,821,280)	2,403,395,156,993	7,189,729,901,843	24,363,443,148,317

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19. Share capital

The Company's authorised and issued share capital are:

	30/6/2017		1/1/2017	
	Number of shares	VND	Number of shares	VND
Authorised share capital	1,451,453,429	14,514,534,290,000	1,451,453,429	14,514,534,290,000
Issued shares				
Ordinary shares	1,451,453,429	14,514,534,290,000	1,451,453,429	14,514,534,290,000
Treasury shares				
Ordinary shares	(110,217)	(4,915,821,280)	(27,100)	(1,176,335,920)
Shares currently in circulation				
Ordinary shares	1,451,343,212	14,509,618,468,720	1,451,426,329	14,513,357,954,080

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.

Details of share capital:

	30/6/2017 VND	1/1/2017 VND
The State's capital	5,708,865,960,000	5,708,865,960,000
Other shareholders' capital	8,805,668,330,000	8,805,668,330,000
	14,514,534,290,000	14,514,534,290,000

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20. Dividends

The Shareholders of the Company on 15 April 2017 resolved to distribute dividends for the second time in relation to 2016 profits with totally amounting to VND2,903 billion (VND2,000 per share) (for the six-month period ended 30 June 2016: VND2,400 billion (VND2,000 per share)).

21. Off balance sheet items

Foreign currencies

	30/6/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
Foreign currencies				
▪ USD	1,346,940.80	30,575,604,160	793,766.71	18,018,504,317
▪ EUR	792.02	20,423,028	797.30	19,013,213
		<hr/>		<hr/>
		30,596,027,188		18,037,517,530
		<hr/>		<hr/>

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VII. SUPPLEMENT INFORMATION TO ITEMS DISCLOSED IN THE SEPARATE STATEMENTS 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.

Net revenue comprised:

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Total revenue		
▪ Sales of merchandise goods	383,909,632,026	785,435,295,448
▪ Sales of finished goods	23,132,899,183,410	20,415,846,341,590
▪ Other services	17,151,701,427	15,587,166,341
▪ Rental income from investment property	8,219,454,146	7,312,536,769
▪ Others	35,695,706,084	36,627,839,978
	<hr/> 23,577,875,677,093	<hr/> 21,260,809,180,126
Less revenue deductions		
▪ Sale discounts	(15,709,175,895)	-
▪ Sale returns	(21,968,170,100)	(60,069,752,271)
	<hr/> (37,677,345,995)	<hr/> (60,069,752,271)
Net revenue	<hr/> 23,540,198,331,098	<hr/> 21,200,739,427,855

In which revenue with related parties was as follows:

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Subsidiaries		
Vietnam Dairy Cow One Member Limited Company	14,029,126,545	9,481,052,792
Thong Nhat Thanh Hoa Dairy Cow Limited Company	1,459,539,730	996,152,480
Angkor Dairy Products Co, Ltd	44,899,870,513	24,720,021,748
Driftwood Dairy Holdings Corporation	-	995,320,035
	<hr/> 60,388,536,788	<hr/> 36,192,547,055

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	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Associates		
Asia Saigon Food Ingredients Joint Stock Company	2,934,447,859	254,697,048
APIS Corporation	229,862,000	-
	3,164,309,859	254,697,048

2. Cost of sales

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
		(Restated)
Total cost of sales		
▪ Merchandise goods sold	303,001,855,633	652,675,982,889
▪ Finished goods sold	11,230,618,432,130	9,608,832,217,185
▪ Cost of promotional goods	232,070,074,934	451,594,575,709
▪ Other services	3,819,183,877	2,702,930,975
▪ Operating costs of investment property	4,411,444,030	3,967,012,854
▪ Written back allowance for inventories	(5,997,096,918)	(1,329,542,051)
	11,767,923,893,686	10,718,443,177,561

3. Financial income

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Interest income from deposits	359,667,913,059	311,461,024,494
Interest income from corporate bonds	19,502,171,231	18,517,421,979
Dividends	-	4,943,902,405
Foreign exchange gains	16,862,151,240	19,264,244,993
Gain from merger of a subsidiary (Note VIII.5)	430,894,168,467	-
Others	-	14,206,229
	826,926,403,997	354,200,800,100

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4. Financial expenses

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Interest expense on borrowings	9,310,000,000	7,965,956,202
Interest expense on deposits received	1,659,559,000	1,050,099,521
Foreign exchange losses	16,094,887,276	22,713,477,782
Written back allowance for diminution in the value of financial investments – net	(22,755,714,347)	(62,158,544,432)
Others	-	783,364
	4,308,731,929	(30,428,227,563)

5. Other income

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Proceeds from disposals of fixed assets and investment property	34,691,789,394	1,567,658,186
Proceeds from disposals of construction in progress	-	3,377,245,000
Compensations received from other parties	4,169,811,343	1,928,872,607
Rebate income from suppliers	16,609,327,627	29,252,000,000
Others	2,077,736,072	2,190,004,047
	57,548,664,436	38,315,779,840

6. Other expenses

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Book value of fixed assets and investment property disposed	28,148,911,329	727,984,783
Book value of construction in progress disposed	-	3,377,245,000
Others	15,855,337,851	621,959,220
	44,004,249,180	4,727,189,003

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7. Selling expenses

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
		(Restated)
Staff costs	150,681,239,718	139,416,526,077
Materials expenses	23,557,256,715	15,963,868,748
Tools and supplies expenses	47,819,137,258	35,261,880,065
Depreciation expenses	13,800,394,242	12,458,883,341
Expenses of damaged goods	14,131,356,708	11,437,981,702
Transportation expenses	246,805,014,261	266,476,437,659
Outside service expenses	173,475,152,935	145,681,141,566
Advertising and market research expenses	929,530,395,879	903,002,849,961
Promotion, product display and sale support expenses	3,493,568,606,200	3,217,055,506,961
	5,093,368,553,916	4,746,755,076,080

8. General and administration expenses

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Staff costs	135,121,586,699	113,809,795,043
Materials expenses	9,000,293,192	5,476,045,275
Office supplies	2,491,893,269	2,873,702,689
Depreciation expenses	31,334,679,632	33,666,754,089
Fees and duties	5,568,627,867	4,056,346,883
Allowance for doubtful debts and provision for severance allowance	2,478,926,899	10,602,645,180
Transportation expenses	18,055,668,587	20,201,349,058
Outside service expenses	90,858,026,479	92,465,700,938
Loading expenses	6,792,062,957	8,982,919,476
Per-diem allowances	20,514,310,276	17,269,625,743
Bank charges	2,091,086,634	1,903,198,745
Others	24,205,380,619	25,487,004,611
	348,512,543,110	336,795,087,730

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9. Production and business costs by element

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Raw material costs included in production costs	10,054,293,916,963	8,931,145,343,794
Labour costs and staff costs	659,318,109,326	605,032,451,267
Depreciation and amortisation	468,050,138,217	445,609,616,910
Outside services	885,185,309,916	856,051,563,854
Other expenses	4,812,070,574,222	4,716,923,649,457

10. Income tax

(a) Recognised in the separate statement of income

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Current tax expense		
Current period	1,075,181,896,817	968,853,659,028
(Over)/under provision in prior period	(1,024,440,023)	9,320,615,505
	1,074,157,456,794	978,174,274,533
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	8,025,776,853	(4,228,665,636)
Income tax expense	1,082,183,233,647	973,945,608,897

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(b) Reconciliation of effective tax rate

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Accounting profit before tax	7,166,555,427,710	5,816,963,704,984
Tax at the Company's tax rate	1,433,311,085,542	1,163,392,740,997
Tax rate differential applied to Company's branches and factories	(18,793,039,345)	(7,613,426,505)
Tax exempt income	(86,178,833,693)	(988,780,481)
Non-deductible expenses	3,262,822,821	3,237,359,222
Tax incentives	(224,173,014,708)	(193,402,899,841)
Deferred tax assets not previously recognised	(24,221,346,947)	-
(Over)/under provision in prior period	(1,024,440,023)	9,320,615,505
	1,082,183,233,647	973,945,608,897

(c) Applicable tax rates

The Company is required to pay income tax at rates ranging from 15% to 20% (for the six-month period ended 30 June 2016: from 15% to 20%), depending on principal activities of its factories, on taxable profits.

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VIII. OTHER INFORMATION

1. Significant transactions with related parties

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

Related party	Relationship	Nature of transactions	Six-month period ended	
			30/6/2017 VND	30/6/2016 VND
Vietnam Dairy Cow One Member Limited Company	Subsidiary	Sales fixed assets	75,990,910	3,386,745,000
		Purchases of goods	486,951,322,086	290,875,092,088
		Capital contribution	-	122,132,000,000
Lamson Dairy Products One Member Company Limited	Subsidiary	Purchases of goods and fixed assets	-	455,654,028,819
Thong Nhat Thanh Hoa Dairy Cow Company Limited	Subsidiary	Purchases of goods	6,150,000	-
		Capital contribution	183,000,000,000	7,000,000,000
Angkor Dairy Products Co., Ltd.	Subsidiary	Purchases of goods	1,091,286,750	-
Driftwood Dairy Holdings Corporation	Subsidiary	Purchases of goods	-	3,219,186,735
		Capital contribution	-	67,797,170,608
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Subsidiary	Purchases of goods	475,056,539,530	176,031,209,499
Miraka Limited	Associate	Purchases of goods	-	24,586,164,960
APIS Corporation	Associate	Purchase of goods	47,785,224,900	-
Board of Management's and Board of Directors' members		Compensations	34,046,583,792	30,739,110,822
The State Capital Investment Corporation		Dividends	1,141,773,192,000	1,082,108,160,000

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

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

Geographical segments

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

	Domestic		Overseas		Total	
	Six-month period ended	Six-month period ended	Six-month period ended	Six-month period ended	Six-month period ended	Six-month period ended
	30/6/2017	30/6/2016	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	VND	VND	VND	VND	VND	VND
		(Restated)				(Restated)
Net revenue	21,234,168,431,908	18,375,188,496,107	2,306,029,899,190	2,825,550,931,748	23,540,198,331,098	21,200,739,427,855
Cost of sales	(11,012,519,292,170)	(9,680,692,391,721)	(755,404,601,516)	(1,037,750,785,840)	(11,767,923,893,686)	(10,718,443,177,561)
Segment income	10,221,649,139,738	8,694,496,104,386	1,550,625,297,674	1,787,800,145,908	11,772,274,437,412	10,482,296,250,294

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3. Reclassification of announced financial information

The Company reclassified Cost of goods sold and Selling expenses in the published interim financial statements for the first six-month period of 2016 due to the fact that the Company has changed the payment method of refunding to Distributor the promotional expenses of “buy product get other free” campaign for customers (retailers, consumers). Pursuant to 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 (e.g, buy 2 get 1 free), value of promotional goods shall be recorded to Costs of goods sold”, the other cases are recorded to Selling expenses.

The interim statement of income for six-month period ended 30 June 2016 was reclassified for following items:

Items	Code	Three-month period ended 30/6/2016		Six-month period ended 30/6/2016	
		Previously reported	Restated	Previously reported	Restated
Cost of goods sold	11	6,577,728,283,146	5,906,538,174,412	12,076,934,225,090	10,718,443,177,561
Gross profit	20	5,072,684,169,573	5,743,874,278,307	9,123,805,202,765	10,482,296,250,294
Selling expenses	25	1,828,126,777,720	2,499,316,886,454	3,388,264,028,551	4,746,755,076,080
Net operating profit	30	3,250,149,156,927	3,250,149,156,927	5,783,375,114,147	5,783,375,114,147

4. Post balance sheet events

(a) Establishment of new branch

On 3 July 2017, Board of Management had issued the resolution to establish Centre for Raw Fresh Milk Material at address Lot B14-1, B14-2, D4 Street, Dong Nam Industrial Park, Hoa Phu Ward, Cu Chi District, Ho Chi Minh City, Vietnam.

(b) Distribution of interim dividends of 2017

On 24 July 2017, The Board of Management issued the resolution to distribute interim dividends of VND2,000 per share in relation to 2017 profit. The amount payable has not been accrued in the consolidated interim financial statement.

5. Merger transaction

On 12 January 2017, Company had signed agreement for merging Lamson Dairy Products One member Company Limited (“LSM”) which is Company’s 100% subsidiary, to merge assets and liabilities of this subsidiary at fair value, effective from 1 March 2017. All the assets and liabilities of LSM were recognised in separate interim financial statements of the Company based on fair value. The difference between the Company’s investment in this subsidiary and net carrying amount of all carried assets and liabilities was recognised as financial gain or loss in the period.

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The merger of LSM affected the Company's assets and liabilities at the date of the merger as follows:

	Pre-acquisition carrying amounts VND	Fair value adjustments VND	Recognised value on merger VND
Cash in bank	273,192,164,317	-	273,192,164,317
Accounts receivables from customers	2,132,333,210	-	2,132,333,210
Prepayment to suppliers	190,755,240	-	190,755,240
Other short-term receivables	149,229,960	-	149,229,960
Inventories	108,372,678,775	-	108,372,678,775
Short-term prepaid expenses	4,517,210,588	-	4,517,210,588
Other long-term receivables	75,000,000	-	75,000,000
Net book value of fixed assets	441,160,841,853	-	441,160,841,853
Net book value of investment properties	1,983,368,750	-	1,983,368,750
Construction in progress	295,492,565	-	295,492,565
Long-term prepaid expenses	535,684,103	-	535,684,103
Accounts payable to suppliers	(15,073,662,484)	-	(15,073,662,484)
Taxes payable to State Treasury	(10,509,016,255)	-	(10,509,016,255)
Payables to employees	(1,530,984,833)	-	(1,530,984,833)
Accrued expenses	(1,078,468,502)	-	(1,078,468,502)
Unearned revenue – short-term	(519,760,000)	-	(519,760,000)
Other payables – short-term	(310,884,935)	-	(310,884,935)
Long-term unearned revenue	(1,663,272,218)	-	(1,663,272,218)
Provisions – long-term	(224,541,667)	-	(224,541,667)
Net assets	801,694,168,467	-	801,694,168,467
Investments in LSM	370,800,000,000	-	370,800,000,000
Gain from the merger	430,894,168,467	-	430,894,168,467

28 July 2017

Prepared by:



Le Thanh Liem
Executive Director – Finance
cum Chief Accountant

Approved by:



Mai Kieu Lien
Chief Executive Officer