



**Vietnam Dairy Products Joint Stock Company
and its subsidiaries**

Consolidated interim financial statements
for the nine-month period
ended 30 September 2017

Vietnam Dairy Products Joint Stock Company and its subsidiaries

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Vietnam Dairy Products Joint Stock Company and its subsidiaries Corporate Information

Business Registration Certificate No.	4103001932 0300588569	20 November 2003 23 June 2017
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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	Chairwoman
	Mdm Mai Kieu Lien	Member
	Mr Lee Meng Tat	Member
	Mr Nguyen Hong Hien	Member (from 15 April 2017)
	Ms Dang Thi Thu Ha	Member (from 15 April 2017)
	Mr Le Thanh Liem	Member (from 15 April 2017)
	Mr Michael Chye Hin Fah	Member (from 15 April 2017)
	Mr Nguyen Ba Duong	Member (from 15 April 2017)
	Mr Do Le Hung	Member (from 15 April 2017)
	Mr Le Song Lai	Member (until 14 April 2017)
	Ms Ngo Thi Thu Trang	Member (until 14 April 2017)
	Mr Le Anh Minh	Member (until 14 April 2017)

Board of Directors	Mdm Mai Kieu Lien	Chief Executive Officer
	Ms Bui Thi Huong	Executive Director – Human Resource – Administration and Public Relation
	Mr Mai Hoai Anh	Executive Director – Sales
	Mr Le Thanh Liem	Executive Director – Finance
	Mr Phan Minh Tien	Executive Director – Marketing
	Ms Nguyen Thi Thanh Hoa	Executive Director – Supply chain
	Ms Ngo Thi Thu Trang	Executive Director – Projects
	Mr Tran Minh Van	Executive Director – Production
	Mr Nguyen Quoc Khanh	Executive Director – Research and Development
	Mr Trinh Quoc Dung	Executive Director – Raw Materials Development

Registered Office	10 Tan Trao, Tan Phu Ward District 7, Ho Chi Minh City Vietnam
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Auditor	KPMG Limited Vietnam
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Vietnam Dairy Products Joint Stock Company and its subsidiaries
Statement of the Board of Directors

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

The Board of Directors is responsible for the Consolidated interim financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 30 September 2017 and of the consolidated results of operations and consolidated cash flows for the nine-month period then ended. In preparing these consolidated interim financial statements, the Board of Directors is required to:

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

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

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated interim financial statements set out on pages 6 to 72 which give a true and fair view of the consolidated financial position of the Group as at 30 September 2017, and of the consolidated results of operations and cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

On behalf of the Board of Directors



Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, 30 October 2017



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
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 and its subsidiaries

We have reviewed the accompanying consolidated interim financial statements of Vietnam Dairy Products Joint Stock Company ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 30 September 2017, the related consolidated statements of income and cash flows for the period then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 30 October 2017, as set out on pages 6 to 72.

Management's Responsibility

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

Auditor's Responsibility

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

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



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of Vietnam Dairy Products Joint Stock Company and its subsidiaries as at 30 September 2017 and of their consolidated results of operations and their consolidated cash flows for the nine-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/Q3C

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

Ho Chi Minh City, 30 October 2017

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of financial position as at 30 September 2017

Form B 01a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2017 VND	1/1/2017 VND
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		18,889,319,053,176	18,673,827,685,789
Cash and cash equivalents	110	VI.1	668,414,723,359	655,423,095,436
Cash	111		628,414,723,359	599,923,095,436
Cash equivalents	112		40,000,000,000	55,500,000,000
Short-term financial investments	120		9,791,941,947,414	10,453,749,313,471
Trading securities	121	VI.4(a)	443,132,032,925	443,132,521,486
Allowance for diminution in the value of trading securities	122	VI.4(c)	(500,409,344)	(500,629,886)
Held-to-maturity investments	123	VI.4(b)	9,349,310,323,833	10,011,117,421,871
Accounts receivable – short-term	130		4,629,352,818,459	2,866,683,958,798
Accounts receivable from customers	131	VI.2	3,669,949,297,662	2,191,348,458,582
Prepayments to suppliers	132		576,988,178,408	288,808,403,942
Other short-term receivables	136	VI.3	390,893,422,034	390,619,273,181
Allowance for doubtful debts	137	V.3(c)	(8,531,992,975)	(4,168,573,420)
Shortage of assets awaiting for resolution	139		53,913,330	76,396,513
Inventories	140	VI.5	3,674,548,797,478	4,521,766,382,352
Inventories	141		3,676,257,389,070	4,538,439,873,598
Allowance for inventories	149		(1,708,591,592)	(16,673,491,246)
Other current assets	150		125,060,766,466	176,204,935,732
Short-term prepaid expenses	151	VI.11(a)	55,525,383,257	59,288,353,847
Deductible value added tax	152		69,495,374,994	116,835,557,323
Taxes receivable from State Treasury	153		40,008,215	81,024,562

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of financial position as at 30 September 2017 (continued)

Form B 01a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2017 VND	1/1/2017 VND
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		12,706,395,888,018	10,704,828,639,675
Accounts receivable – long-term	210		18,620,553,950	21,855,008,176
Long-term loan receivables	215		3,944,320,000	7,245,908,762
Other long-term receivables	216		14,676,233,950	14,609,099,414
Fixed assets	220		8,273,741,711,305	8,321,053,086,713
Tangible fixed assets	221	VI.8	7,967,325,768,346	7,916,322,992,944
Cost	222		15,015,187,195,965	14,257,738,667,127
Accumulated depreciation	223		(7,047,861,427,619)	(6,341,415,674,183)
Intangible fixed assets	227	VI.9	306,415,942,959	404,730,093,769
Cost	228		453,307,712,601	557,891,027,713
Accumulated amortisation	229		(146,891,769,642)	(153,160,933,944)
Investment property	230	VI.10	105,448,300,706	136,973,382,326
Cost	231		152,105,529,077	179,678,050,557
Accumulated depreciation	232		(46,657,228,371)	(42,704,668,231)
Long-term work in progress	240		2,106,277,752,784	993,111,642,018
Long-term work in progress	241	VI.6	165,960,237,343	127,671,589,409
Construction in progress	242	VI.7	1,940,317,515,441	865,440,052,609
Long-term financial investments	250		1,467,781,453,604	613,806,560,199
Investments in associates	252	VI.4(c)	463,893,050,588	419,909,385,728
Equity investments in other entities	253	VI.4(c)	11,387,116,240	11,387,476,240
Allowance for diminution in the value of long-term financial investments	254	VI.4(c)	(7,498,713,224)	(7,490,301,769)
Held-to-maturity investments	255	VI.4(b)	1,000,000,000,000	190,000,000,000
Other non-current assets	260		734,526,115,669	618,028,960,243
Long-term prepaid expenses	261	VI.11(b)	595,535,113,215	459,395,057,029
Deferred tax assets	262	VI.12(a)	28,779,355,439	34,650,812,752
Goodwill	269	VI.13	110,211,647,015	123,983,090,462
TOTAL ASSETS (270 = 100 + 200)	270		31,595,714,941,194	29,378,656,325,464

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of financial position as at 30 September 2017 (continued)

Form B 01a – DN/HN

(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	30/9/2017 VND	1/1/2017 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		7,567,098,172,016	6,972,707,036,879
Current liabilities	310		7,089,478,813,206	6,457,497,982,894
Accounts payable to suppliers	311	VI.14	3,337,496,477,286	2,561,910,262,979
Advances from customers	312		27,555,730,892	35,951,866,026
Taxes payable to State Treasury	313	VI.16	974,697,066,191	255,510,130,860
Payables to employees	314		168,273,795,209	192,349,429,102
Accrued expenses	315	VI.17	1,237,142,978,721	1,025,974,683,705
Short-term unearned revenue	318		366,475,152	3,360,079,979
Other short-term payables	319	VI.18	609,166,138,282	592,099,957,922
Short-term borrowings	320	VI.15(a)	219,632,623,984	1,332,666,200,200
Provision – short-term	321		5,572,766,430	889,995,571
Bonus and welfare fund	322	VI.19	509,574,761,059	456,785,376,550
Long-term liabilities	330		477,619,358,810	515,209,053,985
Long-term unearned revenue	336		1,663,272,218	1,663,272,218
Other long-term payables	337		17,207,908,808	589,208,918
Long-term borrowings	338	VI.15(b)	298,014,000,449	326,970,398,182
Deferred tax liabilities	341	VI.12(b)	63,859,200,919	90,025,589,500
Provision – long-term	342	VI.20	96,874,976,416	95,960,585,167
EQUITY (400 = 410)	400		24,028,616,769,178	22,405,949,288,585
Owners' equity	410	VI.21	24,028,616,769,178	22,405,949,288,585
Share capital	411	VI.22	14,514,534,290,000	14,514,534,290,000
Share premium	412		260,699,620,761	260,699,620,761
Treasury shares	415		(5,707,262,320)	(1,176,335,920)
Foreign exchange differences	417		16,558,133,402	5,654,693,453
Investment and development fund	418		2,677,315,588,821	1,797,019,925,588
Retained profits	420		6,547,207,726,316	5,591,831,510,779
- Retained profits brought forward	421a		2,658,671,793,099	2,928,776,175,324
- Profit for the current period	421b		3,888,535,933,217	2,663,055,335,455
Non-controlling interest	429		18,008,672,198	237,385,583,924
TOTAL RESOURCES	440		31,595,714,941,194	29,378,656,325,464
(440 = 300 + 400)				

30 October 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 consolidated interim financial statements

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of income for the nine-month period ended 30 September 2017

Form B 02a – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Three-month period ended 30/9/2017 VND	30/9/2016 VND (Restated)	Nine-month period ended 30/9/2017 VND	30/9/2016 VND (Restated)
Revenue from sales of goods and provision of services	01	VII.1	13,308,557,627,263	12,265,677,025,262	38,769,861,256,746	35,126,735,573,904
Revenue deductions	02	VII.1	15,479,806,923	60,987,314,032	79,153,528,777	140,006,923,136
Net revenue (10 = 01 - 02)	10	VII.1	13,293,077,820,340	12,204,689,711,230	38,690,707,727,969	34,986,728,650,768
Cost of sales	11	VII.2	7,022,778,495,998	6,419,875,858,486	20,060,435,200,211	18,131,317,696,420
Gross profit (20 = 10 - 11)	20		6,270,299,324,342	5,784,813,852,744	18,630,272,527,758	16,855,410,954,348
Financial income	21	VII.3	213,488,861,058	169,271,935,716	618,129,556,466	528,427,559,319
Financial expenses	22	VII.4	17,833,795,652	19,549,972,161	74,551,668,420	68,748,289,839
<i>In which: Interest expense</i>	23		7,006,245,652	9,907,013,298	24,423,351,945	26,925,205,130
Share of profit/(loss) in associates	24	VI.4(c)	8,393,748,492	(6,603,893,345)	43,983,664,860	22,748,784,675
Selling expenses	25	VII.7	2,980,515,590,409	2,603,155,583,287	8,336,530,586,026	7,566,262,878,759
General and administration expenses	26	VII.8	265,435,950,848	276,732,260,276	739,374,918,033	756,848,766,457
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		3,228,396,596,983	3,048,044,079,391	10,141,928,576,605	9,014,727,363,287
Other income	31	VII.5	65,331,706,324	27,844,184,416	152,318,587,974	87,663,090,639
Other expenses	32	VII.6	70,713,968,872	31,014,955,634	151,122,820,398	68,933,814,397
Results of other activities (40 = 31 - 32)	40		(5,382,262,548)	(3,170,771,218)	1,195,767,576	18,729,276,242

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of income for the nine-month period ended 30 September 2017 (continued)

Form B 02a – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Three-month period ended 30/9/2017 VND	30/9/2016 VND (Restated)	Nine-month period ended 30/9/2017 VND	30/9/2016 VND (Restated)
Profit before tax (50 = 30 + 40)	50		3,223,014,334,435	3,044,873,308,173	10,143,124,344,181	9,033,456,639,529
Income tax expense – current	51	VII.10	528,097,208,664	498,604,148,841	1,614,507,035,481	1,505,288,593,901
Income tax benefit – deferred	52	VII.10	(2,150,517,050)	(3,145,819,201)	(20,243,757,773)	(7,374,484,837)
Net profit after tax (60 = 50 - 51 - 52)	60		2,697,067,642,821	2,549,414,978,533	8,548,861,066,473	7,535,542,530,465
Attributable to:						
Equity holders of the Company	61		2,693,903,760,050	2,548,780,232,660	8,551,052,428,884	7,521,365,290,221
Non-controlling interest	62		3,163,882,771	634,745,873	(2,191,362,411)	14,177,240,244
Basic earnings per share	70	VII.11	1,669	1,580	5,285	4,697

30 October 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 consolidated interim financial statements

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the nine-month period ended 30 September 2017
(Indirect method)

Form B 03a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Nine-month period ended 30/9/2017 VND	30/9/2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		10,143,124,344,181	9,033,456,639,529
Adjustments for				
Depreciation and amortisation	02		938,574,020,605	884,938,181,947
Allowances and provisions	03		1,028,429,433	14,981,084,805
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		4,721,828,969	1,102,663,057
Losses on disposals of fixed assets, investment properties and construction in progress	05		14,878,546,977	11,829,437,004
Dividends and interest income	05		(577,877,379,469)	(490,446,032,083)
Share of profit in associates	05		(43,983,664,860)	(22,748,784,675)
Allocation of goodwill	05		13,771,443,447	13,771,443,447
Interest expense	06	VII.4	24,423,351,945	26,925,205,130
Operating profit before changes in working capital	08		10,518,660,921,228	9,473,809,838,161
Change in receivables	09		(1,479,453,410,876)	(867,050,190,094)
Change in inventories	10		594,216,586,504	(307,666,248,830)
Change in payables and other liabilities	11		853,978,799,520	36,147,041,674
Change in prepaid expenses	12		(6,871,314,293)	99,963,203,617
Change in trading securities	13		-	11,421,007,510
Interest paid	14		(45,505,972,046)	(27,843,826,652)
Income tax paid	15	VI.16	(1,050,966,577,893)	(1,074,774,499,334)
Other payments for operating activities	17		(828,743,312,259)	(787,791,736,706)
Net cash flows from operating activities	20		8,555,315,719,885	6,556,214,589,346

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the nine-month period ended 30 September 2017
(Indirect method – continued)

Form B 03a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Nine-month period ended 30/9/2017 VND	30/9/2016 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(1,658,120,893,710)	(577,787,486,147)
Collections on disposals of fixed assets and other long-term assets	22		70,737,916,909	35,334,730,558
(Payments for)/collections from time deposits	23		(448,247,034,757)	68,402,720,000
Payments for granting loans	23		-	(2,085,033,711)
Receipts from collecting loans	24		3,301,588,762	-
Proceeds from sales of debt instruments of other entities	24		300,000,000,000	-
Payments for investments in other entities	25		(100,000,000,000)	(8,100,000,000)
Receipts of interest and dividends	27		507,813,990,008	453,709,767,435
Net cash flows from investing activities	30		(1,324,514,432,788)	(30,525,301,865)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from equity issued	31		-	354,965,040,720
Payments for repurchase of treasury shares	32		(4,530,926,400)	(111,500,320)
Payments for purchase shares from non-controlling interest in a subsidiary	32		(276,417,487,058)	(68,145,358,429)
Proceeds from borrowings	33	VI.15	1,975,347,162,637	3,278,170,226,506
Payments to settle loan principals	34	VI.15	(3,117,164,547,167)	(3,436,895,357,159)
Payments of dividends	36		(5,805,802,908,782)	(7,238,478,492,000)
Net cash flows from financing activities	40		(7,228,568,706,770)	(7,110,495,440,682)

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the nine-month period ended 30 September 2017
(Indirect method – continued)

Form B 03a – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Nine-month period ended 30/9/2017 VND	30/9/2016 VND
Net cash flows during the period (50 = 20 + 30 + 40)	50		2,232,580,327	(584,806,153,201)
Cash and cash equivalents at the beginning of the period	60		655,423,095,436	1,358,682,600,684
Effect of exchange rate fluctuations on cash and cash equivalents	61		(293,183,925)	(535,480,768)
Currency translation differences	62		11,052,231,521	(768,874,197)
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61 + 62)	70	VI.1	668,414,723,359	772,572,092,518

30 October 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 consolidated interim financial statements

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the nine-month period ended
30 September 2017

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/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 consolidated 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 the Company and its subsidiaries (collectively referred to as “the Group”) are recognised as follows:

- 29 April 1993: Vietnam Dairy Products Company was established according to Decision No. 420/CNN/TCLD issued by the Ministry of Light Industry in form of a State-owned Enterprise.
- 1 October 2003: The Company was equitised from a State-owned Enterprise of the Ministry of Industry according to Decision No. 155/2003/QĐ-BCN.
- 20 November 2003: The Company was registered to be a joint stock company and began operating under Enterprise Laws of Vietnam and its Business Registration Certificate No. 4103001932 was issued by Ho Chi Minh City Investment and Planning Department.
- 28 December 2005: The State Securities Commission of Vietnam issued Listed Licence No. 42/UBCK-GPNY.
- 19 January 2006: The Company’s shares was listed on Ho Chi Minh City Stock Exchange.
- 12 December 2006: International Real Estates One Member Limited Company was established in accordance with the Business License No. 4104000260 issued by the Department of Investment and Planning of Ho Chi Minh City.
- 14 December 2006: Vietnam Dairy Cow One Member Limited Company was established in accordance with the Business License No. 150400003 issued by the Department of Planning and Investment of Tuyen Quang Province.
- 26 February 2007: Lam Son Dairy Joint Stock Company was established in accordance with the Business License No. 2603000521 issued by the Department of Planning and Investment of Thanh Hoa Province.
- 24 June 2010: Lam Son Dairy Joint Stock Company was renamed as Lam Son Dairy One Member Company Limited.
- 30 September 2010: Dielac Dairy One Member Company Limited was established based on the re-registration of F&N Food Vietnam Limited Company in accordance with the Investment Certificate No. 463041000209 issued by the Management of Vietnam – Singapore Industrial Park.

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- 18 September 2012: Vietnam Dairy Products Joint Stock Company issued the Decision No. 2482/QD-CTS.KSNB/2012 on the liquidation of the Dielac Dairy One Member Limited Company to establish a dependent branch of Vietnam Dairy Products Joint Stock Company. On 25 September 2012, the Management of Vietnam – Singapore Industrial Park issued the Decision No. 37/QD-BQL on the termination of operating activities of Dielac Dairy One Member Limited Company. In July 2013, Dielac Dairy One Member Limited Company had finalised its process of liquidation.
- 21 October 2013: Thong Nhat Thanh Hoa Dairy Cow Limited Company was established in accordance to Business Registration Certificate No. 2801971744 issued by the Department of Investment and Planning of Thanh Hoa Province.
- 6 December 2013: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 663/BKHĐT-ĐTRNN issued by the Ministry of Investment and Planning, investing in Driftwood Dairy Holdings Corporation in California, the United States of America. As at 31 December 2013, the Company completed a transfer of its investment of USD7 million and held 70% of ownership in Driftwood Dairy Holdings Corporation.
- 6 January 2014: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 667/BKHĐT-ĐTRNN issued by the Ministry of Investment and Planning, investing in Angkor Dairy Products Co., Ltd. in Phnompenh, Cambodia with 51% of ownership.
- 30 May 2014: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 709//BKHĐT-ĐTRNN issued by the Ministry of Investment and Planning, to establish Vinamilk Europe sp.z.o.o in Poland with 100% of ownership.
- 24 February 2014: The Board of Management of Vietnam Dairy Products Joint Stock Company issued the resolution to liquidate International Real Estate One Member Limited Company. On 14 January 2015, the Department of Planning and Investment of Ho Chi Minh City issued the Notice No. 14191/15 to liquidate International Real Estate One Member Limited Company.
- 19 May 2016: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 201600140 issued by the Ministry of Investment and Planning, approved additional investment in Driftwood Dairy Holdings Corporation. As at 30 June 2016, the Company completed a transfer of its investment of USD3 million, bringing the total investment to USD10 million and increased ownership percentage in Driftwood Dairy Holdings Corporation from 70% to 100%.
- 19 January 2017: Vietnam Dairy Products Joint Stock Company received its 25th revised Business Registration certificate dated 18 January 2017, issued by the Ho Chi Minh Department of Planning & Investment. Accordingly, Lamson Dairy Products One member Company Limited was merged into Vietnam Dairy Products Joint Stock Company (prior to the merger, it was a 100% subsidiary owned by Vinamilk). The Company completed the merger on 1 March 2017.

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- 31 July 2017: On 23 March 2017, Vinamilk received its first revised offshore investment registration certificate dated 10 March 2017 issued by the Ministry of Planning and Investment of Vietnam, in relation to Angkor Dairy Products Co., Ltd. (“Angkormilk”). Accordingly, Vinamilk’s total investment capital shall increase from USD10,210,000 to USD20,995,390. The reason of capital increase is to purchase the entire capital contribution of the local partner in Angkormilk. As at 31 July 2017, the Company completed a transfer of its investment, bringing the total investment of USD20.9 million and increased ownership percentage in Angkormilk from 51% to 100 %.

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;
- Retail sugar, milk and products from milk, bread, jam, candy and products processed from cereal, flour, starch and other food; and
- Retail alcoholic drinks, non-alcoholic drinks (carbonated and non-carbonated soft drinks), natural mineral water, low-alcoholic or non-alcoholic wine and beer.

3. Normal operating cycle

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

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4. Group structure

As at 30 September 2017, the Group 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	100.00%
• Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Ul. Gwiazdzista 7a/401-651 Warszawa, Poland	Trading Dairy raw materials and animal	100.00%

(*) In September 2017, the Company has entered into an agreement to acquire the remaining 3.89% equity interest in this subsidiary. The transaction has been completed on 21 October 2017.

(**) In July 2017, the Company completed its acquisition of 49% equity interest in Angkor Dairy Products Co., Ltd. to have 100% ownership in this subsidiary.

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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.
- 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.

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- 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 September 2017, the Group had 7,255 employees (1/1/2017: 6,981 employees).

II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

1. Annual accounting period

The annual accounting period of the Group 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 consolidated financial statement presentation purpose.

III. ACCOUNTING STANDARDS AND SYSTEM

1. Statement of compliance

The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirement applicable to interim financial reporting.

2. Basis of measurement

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

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IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Basis of consolidation

(a) Subsidiaries

Subsidiaries are those entities in which the Group 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. The financial statements of the subsidiaries are included in the consolidated interim financial statements from the date that control commences until the date that control ceases.

(b) Non-controlling interests

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(c) Loss of control

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

(d) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies, generally evidenced by holding 20% to 50% of voting rights in these entities. Associates are accounted for using the equity method. The consolidated interim financial statements include the Group’s share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(e) Transactions eliminated on consolidation

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

(f) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

2. Foreign currency

(a) Foreign currency transactions

Transactions in currencies other than VND during the period have been translated into VND at 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 and its subsidiaries most frequently conduct transactions and has the largest outstanding balance of foreign currencies at the reporting date.

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

(b) Foreign operations

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

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

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3. 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.

4. Investments

(a) Trading securities

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

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

All of investments classified as monetary items denominated in foreign currencies are revaluated at actual exchange rate at the reporting date.

(c) Loans receivable

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

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(d) 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 Group's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

5. Accounts receivable

Accounts receivable are monitored in detail of receivable terms, receivable parties, original currency and other factors depending on the Group'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 consolidated 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.

6. 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 Group applies the perpetual method of accounting for inventories.

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7. 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. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the consolidated 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.

(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
▪ livestock	6 years
▪ others	3 years

8. 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.

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(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.

(c) Others

Others represented trade mark and customer relationship, which are acquired through business combination and are initially recognised at fair value. Trade mark and customer relationship are amortised on a straight-line basis over 4 – 10 years.

9. 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 management. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repair and maintenance, is charged to the consolidated 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

Indefinite lived land use rights are not amortised.

10. Construction in progress

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

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11. Prepaid expenses

(a) Prepaid land costs

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

(b) Tools and instruments

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

12. Goodwill

Goodwill arises on the acquisition of subsidiaries, associates. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income.

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and is not amortised.

13. Trade and other payables

Accounts payable are monitored in details by payable terms, payable parties, original currency and other factors depending on the Group’s managerial requirements. Account payables to suppliers include trade payables arising from transaction of buying-selling transactions and payables for import through entrustees (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 consolidated statement of financial position based on the remaining period of these payables at the reporting date.

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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.

14. 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.

15. Provisions

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

Severance allowance

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

Provision for severance allowance to be paid to the existing eligible employees as at 30 September 2017 has been made based on the eligible employees’ years of service, being the total employees’ years of service less the number of years for which the employees participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group, if any, and their average salary for the six-month period prior to the end of the accounting period.

16. 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.

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(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.

17. Classification of financial instruments

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

(a) Financial assets

(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 Group 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 Group has the positive intention and ability to hold to maturity, other than:

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

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

(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 Group 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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18. Taxation

Income tax on the consolidated profit or loss for the period comprises current and deferred tax. Income tax is recognised in the consolidated 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 period.

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.

19. Revenue and other income

(a) Goods sold

Revenue from the sale of goods is recognised in the consolidated statement of income when the 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 consolidated 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 consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

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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 financial investments

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

20. 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 were paid in the following period, revenue deductions are recognised in the reporting period only if such payments occur prior to the issuance of the consolidated interim financial statements.

21. Cost of sales

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

22. Operating lease payments

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

23. 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.

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24. Dividend distribution

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

25. Funds

Appropriation to equity 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.

26. Earnings per share

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

27. Segment reporting

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

28. Related parties

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

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V. FINANCIAL RISK MANAGEMENT

1. Overview

The Group 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 Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks.

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

2. Risk management framework

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

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

3. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of the Group fails to meet its contractual obligations, and arises principally from the Group'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	30/9/2017 VND	1/1/2017 VND
Cash and cash equivalents	(a)	666,483,152,705	654,067,652,192
Held-to-maturity investments	(b)	10,349,310,323,833	10,201,117,421,871
Accounts receivable from customers and other receivables	(c)	4,053,280,926,331	2,567,862,867,313
		15,069,074,402,869	13,423,047,941,376

(a) Cash and cash equivalents

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

(b) Held-to-maturity investments

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

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

(c) Accounts receivable from customers and other receivables

The Group'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 Group's management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Credit purchase limit is established for each customer, which represents the maximum open amount without requiring approval from the Board of Management. The limit is reviewed if needed. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

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The Group makes allowance for 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 Group. Management 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:

	30/9/2017	1/1/2017
	VND	VND
Past due 1 – 30 days	103,275,465,219	81,855,992,649
Past due 31 – 60 days	15,337,652,491	13,755,346,112
Past due 61 – 90 days	536,715,598	3,781,593,648
Past due more than 90 days	7,146,707,743	778,939,970
	126,296,541,051	100,171,872,379

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

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Opening balance	4,168,573,420	3,211,964,123
Increase in allowance during the period	5,106,009,908	1,996,819,567
Allowance utilised during the period	(741,347,057)	(1,359,118,985)
Currency translation differences	(1,243,296)	(25,092,790)
Closing balance	8,531,992,975	3,824,571,915

4. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

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

30 September 2017

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND	Over 5 years VND
Accounts payable – trade	3,337,496,477,286	3,337,496,477,286	3,337,496,477,286	-	-	-
Payables to employees	168,273,795,209	168,273,795,209	168,273,795,209	-	-	-
Accrued expenses	1,237,142,978,721	1,237,142,978,721	1,237,142,978,721	-	-	-
Other short-term payables	609,166,138,282	609,166,138,282	609,166,138,282	-	-	-
Short-term borrowings	219,632,623,984	225,674,350,190	225,674,350,190	-	-	-
Other long-term payables	17,207,908,808	17,207,908,808	-	17,207,908,808	-	-
Long-term borrowings	298,014,000,449	313,267,216,000	9,613,753,000	64,657,424,000	238,996,039,000	-
	5,886,933,922,739	5,908,228,864,496	5,587,367,492,688	81,865,332,808	238,996,039,000	-

1 January 2017

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND	Over 5 years VND
Accounts payable to suppliers	2,561,910,262,979	2,561,910,262,979	2,561,910,262,979	-	-	-
Payables to employees	192,349,429,102	192,349,429,102	192,349,429,102	-	-	-
Accrued expenses	1,025,974,683,705	1,025,974,683,705	1,025,974,683,705	-	-	-
Other short-term payables	592,099,957,922	592,099,957,922	592,099,957,922	-	-	-
Short-term borrowings	1,332,666,200,200	1,344,537,512,722	1,344,537,512,722	-	-	-
Other long-term payables	589,208,918	589,208,918	-	589,208,918	-	-
Long-term borrowings	326,970,398,182	364,085,654,849	15,584,306,667	8,612,380,000	330,718,570,000	9,170,398,182
	6,032,560,141,008	6,081,546,710,197	5,732,456,153,097	9,201,588,918	330,718,570,000	9,170,398,182

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

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 Group'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 Group 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 Group'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 Group had the following net monetary asset/(liability) position exposed to currency risk:

	30/9/2017		1/1/2017	
	USD	EUR	USD	EUR
Cash and cash in banks	3,896,875.71	1,009.29	793,766.71	797.30
Accounts receivable from customers and other receivables	19,479,156.00	4,386.00	23,235,629.42	-
Accounts payable to suppliers and other payables	(32,271,815.13)	(4,833,254.48)	(27,364,039.68)	(1,007,931.67)
	(8,895,783.42)	(4,827,859.19)	(3,334,643.55)	(1,007,134.37)

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

	Exchange rates as at			
	30/9/2017		1/1/2017	
	VND		VND	
	Buying rate	Selling rate	Buying rate	Selling rate
USD 1	22,690	22,760	22,700	22,790
EUR 1	26,646	26,916	23,847	24,182

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Below is an analysis of the possible impact on the net profit of the Group, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at reporting date. 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 September 2017	
USD (1% weakening)	1,632,807,475
EUR (12% strengthening)	(12,475,019,010)
	<hr/>
1 January 2017	
USD (1% strengthening)	(625,273,376)
EUR (2% weakening)	389,676,647
	<hr/>

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

(b) Interest rate risk

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

(c) Price risk

The Group 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 2 years.

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

6. Fair values measurement

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

	30/9/2017		1/1/2017	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Categorised as held-to-maturity investments (*)				
- Term deposits	10,159,310,323,833	10,159,310,323,833	9,711,117,421,871	9,711,117,421,871
- Corporate bonds	190,000,000,000	(**)	490,000,000,000	(**)
Categorised as loans and receivables				
- Cash and cash equivalents	666,483,152,705	666,483,152,705	654,067,652,192	654,067,652,192
- Accounts receivable from customers and other receivables	4,053,280,926,331	4,053,280,926,331	2,567,862,867,313	2,567,862,867,313
Categorised as available-for-sale				
- Short-term investments in listed equity instruments	1,107,433,809	607,067,665	1,107,921,870	607,335,784
- Short-term investments in unlisted equity instruments	24,599,116	24,599,116	24,599,616	24,599,616
- 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	1,116,840,000	(**)	1,117,200,000	(**)
Categorised as liabilities at amortised cost				
- Borrowings, accounts payables to suppliers and other payables	5,886,933,922,739	5,886,933,922,739	6,032,560,141,008	6,032,560,141,008

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

(**) The Group has not determined fair values of these financial assets and liabilities for disclosure in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because (i) quoted prices in active market are not available for these financial assets and liabilities; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System for enterprises do not provide guidance on measurement of fair 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 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Cash and cash equivalents

	30/9/2017	1/1/2017
	VND	VND
Cash on hand	1,931,570,654	1,355,443,244
Cash in bank	626,468,888,636	598,566,823,415
Cash in transit	14,264,069	828,777
Cash equivalents	40,000,000,000	55,500,000,000
	668,414,723,359	655,423,095,436

2. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	30/9/2017	1/1/2017
	VND	VND
Abdulkarim Alwan Foodstuff Trading (LLC)	294,655,902,330	429,110,901,892
Other customers	3,375,293,395,332	1,762,237,556,690
	3,669,949,297,662	2,191,348,458,582

(b) Accounts receivable from related parties

	30/9/2017	1/1/2017
	VND	VND
Associate		
APIS Corporation	27,250,000	136,184,400

The trade related amounts due from the related party were unsecured, interest free and receivable on demand.

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	30/9/2017 VND	1/1/2017 VND
Interest income from deposits	356,040,219,028	269,061,980,250
Interest income from bonds	680,876,712	17,595,726,029
Receivables from employees	3,633,605,960	809,687,030
Advances to employees	2,823,697,819	3,185,564,959
Short-term deposits	1,187,893,613	9,449,358,271
Rebates receivable from suppliers	-	54,797,825,720
Import tax refundable	11,193,050,560	27,796,047,217
Others	15,334,078,342	7,923,083,705
	390,893,422,034	390,619,273,181

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4. Investments

(a) Trading securities

	Carrying amount	30/9/2017 Fair value	Allowance for diminution in value	Carrying amount	1/1/2017 Fair value	Allowance for diminution in value
	VND	VND	VND	VND	VND	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	1,132,032,925	631,666,781	(500,409,344)	1,132,521,486	631,935,400	(500,629,886)
	443,132,032,925	442,631,666,781	(500,409,344)	443,132,521,486	442,631,935,400	(500,629,886)

(*) As at the reporting date, the Group has entered into a share purchase agreement to transfer its securities of Bao Viet Joint Stock Commercial Bank, the transaction has not completed (Note VI.18). The carrying amount of the securities represented the expected realisable amount.

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(b) Held-to-maturity investments

	Note	30/9/2017 VND	1/1/2017 VND
Held-to-maturity investments – short-term			
▪ term deposits		9,159,310,323,833	9,711,117,421,871
▪ corporate bonds	(*)	190,000,000,000	300,000,000,000
		9,349,310,323,833	10,011,117,421,871
Held-to-maturity investments – long-term			
▪ term deposits		1,000,000,000,000	-
▪ corporate bonds	(*)	-	190,000,000,000
		1,000,000,000,000	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 ranging from 8.075% to 8.175% per annum (for nine-month period ended 30 September 2016: from 7.5% to 8.075%) and are matured in September 2018.

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(c) Investments in other entities

		30 September 2017				1 January 2017		
	% of equity owned/ voting rights	Carrying amount VND	Fair value VND	Allowance for diminution in value VND	% of equity owned/ voting rights	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Associates								
▪ Miraka Limited	22.81%	369,477,508,281	(*)	-	22.81%	338,642,990,088	(*)	-
▪ Asia Saigon Food Ingredients Joint Stock Company (**)	14.71%	83,597,823,957	(*)	-	14.71%	72,902,360,632	(*)	-
▪ APIS Corporation (**)	18.00%	10,817,718,350	(*)	-	18.00%	8,364,035,008	(*)	-
		<hr/>		<hr/>		<hr/>		<hr/>
		463,893,050,588		-		419,909,385,728		-
Others								
▪ Vietnam Growth Investment Fund (VF2)		10,270,276,240	(*)	(7,498,713,224)		10,270,276,240	(*)	(7,490,301,769)
▪ An Khang Clinic – Pharmacy		300,000,000	(*)	-		300,000,000	(*)	-
▪ Others		816,840,000	(*)	-		817,200,000	(*)	-
		<hr/>		<hr/>		<hr/>		<hr/>
		11,387,116,240		(7,498,713,224)		11,387,476,240		(7,490,301,769)
		<hr/>		<hr/>		<hr/>		<hr/>
		475,280,166,828		(7,498,713,224)		431,296,861,968		(7,490,301,769)

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

(**) Management assessed that the Group had significant influence over these entities because the Group has the right to appoint members in Board of Management of these 2 entities.

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

	Nine-month period ended	Nine-month period ended
	30/9/2017	30/9/2016
	VND	VND
Opening balance	419,909,385,728	397,130,670,931
Share of profit in associates	43,983,664,860	22,748,784,675
Closing balance	463,893,050,588	419,351,451,846

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

	Nine-month period ended	Nine-month period ended
	30/9/2017	30/9/2016
	VND	VND
Opening balance	500,629,886	72,195,440,247
Written back	-	(260,762,300)
Allowance utilised during the period	-	(71,439,561,606)
Currency translation differences	(220,542)	(3,969,752)
Closing balance	500,409,344	491,146,589

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

	Nine-month period ended	Nine-month period ended
	30/9/2017	30/9/2016
	VND	VND
Opening balance	7,490,301,769	4,740,126,948
Increase in allowance during the period	8,411,455	2,747,371,002
Closing balance	7,498,713,224	7,487,497,950

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5. Inventories

	30/9/2017		1/1/2017	
	Carrying amount VND	Allowance VND	Carrying amount VND	Allowance VND
Goods in transit	415,457,462,758	-	634,956,689,982	-
Raw materials	2,198,782,540,889	(1,440,102,874)	2,533,783,474,836	(7,137,697,729)
Tools and supplies	18,664,481,614	-	17,581,053,761	-
Work in progress	209,752,425,148	-	54,226,522,481	-
Finished goods	795,891,228,005	(268,488,718)	1,202,995,232,465	(9,535,793,517)
Merchandise inventories	34,112,120,556	-	90,105,103,241	-
Goods on consignment	3,597,130,100	-	4,791,796,832	-
	3,676,257,389,070	(1,708,591,592)	4,538,439,873,598	(16,673,491,246)

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

	Nine-month period ended	
	30/9/2017 VND	30/9/2016 VND
Opening balance	16,673,491,246	17,274,104,181
Increase in allowance during the period	2,903,264,929	6,637,751,646
Written back	(9,278,181,692)	(6,461,737,190)
Allowance utilised during the period	(8,589,982,891)	(7,558,605,143)
Closing balance	1,708,591,592	9,891,513,494

6. Long-term work in progress

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

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7. Construction in progress

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Opening balance	865,440,052,609	761,285,112,786
Additions	1,794,854,121,648	559,567,996,982
Transfer to tangible fixed assets	(689,664,741,427)	(556,611,196,963)
Transfer to intangible fixed assets	(1,970,211,600)	-
Transfer to inventories	(2,243,657,536)	(334,159,013)
Transfer to short-term prepaid expenses	(23,720,179,130)	(22,845,115,061)
Disposals	(1,326,909,600)	(2,393,859,139)
Other decreases	(1,058,897,104)	(15,843,612,851)
Currency translation differences	7,937,581	(84,551,616)
Closing balance	1,940,317,515,441	722,740,615,125

Major constructions in progress were as follows:

	30/9/2017	1/1/2017
	VND	VND
Tay Ninh Dairy Cow Farm	296,306,508,507	233,475,427,576
Machinery and equipment – Vietnam Dairy Factory	26,077,825,889	179,888,609,336
Machinery and equipment – Nghe An Dairy Factory	305,296,606,934	43,673,643,408
Machinery and equipment – Lam Son Dairy Factory	248,758,875,111	30,025,233,724
Machinery and equipment – Da Nang Dairy Factory	124,169,011,057	-
Machinery and equipment – Beverage Factory	301,294,771,905	-
Thong Nhat Thanh Hoa Dairy Cow Farm project	281,233,373,387	102,020,948,231
Others	357,180,542,651	306,381,424,058
	1,940,317,515,441	865,440,052,609

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8. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Livestock VND	Others VND	Total VND
Cost							
Opening balance	3,007,241,465,794	9,191,877,230,900	846,918,883,799	517,689,874,335	605,814,584,799	88,196,627,500	14,257,738,667,127
Additions	5,165,511,394	100,269,568,505	50,460,505,358	16,920,611,784	-	385,560,000	173,201,757,041
Transfer from construction in progress	133,929,467,307	496,456,916,195	47,915,851,619	4,417,092,672	-	6,945,413,634	689,664,741,427
Transfer from inventories	-	-	-	-	223,130,917,688	-	223,130,917,688
Reclassification	-	15,582,604,823	-	(14,961,156,953)	-	(621,447,870)	-
Disposals	(579,263,833)	(131,776,773,869)	(12,955,379,210)	(1,906,525,076)	(100,317,824,034)	-	(247,535,766,022)
Transfer to long-term prepaid expenses	-	-	-	-	-	(80,333,860,471)	(80,333,860,471)
Other decreases	-	(325,046,182)	-	48,000,000	-	-	(277,046,182)
Currency translation differences	(18,064,949)	(290,746,650)	(45,304,222)	7,486,090	-	(55,584,912)	(402,214,643)
Closing balance	3,145,739,115,713	9,671,793,753,722	932,294,557,344	522,215,382,852	728,627,678,453	14,516,707,881	15,015,187,195,965
Accumulated depreciation							
Opening balance	741,036,482,817	4,616,175,131,644	380,716,907,457	361,670,334,825	171,989,165,477	69,827,651,963	6,341,415,674,183
Charge for the period	122,769,827,267	616,521,217,548	62,093,249,483	41,830,634,974	78,718,733,751	309,318,899	922,242,981,922
Reclassification	36,372,757	8,703,875,826	-	(8,487,708,216)	-	(252,540,367)	-
Disposals	(319,384,320)	(84,738,275,846)	(12,419,874,924)	(1,900,837,576)	(47,318,717,048)	-	(146,697,089,714)
Transfer to long-term prepaid expenses	-	-	-	-	-	(68,894,478,072)	(68,894,478,072)
Other decreases	-	(400,000)	-	400,000	-	-	-
Currency translation differences	(3,988,893)	(149,347,556)	(17,803,171)	11,140,291	-	(45,661,371)	(205,660,700)
Closing balance	863,519,309,628	5,156,512,201,616	430,372,478,845	393,123,964,298	203,389,182,180	944,291,052	7,047,861,427,619
Net book value							
Opening balance	2,266,204,982,977	4,575,702,099,256	466,201,976,342	156,019,539,510	433,825,419,322	18,368,975,537	7,916,322,992,944
Closing balance	2,282,219,806,085	4,515,281,552,106	501,922,078,499	129,091,418,554	525,238,496,273	13,572,416,829	7,967,325,768,346

Included in the cost of tangible fixed assets were assets costing VND1,570,942,305,828 which were fully depreciated as at 30 September 2017 (1/1/2017: VND1,666,304,535,994), but which are still in active use.

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9. Intangible fixed assets

	Land use rights VND	Software VND	Others VND	Total VND
Cost				
Opening balance	375,681,235,405	132,950,792,308	49,259,000,000	557,891,027,713
Additions	-	2,485,814,733	-	2,485,814,733
Transfer from construction in progress	-	1,970,211,600	-	1,970,211,600
Transfer to long-term prepaid expenses	(108,924,684,515)	-	-	(108,924,684,515)
Currency translation differences	(92,147,130)	(809,800)	(21,700,000)	(114,656,930)
Closing balance	266,664,403,760	137,406,008,841	49,237,300,000	453,307,712,601
Accumulated amortisation				
Opening balance	28,721,931,735	91,070,002,209	33,369,000,000	153,160,933,944
Charge for the period	1,452,329,128	10,859,452,234	-	12,311,781,362
Transfer to long-term prepaid expenses	(18,566,191,677)	-	-	(18,566,191,677)
Currency translation differences	-	(53,987)	(14,700,000)	(14,753,987)
Closing balance	11,608,069,186	101,929,400,456	33,354,300,000	146,891,769,642
Net book value				
Opening balance	346,959,303,670	41,880,790,099	15,890,000,000	404,730,093,769
Closing balance	255,056,334,574	35,476,608,385	15,883,000,000	306,415,942,959

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

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10. Investment property

	Land use rights VND	Infrastructure VND	Buildings VND	Total VND
Cost				
Opening balance	82,224,238,170	6,464,218,561	90,989,593,826	179,678,050,557
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 amortisation				
Opening balance	2,645,189,674	4,575,569,937	35,483,908,620	42,704,668,231
Charge for the period	595,167,678	458,523,009	2,965,566,635	4,019,257,322
Disposals	-	-	(66,697,182)	(66,697,182)
Closing balance	3,240,357,352	5,034,092,946	38,382,778,073	46,657,228,371
Net book value				
Opening balance	79,579,048,496	1,888,648,624	55,505,685,206	136,973,382,326
Closing balance	51,494,730,818	1,430,125,615	52,523,444,273	105,448,300,706

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

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

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

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11. Prepaid expenses

(a) Short-term prepaid expenses

	30/9/2017 VND	1/1/2017 VND
Prepaid software deployment and networks maintenance expenses	10,872,467,174	5,166,842,293
Prepaid advertising expenses	3,181,804,152	5,746,426,437
Prepaid maintenance expenses	2,547,151,918	2,628,565,218
Prepaid operating lease expenses	5,244,390,312	7,007,482,846
Prepaid tools and supplies expenses	11,254,664,507	22,178,505,168
Prepaid renovation and repair expenses	5,211,417,456	2,809,598,781
Other short-term prepaid expenses	17,213,487,738	13,750,933,104
	55,525,383,257	59,288,353,847

(b) Long-term prepaid expenses

	Prepaid land costs VND	Tools and instruments VND	Other prepaid expenses VND	Total VND
Opening balance	233,057,352,676	183,921,289,004	42,416,415,349	459,395,057,029
Additions	2,246,709,903	125,210,732,843	23,707,859,638	151,165,302,384
Transfer from tangible fixed assets	-	11,439,382,399	-	11,439,382,399
Transfer from intangible fixed assets	90,358,492,838	-	-	90,358,492,838
Amortisation for the period	(5,598,853,179)	(86,683,836,976)	(23,536,336,260)	(115,819,026,415)
Other decreases	(86,350,498)	(991,811,948)	86,350,498	(991,811,948)
Currency translation differences	(15,072,187)	3,802,571	(1,013,456)	(12,283,072)
Closing balance	319,962,279,553	232,899,557,893	42,673,275,769	595,535,113,215

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12. Deferred tax assets and liabilities

(a) Deferred tax assets

	Tax rate	30/9/2017 VND	1/1/2017 VND
Deferred tax assets			
Foreign exchange differences	20%	339,264,699	-
Accrued expenses and provisions	20%	28,440,639,114	35,072,880,406
		<hr/>	<hr/>
		28,779,903,813	35,072,880,406
Deferred tax liabilities			
Foreign exchange differences	20%	(548,374)	(422,067,654)
		<hr/>	<hr/>
Net deferred tax assets		28,779,355,439	34,650,812,752

(b) Deferred tax liabilities

	Tax rate (*)	30/9/2017 VND	1/1/2017 VND
Deferred tax assets			
Accounts receivable	40%	1,444,377,330	2,354,816,280
Inventories	40%	1,333,990,480	1,170,465,209
Tax losses carry forwards	40%	50,260,641,690	45,796,087,384
Accrued expenses	19% - 40%	7,192,747,244	6,138,857,752
Others	40%	5,341,203,310	503,308,941
		<hr/>	<hr/>
		65,572,960,054	55,963,535,566
Valuation allowance	40%	-	(42,225,681,578)
		<hr/>	<hr/>
Total deferred tax assets		65,572,960,054	13,737,853,988
Deferred tax liabilities			
Fixed assets	40%	(113,154,008,950)	(103,616,162,711)
Others	19% - 40%	(16,278,152,023)	(147,280,777)
		<hr/>	<hr/>
Total deferred tax liabilities		(129,432,160,973)	(103,763,443,488)
		<hr/>	<hr/>
Net deferred tax liabilities		(63,859,200,919)	(90,025,589,500)

- (*) Deferred tax liabilities have been recognised on deductible temporary differences and tax losses using the effective tax rate of Driftwood Dairy Holdings Corporation, Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia and Angkor Dairy Products Co., Ltd, subsidiaries incorporated and operating in the United State of America, Poland and Cambodia, respectively.

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13. Goodwill

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Opening balance	123,983,090,462	142,345,015,058
Charge for the period	(13,771,443,447)	(13,771,443,447)
Closing balance	110,211,647,015	128,573,571,611

14. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	30/9/2017		1/1/2017	
	Carrying amount	Repayable amount	Carrying amount	Repayable amount
	VND	VND	VND	VND
Dai Tan Viet JSC	533,734,213,953	533,734,213,953	150,053,638,178	150,053,638,178
Other suppliers	2,803,762,263,333	2,803,762,263,333	2,411,856,624,801	2,411,856,624,801
	3,337,496,477,286	3,337,496,477,286	2,561,910,262,979	2,561,910,262,979

(b) Accounts payable to related parties

	30/9/2017	1/1/2017
	VND	VND
Associate		
APIS Corporation	21,890,207,660	8,760,950,000

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

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15. Borrowings

(a) Short-term borrowings

	1/1/2017 VND	Incurred VND	Paid VND	Currency translation differences VND	30/9/2017 VND
Short-term borrowings	1,287,266,200,200	3,175,180,523,778	(4,293,864,010,576)	(2,589,418)	168,580,123,984
Current portion of long-term borrowings	45,400,000,000	28,350,000,000	(22,680,000,000)	(17,500,000)	51,052,500,000
	1,332,666,200,200	3,203,530,523,778	(4,316,544,010,576)	(20,089,418)	219,632,623,984

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

Lenders	Note	Currency	Annual interest rate	30/9/2017 VND	1/1/2017 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch		VND	4.90%	-	1,100,000,000,000
The Bank of Tokyo-Mitsubishi UFJ Ltd. – Ho Chi Minh City Branch		VND	4.90%	-	100,000,000,000
Wells Fargo	(i)	USD	3.584%	168,580,123,984	87,266,200,200
				168,580,123,984	1,287,266,200,200

- (i) This loan was secured by accounts receivable from customers with carrying amount of VND295,124 million as at 30 September 2017 (1/1/2017: VND169,897 million).

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(b) Long-term borrowings

	1/1/2017 VND	Incurred VND	Paid VND	Currency translation differences VND	30/9/2017 VND
Long-term borrowings	372,370,398,182	166,638,858	(23,300,536,591)	(170,000,000)	349,066,500,449
Current portion of long-term borrowings	(45,400,000,000)	(28,350,000,000)	22,680,000,000	17,500,000	(51,052,500,000)
	326,970,398,182	(28,183,361,142)	(620,536,591)	(152,500,000)	298,014,000,449

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

Lenders	Note	Currency	Annual interest rate	Year of maturity	30/9/2017 VND	1/1/2017 VND
Sumitomo Mitsui Banking Corporation	(i)	USD	3.04%	2020	340,350,000,000	363,200,000,000
Individuals	(ii)	VND	None	2039	8,716,500,449	9,170,398,182
					349,066,500,449	372,370,398,182

- (i) This loan was secured by long-term deposits and fixed assets with carrying amount of VND82,977 million (1/1/2017: VND76,500 million) and VND401,318 million (1/1/2017: VND424,927 million), respectively, as at 30 September 2017.
- (ii) These loans were unsecured.

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16. Taxes payable to State Treasury

	1/1/2017 VND	Incurred VND	Paid VND	Currency translation differences VND	30/9/2017 VND
Value added tax	60,756,044,852	1,676,889,528,114	(1,549,774,279,047)	475,281	187,871,769,200
Corporate income tax	174,771,741,111	1,614,507,035,481	(1,050,966,577,893)	346,051	738,312,544,750
Personal income tax	14,917,198,239	197,500,926,933	(184,269,244,962)	14,138	28,148,894,348
Import tax	1,974,408,062	97,495,596,151	(87,700,296,264)	(37,122)	11,769,670,827
Other taxes	3,090,738,596	43,264,411,468	(37,760,389,684)	(573,314)	8,594,187,066
	255,510,130,860	3,629,657,498,147	(2,910,470,787,850)	225,034	974,697,066,191

17. Accrued expenses

	30/9/2017 VND	1/1/2017 VND
Sale incentives, promotion	566,706,789,673	584,298,882,216
Advertising expenses	396,157,925,865	170,814,940,905
Transportation expenses	74,912,721,827	77,412,131,182
Repair and maintenance expenses	44,934,556,305	11,769,500,442
Fuel expenses	12,527,314,449	13,959,796,579
Expenses for outsourced employees	44,754,519,019	62,494,315,062
Rental fees	11,257,277,729	922,786,364
Interest expense	-	21,082,620,101
Others	85,891,873,854	83,219,710,854
	1,237,142,978,721	1,025,974,683,705

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18. Other short-term payables

	30/9/2017	1/1/2017
	VND	VND
Insurance and trade union fees	5,709,438,590	728,779,914
Short-term deposits received	83,294,108,274	71,249,658,216
Outstanding cheques in exceed of bank balance	37,739,225,999	8,189,608,390
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Dividend payables	-	4,003,285,748
Import duty payables	22,418,583,251	42,613,702,494
Others	11,997,363,013	17,307,504,005
	609,166,138,282	592,099,957,922

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

19. 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:

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Opening balance	456,785,376,550	405,464,362,576
Appropriation	880,295,663,232	745,075,406,181
Utilisation	(827,506,278,723)	(787,080,838,627)
Closing balance	509,574,761,059	363,458,930,130

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20. Long-term provisions

Movements of long-term provisions during the period were as follows:

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Opening balance	95,960,585,167	87,325,705,000
Increase in provision during the period	2,288,924,832	10,321,642,080
Provision used during the period	(1,374,533,583)	(1,247,212,663)
Closing balance	96,874,976,416	96,400,134,417

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21. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 January 2016	12,006,621,930,000	-	(5,388,109,959)	8,329,599,322	3,291,207,229,973	5,391,795,573,082	231,349,525,167	20,923,915,747,585
Share capital issued	2,507,912,360,000	260,699,620,761	5,388,109,959	-	(2,419,035,050,000)	-	-	354,965,040,720
Purchase of treasury shares	-	-	(111,500,320)	-	-	-	-	(111,500,320)
Purchase of non-controlling interest	-	-	-	-	-	(62,222,774,840)	(5,922,583,589)	(68,145,358,429)
Net profit for the period	-	-	-	-	-	7,521,365,290,221	14,177,240,244	7,535,542,530,465
Appropriation to investment and development fund	-	-	-	-	745,178,971,562	(745,178,971,562)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(745,075,406,404)	-	(745,075,406,404)
Dividends (Note VI.23)	-	-	-	-	-	(7,238,478,492,000)	(4,003,285,748)	(7,242,481,777,748)
Currency translation differences	-	-	-	(2,121,465,023)	-	-	(1,673,968,976)	(3,795,433,999)
Balance at 30 September 2016	14,514,534,290,000	260,699,620,761	(111,500,320)	6,208,134,299	1,617,351,151,535	4,122,205,218,497	233,926,927,098	20,754,813,841,870
Purchase of treasury shares	-	-	(1,064,835,600)	-	-	-	-	(1,064,835,600)
Net profit for the period	-	-	-	-	-	1,828,963,840,163	(676,593,137)	1,828,287,247,025
Appropriation to investment and development fund	-	-	-	-	179,668,774,053	(179,668,774,053)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(179,668,773,828)	-	(179,668,773,828)
Currency translation differences	-	-	-	(553,440,846)	-	-	4,135,249,963	3,581,809,117
Balance at 1 January 2017	14,514,534,290,000	260,699,620,761	(1,176,335,920)	5,654,693,453	1,797,019,925,588	5,591,831,510,779	237,385,583,924	22,405,949,288,585

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	Share capital VND	Share premium VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 January 2017	14,514,534,290,000	260,699,620,761	(1,176,335,920)	5,654,693,453	1,797,019,925,588	5,591,831,510,779	237,385,583,924	22,405,949,288,585
Purchase of treasury shares	-	-	(4,530,926,400)	-	-	-	-	(4,530,926,400)
Purchase of non-controlling interest (Note I.4(a))	-	-	-	-	-	(29,734,698,896)	(216,682,788,162)	(246,417,487,058)
Net profit for the period	-	-	-	-	-	8,551,052,428,884	(2,191,362,411)	8,548,861,066,473
Appropriation to equity funds	-	-	-	-	880,295,663,233	(880,295,663,233)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(880,295,663,232)	-	(880,295,663,232)
Dividends (Note VI.23)	-	-	-	-	-	(5,805,350,187,986)	(452,720,796)	(5,805,802,908,782)
Currency translation differences	-	-	-	10,903,439,949	-	-	(50,040,357)	10,853,399,592
Balance at 30 September 2017	14,514,534,290,000	260,699,620,761	(5,707,262,320)	16,558,133,402	2,677,315,588,821	6,547,207,726,316	18,008,672,198	24,028,616,769,178

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22. Share capital

The Company's authorised and issued share capital is:

	30/9/2017		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	(148,708)	(5,707,262,320)	(27,100)	(1,176,335,920)
Shares currently in circulation				
Ordinary shares	1,451,304,721	14,508,827,027,680	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:

	30/9/2017		1/1/2017	
	VND	%	VND	%
The State's capital	5,708,865,960,000	39.33%	5,708,865,960,000	39.33%
Other shareholders' capital	8,805,668,330,000	60.67%	8,805,668,330,000	60.67%
	14,514,534,290,000	100.00%	14,514,534,290,000	100.00%

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23. Dividends

The Shareholders of the Company on 15 April 2017 and 24 July 2017 resolved to distribute dividends in relation to 2016 and 2017 profits, respectively, with totally amounting to VND5,805 billion (VND2,000 per share each distribution) (for the nine-month period ended 30 September 2016: VND7,238 billion (VND2,000 per share for the first distribution and VND4,000 per share for the second distribution)).

24. Off balance sheet items

Foreign currencies

	30/9/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
▪ USD	3,896,875.71	88,420,111,261	793,766.71	18,018,504,317
▪ EUR	1,009.29	26,893,541	797.30	19,013,213
		88,447,004,802		18,037,517,530

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VII. SUPPLEMENT INFORMATION TO ITEMS DISCLOSED IN THE CONSOLIDATED 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:

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Total revenue		
▪ Sales of merchandise goods	1,322,262,020,722	1,278,155,237,115
▪ Sales of finished goods	36,835,780,928,881	33,738,824,587,278
▪ Other services	40,416,286,665	40,392,070,648
▪ Rental income from investment property	12,751,336,962	11,193,267,236
▪ Others	558,650,683,516	58,170,411,627
	<hr/> 38,769,861,256,746	<hr/> 35,126,735,573,904
Less revenue deductions		
▪ Sale discounts	(16,958,078,991)	(459,758,940)
▪ Sale returns	(62,195,449,786)	(139,529,084,491)
▪ Sales allowances	-	(18,079,705)
	<hr/> (79,153,528,777)	<hr/> (140,006,923,136)
Net revenue	<hr/> 38,690,707,727,969	<hr/> 34,986,728,650,768

In which revenue from sales to related parties was as follows:

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Associates		
Asia Saigon Food Ingredients Joint Stock Company	3,071,298,289	382,045,571
APIS Corporation	434,565,000	-
	<hr/> 3,505,863,289	<hr/> 382,045,571

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2. Cost of sales

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
		(Restated)
Total cost of sales		
▪ Merchandise goods sold	682,817,412,273	1,029,436,912,408
▪ Finished goods sold	18,931,185,823,323	16,312,239,331,996
▪ Promotional goods sold	418,623,136,203	765,563,056,427
▪ Other services	5,884,315,001	4,335,662,187
▪ Rental of investment property	6,556,714,052	7,070,625,669
▪ Inventories losses	696,224,107	-
▪ Under-capacity costs	21,046,492,014	12,496,093,277
▪ Allowance for inventories	(6,374,916,762)	176,014,456
	20,060,435,200,211	18,131,317,696,420

3. Financial income

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Interest income from deposits	554,498,605,914	461,033,960,693
Interest income from corporate bonds	23,377,650,683	28,437,753,441
Foreign exchange gains	40,233,933,644	37,787,493,111
Dividends	19,366,225	974,317,949
Others	-	194,034,125
	618,129,556,466	528,427,559,319

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4. Financial expenses

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Interest expense on borrowings	24,423,351,945	26,925,205,130
Interest expense on deposits received	2,806,783,000	1,711,396,521
Foreign exchange losses	47,294,878,675	36,107,279,081
Allowance for diminution in value of financial investments	8,411,455	2,486,608,702
Others	18,243,345	1,517,800,405
	74,551,668,420	68,748,289,839

5. Other income

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Proceeds from disposals of fixed assets and investment property	113,696,139,084	36,070,294,865
Proceeds from disposals of construction in progress	1,109,533,236	2,007,108,396
Compensations received from other parties	7,292,602,926	2,560,807,437
Rebate income	16,717,461,377	29,725,894,952
Others	13,502,851,351	17,298,984,989
	152,318,587,974	87,663,090,639

6. Other expenses

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Book value of fixed assets and investment property disposed	128,344,500,606	47,437,995,433
Book value of construction in progress disposed	1,326,909,600	2,393,859,139
Others	21,451,410,192	19,101,959,825
	151,122,820,398	68,933,814,397

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7. Selling expenses

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
		(Restated)
Staff costs	460,687,245,404	431,793,208,098
Materials expenses	36,376,570,994	25,771,950,388
Tools and supplies expenses	99,335,634,324	79,721,871,074
Depreciation expenses	31,236,943,623	28,596,677,353
Expenses of damaged goods	30,040,176,970	28,128,431,682
Transportation expenses	449,209,357,938	456,678,346,180
Outside service expenses	280,312,639,627	227,870,037,336
Advertising and market research expenses	1,413,832,653,507	1,364,460,182,928
Promotion, product display expenses and, support and commission expenses for distributors	5,535,499,363,639	4,923,242,173,720
	8,336,530,586,026	7,566,262,878,759

8. General administrative expenses

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Staff costs	310,332,683,316	276,625,826,380
Materials expenses	15,954,384,151	8,873,647,399
Office supplies	13,166,956,315	11,339,459,038
Depreciation expenses	62,075,229,912	66,600,452,630
Fees and duties	10,501,291,147	16,045,829,212
Allowance for doubtful debts and provision for severance allowance	7,312,999,148	12,295,047,247
Transportation expenses	26,767,033,859	31,321,771,434
Outside service expenses	162,952,773,111	191,213,506,026
Loading expenses	13,135,245,402	13,520,015,798
Per-diem allowances	36,369,818,025	31,320,975,200
Bank charges	8,013,154,982	7,508,798,518
Others	72,793,348,665	90,183,437,575
	739,374,918,033	756,848,766,457

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9. Production and business costs by element

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
		(Restated)
Raw material costs included in production costs	15,466,032,843,016	13,745,921,144,776
Labour costs and staff costs	1,577,213,503,719	1,486,028,852,690
Depreciation and amortisation	929,086,743,209	884,938,181,813
Outside services	1,604,746,407,969	1,518,551,273,784
Other expenses	7,806,177,628,851	7,476,729,764,474

10. Income tax

(a) Recognised in the consolidated statement of income

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Current tax expense		
Current period	1,615,203,650,653	1,500,946,484,701
(Over)/under provision in prior period	(696,615,172)	4,342,109,200
	1,614,507,035,481	1,505,288,593,901
Deferred tax benefit		
Origination and reversal of temporary differences	(20,243,757,773)	(7,374,484,837)
Income tax expense	1,594,263,277,708	1,497,914,109,064

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(b) Reconciliation of effective tax rate

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Accounting profit before tax	10,143,124,344,181	9,033,456,639,529
Tax at the Company's tax rate	2,028,624,868,836	1,806,691,327,906
Tax rate differential applied to Company's branches and factories	(13,663,311,644)	(15,812,916,481)
Non-taxable income	(3,873,245)	(194,863,590)
Non-deductible expenses	4,988,765,524	4,102,177,397
Tax incentives	(350,109,128,114)	(296,235,632,645)
Deferred tax assets not previously recognised	(74,877,428,477)	(4,978,092,723)
(Over)/under provision in prior period	(696,615,172)	4,342,109,200
	1,594,263,277,708	1,497,914,109,064

(c) Applicable tax rates

The companies in the Group are required to pay income tax at rates ranging from 10% to 40%, depending on principle activities of its factories, on taxable profits. The Company and its subsidiaries incurred the income tax charges.

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11. Basic earnings per share

The calculation of earnings per share for the nine-month period ended 30 September 2017 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund and a weighted average number of ordinary shares outstanding, calculated as follows:

(a) Net profit attributable to ordinary shareholders

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Net profit for the period – attributable to ordinary shareholders before appropriation to bonus and welfare fund	8,551,052,428,884	7,521,365,290,221
Appropriation to bonus and welfare fund	(880,295,663,232)	(745,075,406,404)
Net profit for the period attributable to ordinary shareholders after appropriation to bonus and welfare fund	7,670,756,765,652	6,776,289,883,817

(b) Weighted average number of ordinary shares

	Nine-month period ended	
	30/9/2017	30/9/2016
	Number of shares	Number of shares
Issued ordinary shares at the beginning of the period	1,451,426,329	1,200,139,398
Effect of shares issued under ESOP	-	2,637,695
Effect of bonus shares issued during the period	-	240,027,312
Effect of treasury shares repurchased during the period	(58,008)	(176)
Weighted average number of ordinary shares for the nine-month period ended 30 September	1,451,368,321	1,442,804,229

As at 30 September 2017, the Group did not have potentially dilutive ordinary shares.

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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 consolidated interim financial statements, the Group had the following transactions with related parties during the period:

Related Party	Relationship	Nature of transaction	Nine-month period ended	
			30/9/2017 VND	30/9/2016 VND
Miraka Limited	Associate	Purchases of goods	-	24,586,164,960
APIS Corporation	Associate	Purchase of goods	83,700,623,100	-
Board of Management's and Board of Directors' members		Compensation	55,561,100,698	45,730,225,296
The State Capital Investment Corporation	Shareholder	Dividends	2,283,546,384,000	3,246,324,480,000

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2. Segment information

Segment information is presented in respect of the Group’s primary segment, which is the geographical segment.

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

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 (Customers located in Vietnam)		Overseas (Customers located in countries other than Vietnam)		Total	
	Nine-month period ended		Nine-month period ended		Nine-month period ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	VND	VND	VND	VND	VND	VND
Net revenue	33,021,075,758,566	28,689,445,124,414	5,669,631,969,403	6,297,283,526,354	38,690,707,727,969	34,986,728,650,768
Cost of sales	(17,153,949,209,587)	(14,890,135,097,730)	(2,906,485,990,624)	(3,241,182,598,690)	(20,060,435,200,211)	(18,131,317,696,420)
Segment income	15,867,126,548,979	13,799,310,026,684	2,763,145,978,779	3,056,100,927,664	18,630,272,527,758	16,855,410,954,348

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dated 22 December 2014 of the Ministry of Finance)*

3. Restate of announced financial information

The Company restated Cost of goods sold and Selling expenses items of the published consolidated interim financial statement for the first nine-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 (eg, buy 2 get 1 free), value of promotional goods shall be recorded to Costs of goods sold”, the other cases are recorded to Selling expenses.

The consolidated statement of income for the nine-month period ended 30 September 2016 was restated for following items:

Items	Code	For three-month period ended 30/9/2016		For nine-month period ended 30/9/2016	
		Previously reported	Restated	Previously reported	Restated
Cost of goods sold	11	7,119,260,938,520	6,419,875,858,486	20,189,193,823,983	18,131,317,696,420
Gross profit	20	5,085,428,772,710	5,784,813,852,744	14,797,534,826,785	16,855,410,954,348
Selling expenses	25	1,903,770,503,253	2,603,155,583,287	5,508,386,751,196	7,566,262,878,759
Net operating profit	30	3,048,044,079,391	3,048,044,079,391	9,014,727,363,287	9,014,727,363,287

4. Post balance sheet event

On 23 October 2017, the Company’s Board of Management resolved to acquire 65% of the share capital of Khanh Hoa Sugar Joint Stock Company.

30 October 2017

Prepared by:



Le Thanh Liem
Executive Director – Finance
cum Chief Accountant

Approved by:



Mai Kieu Lien
Chief Executive Officer