



**Vietnam Dairy Products Joint Stock Company**

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



**Vietnam Dairy Products Joint Stock Company**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
CORPORATE INFORMATION	2
STATEMENT OF THE BOARD OF DIRECTORS	3
INTERIM FINANCIAL STATEMENTS REVIEW REPORT	4 - 5
SEPARATE STATEMENT OF FINANCIAL POSITION	6 - 8
SEPARATE STATEMENT OF INCOME	9 - 10
SEPARATE STATEMENT OF CASH FLOWS	11 - 13
NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS	14 - 67

## Vietnam Dairy Products Joint Stock Company Corporate Information

<b>Business Registration Certificate No.</b>	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.

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

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

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

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

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

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

**APPROVAL OF THE SEPARATE INTERIM FINANCIAL STATEMENTS**

We hereby approve the accompanying separate interim financial statements set out on pages 6 to 67 which give a true and fair view of the unconsolidated financial position of the Company as at 30 September 2017, and of the unconsolidated results of operations and unconsolidated 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



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## **INTERIM FINANCIAL STATEMENTS REVIEW REPORT**

### **To the Shareholders Vietnam Dairy Products Joint Stock Company**

We have reviewed the accompanying separate interim financial statements of Vietnam Dairy Products Joint Stock Company ("the Company"), which comprise the separate balance sheet as at 30 September 2017, the separate statements of income and cash flows for the nine-month 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 67.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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



### Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial position of Vietnam Dairy Products Joint Stock Company as at 30 September 2017 and of its unconsolidated results of operations and its unconsolidated 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/Q3S



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**  
**Separate statement of financial position as at 30 September 2017**

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

	<b>Code</b>	<b>Note</b>	<b>30/9/2017 VND</b>	<b>1/1/2017 VND</b>
<b>ASSETS</b>				
<b>Current assets</b>				
<b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>17,921,809,346,266</b>	<b>17,801,341,382,408</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>VI.1</b>	<b>433,000,636,136</b>	<b>485,358,843,152</b>
Cash	111		433,000,636,136	485,358,843,152
Cash equivalents	112		-	-
<b>Short-term financial investments</b>	<b>120</b>		<b>9,745,000,831,849</b>	<b>10,368,523,488,016</b>
Trading securities	121	VI.4(a)	442,023,488,016	442,023,488,016
Held-to-maturity investments	123	VI.4(b)	9,302,977,343,833	9,926,500,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>4,374,578,557,495</b>	<b>2,702,207,940,196</b>
Accounts receivable from customers	131	VI.2	3,469,082,056,129	1,983,880,118,265
Prepayments to suppliers	132		530,749,472,832	240,402,985,745
Other short-term receivables	136	VI.3	378,661,294,687	478,323,444,840
Allowance for doubtful debts	137	V.3(c)	(3,968,179,483)	(475,005,167)
Shortage of assets awaiting for resolution	139		53,913,330	76,396,513
<b>Inventories</b>	<b>140</b>	<b>VI.5</b>	<b>3,265,058,694,118</b>	<b>4,098,729,148,422</b>
Inventories	141		3,266,767,285,710	4,115,402,639,668
Allowance for inventories	149		(1,708,591,592)	(16,673,491,246)
<b>Other current assets</b>	<b>150</b>		<b>104,170,626,668</b>	<b>146,521,962,622</b>
Short-term prepaid expenses	151	VI.10(a)	42,746,532,348	33,324,800,182
Deductible value added tax	152		61,424,094,320	113,197,162,440

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

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

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

	<b>Code</b>	<b>Note</b>	<b>30/9/2017 VND</b>	<b>1/1/2017 VND</b>
<b>Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)</b>	<b>200</b>		<b>12,535,910,467,700</b>	<b>10,321,862,962,386</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>11,970,114,950</b>	<b>15,126,638,176</b>
Long-term loan receivables	215		3,944,320,000	7,245,908,762
Other long-term receivables	216		8,025,794,950	7,880,729,414
<b>Fixed assets</b>	<b>220</b>		<b>5,989,993,412,545</b>	<b>5,790,522,519,072</b>
Tangible fixed assets	221	VI.7	5,909,706,017,755	5,612,296,370,375
Cost	222		11,784,612,457,227	10,748,406,433,591
Accumulated depreciation	223		(5,874,906,439,472)	(5,136,110,063,216)
Intangible fixed assets	227	VI.8	80,287,394,790	178,226,148,697
Cost	228		193,151,137,750	297,619,795,932
Accumulated amortisation	229		(112,863,742,960)	(119,393,647,235)
<b>Investment property</b>	<b>230</b>	<b>VI.9</b>	<b>105,448,300,706</b>	<b>134,895,415,278</b>
Cost	231		152,105,529,077	176,272,511,838
Accumulated depreciation	232		(46,657,228,371)	(41,377,096,560)
<b>Long-term work in progress</b>	<b>240</b>		<b>1,285,629,386,670</b>	<b>430,308,443,075</b>
Construction in progress	242	VI.6	1,285,629,386,670	430,308,443,075
<b>Long-term financial investments</b>	<b>250</b>		<b>4,690,789,681,865</b>	<b>3,616,419,284,278</b>
Investments in subsidiaries	251	VI.4(c)	3,368,428,310,180	3,126,810,823,122
Investments in associates	252	VI.4(c)	319,289,808,669	319,289,808,669
Equity investments in other entities	253	VI.4(c)	10,570,276,240	10,570,276,240
Allowance for diminution in the value of long-term financial investments	254	VI.4(c)	(7,498,713,224)	(30,251,623,753)
Held-to-maturity investments	255	VI.4(b)	1,000,000,000,000	190,000,000,000
<b>Other non-current assets</b>	<b>260</b>		<b>452,079,570,964</b>	<b>334,590,662,507</b>
Long-term prepaid expenses	261	VI.10(b)	423,300,215,525	299,939,849,755
Deferred tax assets	262	VI.17	28,779,355,439	34,650,812,752
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>30,457,719,813,966</b>	<b>28,123,204,344,794</b>

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



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

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

	Code	Note	30/9/2017 VND	1/1/2017 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>6,554,301,266,196</b>	<b>6,329,270,261,772</b>
<b>Current liabilities</b>	<b>310</b>		<b>6,455,763,017,562</b>	<b>6,233,534,218,272</b>
Accounts payable to suppliers	311	VI.11	3,034,401,355,570	2,568,934,375,909
Advances from customers	312		26,720,447,643	35,900,744,953
Taxes payable to State Treasury	313	VI.12	969,330,310,644	245,031,363,448
Payables to employees	314		152,387,948,653	166,926,421,131
Accrued expenses	315	VI.13	1,192,939,931,741	984,149,487,382
Short-term unearned revenue	318		366,475,152	2,629,190,398
Other short-term payables	319	VI.14	566,060,836,137	574,093,150,299
Short-term borrowings	320		-	1,200,000,000,000
Provision – short-term	321		5,572,766,430	889,995,571
Bonus and welfare fund	322	VI.15	507,982,945,592	454,979,489,181
<b>Long-term liabilities</b>	<b>330</b>		<b>98,538,248,634</b>	<b>95,736,043,500</b>
Long-term unearned revenue	336		1,663,272,218	-
Provision – long-term	342	VI.16	96,874,976,416	95,736,043,500
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>23,903,418,547,770</b>	<b>21,793,934,083,022</b>
<b>Owners' equity</b>	<b>410</b>	<b>VI.18</b>	<b>23,903,418,547,770</b>	<b>21,793,934,083,022</b>
Share capital	411	VI.19	14,514,534,290,000	14,514,534,290,000
Share premium	412		260,699,620,761	260,699,620,761
Treasury shares	415		(5,707,262,320)	(1,176,335,920)
Investment and development fund	418		2,674,884,303,426	1,794,957,937,585
Retained profits	421		6,459,007,595,903	5,224,918,570,596
- Retained profits brought forward	421a		2,322,232,146,596	2,666,821,870,886
- Profit for the current period	421b		4,136,775,449,307	2,558,096,699,710
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>30,457,719,813,966</b>	<b>28,123,204,344,794</b>
<b>(440 = 300 + 400)</b>				

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 separate interim financial statements*

**Vietnam Dairy Products Joint Stock Company**

**Separate statement of income for the nine-month period ended 30 September 2017**

**Form B 02a – DN**

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

	Code	Note	Three-month period ended 30/9/2017 VND	30/9/2016 VND (Restated)	Nine-month period ended 30/9/2017 VND	30/9/2016 VND (Restated)
<b>Revenue from sales of goods and provision of services</b>	<b>01</b>	<b>VII.1</b>	<b>12,700,605,524,788</b>	<b>11,600,802,346,202</b>	<b>36,278,481,201,881</b>	<b>32,861,611,526,328</b>
<b>Revenue deductions</b>	<b>02</b>	<b>VII.1</b>	<b>4,342,750,216</b>	<b>50,547,168,645</b>	<b>42,020,096,211</b>	<b>110,616,920,916</b>
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>VII.1</b>	<b>12,696,262,774,572</b>	<b>11,550,255,177,557</b>	<b>36,236,461,105,670</b>	<b>32,750,994,605,412</b>
<b>Cost of sales</b>	<b>11</b>	<b>VII.2</b>	<b>6,626,636,770,613</b>	<b>5,962,867,761,146</b>	<b>18,394,560,664,299</b>	<b>16,681,310,938,707</b>
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>6,069,626,003,959</b>	<b>5,587,387,416,411</b>	<b>17,841,900,441,371</b>	<b>16,069,683,666,705</b>
Financial income	21	VII.3	235,217,568,062	234,267,334,030	1,062,143,972,059	588,468,134,130
Financial expenses	22	VII.4	8,143,940,373	27,480,882,632	12,452,672,302	(2,947,344,931)
<i>In which: Interest expense</i>	23		3,559,222,222	6,641,066,487	12,869,222,222	14,607,022,689
Selling expenses	25	VII.7	2,860,371,199,856	2,495,707,858,239	7,953,739,753,772	7,242,462,934,319
General and administration expenses	26	VII.8	202,099,000,853	222,266,759,794	550,611,543,963	559,061,847,524
<b>Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>3,234,229,430,939</b>	<b>3,076,199,249,776</b>	<b>10,387,240,443,393</b>	<b>8,859,574,363,923</b>
Other income	31	VII.5	51,142,884,615	17,709,612,454	108,691,549,051	56,025,392,294
Other expenses	32	VII.6	48,934,658,792	8,387,200,737	92,938,907,972	13,114,389,740
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>2,208,225,823</b>	<b>9,322,411,717</b>	<b>15,752,641,079</b>	<b>42,911,002,554</b>

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

**Vietnam Dairy Products Joint Stock Company**

**Separate statement of income for the nine-month period ended 30 September 2017 (continued)**

**Form B 02a – DN**

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

	Code	Note	Three-month period ended 30/9/2017 VND	30/9/2016 VND (Restated)	Nine-month period ended 30/9/2017 VND	30/9/2016 VND (Restated)
Accounting profit before tax (50 = 30 + 40)	50		3,236,437,656,762	3,085,521,661,493	10,402,993,084,472	8,902,485,366,477
Income tax expense – current	51	VII.10	523,700,511,976	483,002,822,678	1,597,857,968,770	1,461,177,097,211
Income tax benefit – deferred	52	VII.10	(2,154,319,540)	(3,145,819,201)	5,871,457,313	(7,374,484,837)
Net profit after tax (60 = 50 - 51 - 52)	60		2,714,891,464,326	2,605,664,658,016	8,799,263,658,389	7,448,682,754,103

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 separate interim financial statements*

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

**Form B 03a – DN**

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

	Code	Note	Nine-month period ended 30/9/2017 VND	30/9/2016 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before tax</b>	<b>01</b>		<b>10,402,993,084,472</b>	<b>8,902,485,366,477</b>
<b>Adjustments for</b>				
Depreciation and amortisation	02		721,898,894,529	670,526,486,740
Allowances and provisions	03		(23,345,728,143)	(35,380,120,293)
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		4,721,828,969	1,102,663,057
Gains on disposals of fixed assets, investment property and construction in progress	05		(6,883,411,690)	(7,859,250,142)
Gain from merger of a subsidiary	05	VIII.5	(430,894,168,467)	-
Dividends and interest income	05		(601,875,086,634)	(566,453,797,725)
Interest expense	06	VII.4	12,869,222,222	14,607,022,689
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>10,079,484,635,258</b>	<b>8,979,028,370,803</b>
Change in receivables	09		(1,384,079,596,447)	(632,157,066,519)
Change in inventories	10		949,103,088,618	(86,130,840,295)
Change in payables and other liabilities	11		558,025,032,879	208,767,128,392
Change in prepaid expenses	12		(36,613,000,352)	(4,177,738,003)
Change in trading securities	13		-	11,421,007,510
Interest paid	14		(33,925,611,111)	(15,991,217,076)
Income tax paid	15	VI.12	(1,029,919,722,875)	(1,032,865,261,810)
Other payments for operating activities	17		(828,159,942,966)	(787,162,288,172)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>8,273,914,883,004</b>	<b>6,640,732,094,830</b>

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

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

**Form B 03a – DN**

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

	Code	Note	Nine-month period ended 30/9/2017 VND	30/9/2016 VND
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(1,235,681,425,563)	(394,563,703,541)
Collections on disposals of fixed assets, investment property and other long-term assets	22		35,948,079,793	24,718,218,068
(Payments for)/collections from time deposits	23		(486,477,343,833)	70,096,000,000
Payments for granting loans	23		-	(2,085,033,711)
Receipts from collecting loans	24		3,301,588,762	-
Receipts from sales of debt instruments of other entities	24		300,000,000,000	-
Payments for investments in other entities	25		(742,417,487,058)	(438,663,238,429)
Collections on investments in other entities	26	VIII.5	273,192,164,317	-
Receipts of interest and dividends	27		536,007,345,287	525,439,165,008
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(1,316,127,078,295)</b>	<b>(215,058,592,605)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from equity issued	31		-	354,965,040,720
Payment for repurchase of treasury shares	32		(4,530,926,400)	(111,500,320)
Proceeds from borrowings			-	1,200,000,000,000
Payments to settle loan principals	34		(1,200,000,000,000)	(1,242,010,000,000)
Payments of dividends	36		(5,805,321,901,400)	(7,238,478,492,000)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(7,009,852,827,800)</b>	<b>(6,925,634,951,600)</b>

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



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

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

	Code	Note	Nine-month period ended 30/9/2017 VND	30/9/2016 VND
Net cash flows during the period (50 = 20 + 30 + 40)	50		(52,065,023,091)	(499,961,449,375)
Cash and cash equivalents at the beginning of the period	60		485,358,843,152	1,067,935,585,325
Effect of exchange rate fluctuations on cash and cash equivalents	61		(293,183,925)	(768,874,197)
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	VI.1	433,000,636,136	567,205,261,753

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 separate interim financial statements*

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

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

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

## **I. CORPORATE INFORMATION**

### **1. Ownership structure**

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

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

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

### **2. Principal activities**

The principal activities of the Company are to:

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



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

**Form B 09a – DN**

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

**3. Normal operating cycle**

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

**4. Group structure**

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

**(a) Subsidiaries**

<b>Name</b>	<b>Location</b>	<b>Principal activities</b>	<b>% of ownership/ voting rights</b>
• 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	Dairy raw materials and animal trading	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.

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

**Form B 09a – DN**

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

**(b) Associates**

<b>Name</b>	<b>Location</b>	<b>Principal activities</b>	<b>% of ownership/ voting rights</b>
• 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, Hanoi 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.

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

**Form B 09a – DN**

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

- 7/ Binh Dinh Dairy Factory – 87 Hoang Van Thu, Quang Trung Ward, Quy Nhon City, Binh Dinh Province.
- 8/ Vietnam Beverage Factory – My Phuoc II Industrial Park, Binh Duong Province.
- 9/ Tien Son Dairy Factory – Tien Son Industrial Park, Bac Ninh Province.
- 10/ Da Nang Dairy Factory – Hoa Khanh Industrial Park, Da Nang City.
- 11/ Vietnam Powdered Milk Factory – 9 Tu Do Boulevard - Vietnam-Singapore Industrial Park, Thuan An District, Binh Duong Province.
- 12/ Vietnam Dairy Factory – My Phuoc II Industrial Park, Binh Duong Province.
- 13/ Lam Son Dairy Factory – Le Mon Industrial Zone, Thanh Hoa City, Thanh Hoa Province.

***Warehouses:***

- 1/ Ho Chi Minh Logistic Enterprise – 32 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- 2/ Hanoi Logistic Enterprise – Km 10 Highway 5, Duong Xa Commune, Gia Lam District, Hanoi City.

***Clinics:***

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

As at 30 September 2017, the Company had 5,635 employees (1/1/2017: 5,383 employees).

## **II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY**

### **1. Annual accounting period**

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

### **2. Accounting currency**

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

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

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

### **III. ACCOUNTING STANDARDS AND SYSTEM**

#### **1. Statement of compliance**

The separate interim financial statements have been prepared in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirement applicable to interim financial reporting. The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Company's consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate interim financial statements should be read in conjunction with the consolidated interim financial statements.

#### **2. Basis of measurement**

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

#### **3. Accounting form**

The Company applies computerised accounting form.

### **IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

#### **1. Foreign currency transactions**

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

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

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

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

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

**2. Cash and cash equivalents**

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

**3. Investments**

**(a) Trading securities**

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

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

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

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

**(b) Held-to-maturity investments**

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

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

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

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

**(c) Loans receivable**

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

**(d) Investments in subsidiaries and associates**

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

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

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

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

**(e) Investment in equity instruments of other entities**

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

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

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

**4. Accounts receivable**

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

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

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

**5. Inventories**

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

The Company applies the perpetual method of accounting for inventories.

**6. Tangible fixed assets**

**(a) Cost**

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



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

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

**(b) Depreciation**

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

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

**7. Intangible fixed assets**

**(a) Land use rights**

Land use rights comprise:

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

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

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

**(b) Software**

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

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

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

**8. Investment property**

**(a) Cost**

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

**(b) Depreciation**

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

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

**9. Construction in progress**

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

**10. Prepaid expenses**

**(a) Prepaid land costs**

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

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

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

**(b) Tools and instruments**

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

**(c) Others**

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

**11. Trade and other payables**

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

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

**12. Accrued expenses**

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

**13. Provisions**

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

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

**Form B 09a – DN**

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

***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 Company, if any, and their average salary for the six-month period prior to the end of the accounting period.

**14. Share capital**

**(a) Ordinary shares**

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

**(b) Repurchase and reissue of ordinary shares (treasury shares)**

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

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

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

**15. Classification of financial instruments**

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

**(a) Financial assets**

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

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

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

**(ii) *Held-to-maturity investments***

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

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

**(iii) *Loans and receivables***

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

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

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

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

**(iv) *Available-for-sale financial assets***

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

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

**(b) *Financial liabilities***

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

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

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

**(ii) *Financial liabilities carried at amortised cost***

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

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

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

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

**16. Taxation**

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

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

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

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

**17. Revenue and other income**

**(a) Goods sold**

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

**(b) Services rendered**

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

**(c) Rental income**

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



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

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

**(d) Interest income**

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

**(e) Dividend income**

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

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

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

**18. Revenue deductions**

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

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

**19. Cost of sales**

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

**20. Operating lease payments**

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

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

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

**21. Borrowing costs**

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

**22. Dividend distribution**

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

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

**23. Funds**

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

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

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

**24. Segment reporting**

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

**25. Related parties**

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

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

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

**V. FINANCIAL RISK MANAGEMENT**

**1. Overview**

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

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

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

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

**2. Risk management framework**

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

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

**3. Credit risk**

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

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

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

***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:

	<b>Note</b>	<b>30/9/2017 VND</b>	<b>1/1/2017 VND</b>
Cash and cash equivalents	(a)	432,065,368,707	484,567,254,315
Held-to-maturity investments	(b)	10,302,977,343,833	10,116,500,000,000
Accounts receivable from customers and other receivables	(c)	3,841,364,856,053	2,445,992,509,178
		<b>14,576,407,568,593</b>	<b>13,047,059,763,493</b>

**(a) Cash and cash equivalents**

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

**(b) Held-to-maturity investments**

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

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

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

**Form B 09a – DN**

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

**(c) Accounts receivable from customers and other receivables**

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

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

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

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

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Past due 1 – 30 days	60,318,643,860	40,413,823,659
Past due 31 – 60 days	909,102,298	1,762,548,396
Past due 61 – 90 days	20,809,346	691,305,540
Past due more than 90 days	864,778,622	281,213,709
	<b>62,113,334,126</b>	<b>43,148,891,304</b>

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

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Opening balance	475,005,167	34,409,000
Increase in allowance during the period	3,493,174,316	469,505,167
Allowance utilised during the period	-	(28,409,000)
<b>Closing balance</b>	<b>3,968,179,483</b>	<b>475,505,167</b>

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

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

**4. Liquidity risk**

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

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

**30 September 2017**

	<b>Carrying amount VND</b>	<b>Contractual cash flows VND</b>	<b>Within 1 year VND</b>
Accounts payable to suppliers	3,034,401,355,570	3,034,401,355,570	3,034,401,355,570
Payables to employees	152,387,948,653	152,387,948,653	152,387,948,653
Accrued expenses	1,192,939,931,741	1,192,939,931,741	1,192,939,931,741
Other short-term payables	566,060,836,137	566,060,836,137	566,060,836,137
	<b>4,945,790,072,101</b>	<b>4,945,790,072,101</b>	<b>4,945,790,072,101</b>

**1 January 2017**

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

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

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

**Form B 09a – DN**

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

**5. Market risk**

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

**(a) Currency risk**

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

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

*Exposure to currency risk*

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

	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<b>USD</b>	<b>EUR</b>	<b>USD</b>	<b>EUR</b>
Cash and cash equivalents	3,896,580.11	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	(32,259,098.13)	(4,581,001.08)	(27,364,039.68)	(870,971.67)
	<b>(8,883,362.02)</b>	<b>(4,575,605.79)</b>	<b>(3,334,643.55)</b>	<b>(870,174.37)</b>

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

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



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

**Form B 09a – DN**

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

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

	<b>Effect to net profit after tax VND</b>
<b>30 September 2017</b>	
USD (1% weakening)	1,630,572,821
EUR (12% strengthening)	(11,823,212,369)
	<hr/>
<b>1 January 2017</b>	
USD (1% strengthening)	(625,273,376)
EUR (2% weakening)	336,685,179
	<hr/>

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

**(b) Interest rate risk**

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

**(c) Price risk**

The Company invests in equity investments of listed and unlisted companies and is exposed to risks of price fluctuation of these investments. The risk factors affecting the performance of these investments include financial performance and position of invested companies and market conditions. The Board manages the former factor by selecting industries and entities to invest in. The latter factor is itself affected by general economic condition of Vietnam and behaviours of investors, which are all out of the Board's control. These factors have caused conditions to be volatile in the past 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 Company's net profit after tax would not have been significantly impacted.

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate interim financial statements for the nine-month period ended 30 September 2017 (continued)**

**Form B 09a – DN**

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

**6. Fair values measurement**

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

	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<b>Carrying amount VND</b>	<b>Fair value VND</b>	<b>Carrying amount VND</b>	<b>Fair value VND</b>
<b>Categorised as held-to-maturity investments (*)</b>				
- Term deposits	10,112,977,343,833	10,112,977,343,833	9,626,500,000,000	9,626,500,000,000
- Corporate bonds	190,000,000,000	(**)	490,000,000,000	(**)
<b>Categorised as loans and receivables</b>				
- Cash and cash equivalents	432,065,368,707	432,065,368,707	484,567,254,315	484,567,254,315
- Accounts receivable from customers and other receivables	3,841,364,856,053	3,841,364,856,053	2,445,992,509,178	2,445,992,509,178
<b>Categorised as available-for-sale</b>				
- Short-term investments in listed equity instruments	23,400	66,600	23,400	67,200
- Short-term investments in unlisted equity instruments	23,464,616	23,464,616	23,464,616	23,464,616
- Other short-term investments	442,000,000,000	442,000,000,000	442,000,000,000	442,000,000,000
- Long-term investments in investment funds	10,270,276,240	(**)	10,270,276,240	(**)
- Other long-term investments	300,000,000	(**)	300,000,000	(**)
<b>Categorised as liabilities at amortised cost:</b>				
- Borrowings, accounts payables to suppliers and other payables	4,945,790,072,101	4,945,790,072,101	5,494,103,434,721	5,494,103,434,721

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

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

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

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

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

**1. Cash and cash equivalents**

	<b>30/9/2017</b> <b>VND</b>	<b>1/1/2017</b> <b>VND</b>
Cash on hand	935,267,429	791,588,837
Cash in banks	432,065,368,707	484,567,254,315
	<b>433,000,636,136</b>	<b>485,358,843,152</b>

**2. Accounts receivable from customers**

**(a) Accounts receivable from customers detailed by significant customers**

	<b>30/9/2017</b> <b>VND</b>	<b>1/1/2017</b> <b>VND</b>
Abdulkarim Alwan Foodstuff Trading (LLC)	294,655,902,330	429,110,901,892
Other customers	3,174,426,153,799	1,554,769,216,373
	<b>3,469,082,056,129</b>	<b>1,983,880,118,265</b>

**(b) Accounts receivable from customers who are related parties**

	<b>30/9/2017</b> <b>VND</b>	<b>1/1/2017</b> <b>VND</b>
<b>Subsidiaries</b>		
Angkor Dairy Products Co., Ltd.	34,133,774,904	10,114,960,745
Vietnam Dairy Cow One Member Limited Company	-	4,694,934,985
Driftwood Dairy Holdings Corporation	370,760,400	524,528,900
Thong Nhat Thanh Hoa Dairy Cow Limited Company	109,634,313,963	40,702,511
Lamson Dairy Products One Member Company Limited	-	5,894,748,601
<b>Associate</b>		
APIS Corporation	27,250,000	136,184,400
	<b>144,166,099,267</b>	<b>21,406,060,142</b>

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

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

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

**3. Other short-term receivables**

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	355,575,420,504	268,804,804,005
Interest income from bonds	680,876,712	17,595,726,029
Receivables from employees	641,607,443	779,702,422
Advances to employees	2,545,772,227	2,286,937,297
Short-term deposits	184,400,000	177,731,000
Import tax refundable	11,193,050,560	27,796,047,217
Rebates receivable from suppliers	-	54,797,825,720
Dividends receivable	-	3,988,025,835
Receivables from import entrustment	4,884,508	99,213,751,320
Others	7,835,282,733	2,882,893,995
	<b>378,661,294,687</b>	<b>478,323,444,840</b>

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate interim financial statements for the nine-month period ended 30 September 2017 (continued)**

**Form B 09a – DN**

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

**4. Investments**

**(a) Trading securities**

	<b>30/9/2017</b>			<b>1/1/2017</b>		
	<b>Carrying amount VND</b>	<b>Fair value VND</b>	<b>Allowance for diminution in value VND</b>	<b>Carrying amount VND</b>	<b>Fair value VND</b>	<b>Allowance for diminution in value VND</b>
Short-term investments in shares:						
▪ Bao Viet Joint Stock Commercial Bank (*)	442,000,000,000	442,000,000,000	-	442,000,000,000	442,000,000,000	-
▪ Others	23,488,016	23,531,216	-	23,488,016	23,531,816	-
	<b>442,023,488,016</b>	<b>442,023,531,216</b>	<b>-</b>	<b>442,023,488,016</b>	<b>442,023,531,816</b>	<b>-</b>

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

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

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

**(b) Held-to-maturity investments**

	Note	30/9/2017 VND	1/1/2017 VND
Held-to-maturity investments – short-term			
▪ term deposits		9,112,977,343,833	9,626,500,000,000
▪ corporate bonds	(*)	190,000,000,000	300,000,000,000
		<b>9,302,977,343,833</b>	<b>9,926,500,000,000</b>
Held-to-maturity investments – long-term			
▪ term deposits		1,000,000,000,000	-
▪ corporate bonds	(*)	-	190,000,000,000
		<b>1,000,000,000,000</b>	<b>190,000,000,000</b>

- (\*) 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 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.

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate interim financial statements for the nine-month period ended 30 September 2017 (continued)**

**Form B 09a – DN**

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

**(c) Investments in other entities**

		30 September 2017				1 January 2017			
	% of equity owned and voting rights	Cost VND	Fair value VND	Allowance for diminution in value VND	% of equity owned and voting rights	Cost VND	Fair value VND	Allowance for diminution in value VND	
Equity investments in:									
<b>Subsidiaries</b>									
▪ Vietnam Dairy Cow One Member Limited Company	100.00%	2,250,780,000,000	(*)	-	100.00%	2,110,780,000,000	(*)	(22,761,321,984)	
▪ Lamson Dairy Products One Member Company Limited (Note VIII.5)	-	-	-	-	100.00%	370,800,000,000	(*)	-	
▪ Driftwood Dairy Holdings Corporation	100.00%	225,895,918,429	(*)	-	100.00%	225,895,918,429	(*)	-	
▪ Vinamilk Europe Spółska Z Ograniczona Odpowiedzialnoscia	100.00%	66,463,150,000	(*)	-	100.00%	66,463,150,000	(*)	-	
▪ Thong Nhat Thanh Hoa Dairy Cow Company Limited	96.11%	361,000,000,000	(*)	-	96.11%	135,000,000,000	(*)	-	
▪ Angkor Dairy Products Co, Ltd.	100.00%	464,289,241,751	(*)	-	51.00%	217,871,754,693	(*)	-	
		<hr/>		<hr/>		<hr/>		<hr/>	
		3,368,428,310,180		-		3,126,810,823,122		(22,761,321,984)	

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate interim financial statements for the nine-month period ended 30 September 2017 (continued)**

**Form B 09a – DN**

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

		30 September 2017				1 January 2017		
	% of equity owned and voting rights	Cost VND	Fair value VND	Allowance for diminution in value VND	% of equity owned and voting rights	Cost VND	Fair value VND	Allowance for diminution in value VND
<b>Associates</b>								
▪ Miraka Limited	22.81%	293,189,808,669	(*)	-	22.81%	293,189,808,669	(*)	-
▪ APIS Corporation (**)	18.00%	8,100,000,000	(*)	-	18.00%	8,100,000,000	(*)	-
▪ Asia Saigon Food Ingredients Joint Stock Company (**)	14.71%	18,000,000,000	(*)	-	14.71%	18,000,000,000	(*)	-
		<u>319,289,808,669</u>		<u>-</u>		<u>319,289,808,669</u>		<u>-</u>
<b>Others</b>								
▪ Vietnam Growth Investment Fund		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	(*)	-
		<u>10,570,276,240</u>		<u>(7,498,713,224)</u>		<u>10,570,276,240</u>		<u>(7,490,301,769)</u>
		<u><b>3,698,288,395,089</b></u>		<u><b>(7,498,713,224)</b></u>		<u><b>3,456,670,908,031</b></u>		<u><b>(30,251,623,753)</b></u>

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

(\*\*) The Company had significant influence over this entity because the Company has the right to appoint members in the Board of Management of these 2 entities.



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

**Form B 09a – DN**

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

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

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Opening balance	30,251,623,753	102,785,399,217
Increase in allowance during the period	8,411,455	2,747,371,002
Written back	(22,761,321,984)	(48,877,316,076)
Allowance utilised during the period	-	-
<b>Closing balance</b>	<b>7,498,713,224</b>	<b>56,655,454,143</b>

**5. Inventories**

	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<b>Cost</b>	<b>Allowance</b>	<b>Cost</b>	<b>Allowance</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Goods in transit	410,490,860,707	-	561,281,869,361	-
Raw materials	2,049,762,624,253	(1,440,102,874)	2,315,039,717,953	(7,137,697,729)
Tools and supplies	35,514,984	-	472,026,406	-
Work in progress	22,765,134,567	-	15,105,363,931	-
Finished goods	768,817,970,612	(268,488,718)	1,146,274,640,723	(9,535,793,517)
Merchandise inventories	13,596,738,990	-	72,437,224,462	-
Goods on consignment	1,298,441,597	-	4,791,796,832	-
	<b>3,266,767,285,710</b>	<b>(1,708,591,592)</b>	<b>4,115,402,639,668</b>	<b>(16,673,491,246)</b>

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

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Opening balance	16,673,491,246	17,115,986,758
Increase in allowance during the period	2,903,264,930	6,637,751,646
Written back	(9,278,181,692)	(6,418,311,812)
Allowance utilised during the period	(8,589,982,892)	(7,443,913,098)
<b>Closing balance</b>	<b>1,708,591,592</b>	<b>9,891,513,494</b>

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

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

**6. Construction in progress**

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Opening balance	430,308,443,075	277,294,577,637
Additions	1,347,351,755,452	305,210,177,862
Increase from merger of a subsidiary (Note VIII.5)	295,492,565	-
Transfer to tangible fixed assets	(488,775,243,943)	(227,421,861,764)
Transfer to intangible fixed assets	(1,970,211,600)	-
Transfer to short-term prepaid expenses	(757,710,055)	-
Transfer to long-term prepaid expenses	-	(2,683,337,993)
Transfer to inventories	(822,538,824)	(32,951,504)
Disposals	-	(10,098,704,473)
Other decreases	(600,000)	(674,161,105)
<b>Closing balance</b>	<b>1,285,629,386,670</b>	<b>341,593,738,660</b>

Major constructions in progress were as follows:

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Machinery and equipment – Vietnam Dairy Factory	26,077,825,889	179,888,609,336
Machinery and equipment – Saigon Dairy Factory	30,716,090,703	90,072,363,870
Machinery and equipment – Lam Son Factory	248,758,875,111	30,025,233,724
Machinery and equipment – Da Nang Dairy Factory	124,169,011,057	-
Machinery and equipment – Nghe An Dairy Factory	305,296,606,934	43,673,643,408
Machinery and equipment – Truong Tho Dairy Factory	62,189,194,741	-
Machinery and equipment – Beverage Factory	301,294,771,905	-
Office building project – Can Tho Branch	-	52,101,510,922
Others	187,127,010,330	34,547,081,815
	<b>1,285,629,386,670</b>	<b>430,308,443,075</b>

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate interim financial statements for the nine-month period ended 30 September 2017 (continued)**

**Form B 09a – DN**

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

**7. Tangible fixed assets**

	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	1,874,808,408,282	7,723,118,615,206	685,293,138,056	465,186,272,047	10,748,406,433,591
Additions	4,530,511,394	52,877,282,226	45,823,331,734	16,554,448,200	119,785,573,554
Transfer from construction in progress	14,747,322,354	427,666,749,099	44,130,188,671	2,230,983,819	488,775,243,943
Increase from merger of a subsidiary (Note VIII.5)	132,983,404,491	419,349,543,061	9,044,111,866	13,578,191,938	574,955,251,356
Reclassification	-	15,453,448,237	-	(15,453,448,237)	-
Disposals	(579,263,833)	(133,924,353,773)	(10,935,631,282)	(1,870,796,329)	(147,310,045,217)
<b>Closing balance</b>	<b>2,026,490,382,688</b>	<b>8,504,541,284,056</b>	<b>773,355,139,045</b>	<b>480,225,651,438</b>	<b>11,784,612,457,227</b>
<b>Accumulated depreciation</b>					
Opening balance	521,040,262,598	3,975,803,331,387	307,716,056,511	331,550,412,720	5,136,110,063,216
Charge for the period	67,792,580,357	551,709,037,203	48,073,382,366	38,362,948,177	705,937,948,103
Increase from merger of a subsidiary (Note VIII.5)	14,300,061,318	111,077,679,861	2,629,925,801	5,786,742,523	133,794,409,503
Reclassification	-	8,785,457,612	-	(8,785,457,612)	-
Disposals	(319,384,320)	(88,233,256,919)	(10,518,231,282)	(1,865,108,829)	(100,935,981,350)
<b>Closing balance</b>	<b>602,813,519,953</b>	<b>4,559,142,249,144</b>	<b>347,901,133,396</b>	<b>365,049,536,979</b>	<b>5,874,906,439,472</b>
<b>Net book value</b>					
Opening balance	1,353,768,145,684	3,747,315,283,819	377,577,081,545	133,635,859,327	5,612,296,370,375
Closing balance	1,423,676,862,735	3,945,399,034,912	425,454,005,649	115,176,114,459	5,909,706,017,755

Included in the cost of tangible fixed assets were assets costing VND1,502,106,238,758 which were fully depreciated as at 30 September 2017 (1/1/2017: VND1,257,988,443,769), but which are still in active use.

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

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

**8. Intangible fixed assets**

	<b>Land use rights VND</b>	<b>Software VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening balance	166,507,249,624	131,112,546,308	297,619,795,932
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)
<b>Closing balance</b>	<b>57,582,565,109</b>	<b>135,568,572,641</b>	<b>193,151,137,750</b>
<b>Accumulated amortisation</b>			
Opening balance	28,721,931,735	90,671,715,500	119,393,647,235
Charge for the period	1,452,329,128	10,583,958,274	12,036,287,402
Transfer to long-term prepaid expenses	(18,566,191,677)	-	(18,566,191,677)
<b>Closing balance</b>	<b>11,608,069,186</b>	<b>101,255,673,774</b>	<b>112,863,742,960</b>
<b>Net book value</b>			
Opening balance	137,785,317,889	40,440,830,808	178,226,148,697
Closing balance	45,974,495,923	34,312,898,867	80,287,394,790

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.

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

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

**9. Investment property**

	<b>Land use rights VND</b>	<b>Infrastructure VND</b>	<b>Buildings VND</b>	<b>Total VND</b>
<b>Cost</b>				
Opening balance	82,224,238,170	6,464,218,561	87,584,055,107	176,272,511,838
Increase from merger of a subsidiary (Note VIII.5)	-	-	3,405,538,719	3,405,538,719
Disposals	(27,489,150,000)	-	(83,371,480)	(27,572,521,480)
<b>Closing balance</b>	<b>54,735,088,170</b>	<b>6,464,218,561</b>	<b>90,906,222,346</b>	<b>152,105,529,077</b>
<b>Accumulated depreciation</b>				
Opening balance	2,645,189,674	4,575,569,937	34,156,336,949	41,377,096,560
Charge for the period	595,167,678	458,523,009	2,870,968,337	3,924,659,024
Increase from merger of a subsidiary (Note VIII.5)	-	-	1,422,169,969	1,422,169,969
Disposals	-	-	(66,697,182)	(66,697,182)
<b>Closing balance</b>	<b>3,240,357,352</b>	<b>5,034,092,946</b>	<b>38,382,778,073</b>	<b>46,657,228,371</b>
<b>Net book value</b>				
Opening balance	79,579,048,496	1,888,648,624	53,427,718,158	134,895,415,278
Closing balance	51,494,730,818	1,430,125,615	52,523,444,273	105,448,300,706

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

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

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

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

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

**10. Prepaid expenses**

**(a) Short-term prepaid expenses**

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
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	8,531,482,129	8,258,868,844
Prepaid renovation and repair expenses	5,175,868,158	2,809,598,781
Other short-term prepaid expenses	7,193,368,505	1,707,015,763
	<b>42,746,532,348</b>	<b>33,324,800,182</b>

**(b) Long-term prepaid expenses**

	<b>Prepaid land costs VND</b>	<b>Tools and instruments VND</b>	<b>Other prepaid expenses VND</b>	<b>Total VND</b>
Opening balance	127,407,170,305	134,359,476,891	38,173,202,559	299,939,849,755
Additions	2,246,709,903	91,929,923,337	22,419,300,050	116,595,933,290
Transfer from intangible fixed assets	90,358,492,838	-	-	90,358,492,838
Amortisation for the period	(3,788,725,459)	(59,002,439,624)	(20,802,895,275)	(83,594,060,358)
<b>Closing balance</b>	<b>216,223,647,587</b>	<b>167,286,960,604</b>	<b>39,789,607,334</b>	<b>423,300,215,525</b>

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

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

**11. Accounts payable to suppliers**

**(a) Accounts payable to suppliers detailed by significant suppliers**

	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<b>Carrying amount VND</b>	<b>Repayable amount VND</b>	<b>Carrying amount VND</b>	<b>Repayable amount VND</b>
Dai Tan Viet Joint Stock Company	533,734,213,953	533,734,213,953	150,053,638,178	150,053,638,178
Other suppliers	2,500,667,141,617	2,500,667,141,617	2,418,880,737,731	2,418,880,737,731
	<b>3,034,401,355,570</b>	<b>3,034,401,355,570</b>	<b>2,568,934,375,909</b>	<b>2,568,934,375,909</b>

**(b) Accounts payable to suppliers who are related parties**

	<b>30/9/2017 VND</b>	<b>1/1/2017 VND</b>
<b>Subsidiaries</b>		
Vietnam Dairy Cow One Member Limited Company	36,611,254,893	28,517,268,205
Lamson Dairy Products One Member Company Limited	-	230,564,754,601
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	8,701,449,900	3,329,163,200
Angkor Dairy Products Co., Ltd	1,389,042,524	13,198,829
<b>Associate</b>		
APIS Corporation	21,890,207,660	8,760,950,000

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

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

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

**12. Taxes payable to State Treasury**

	<b>1/1/2017 VND</b>	<b>Incurred VND</b>	<b>Increases from merger of a subsidiary (Note VIII.5) VND</b>	<b>Paid VND</b>	<b>30/9/2017 VND</b>
Value added tax	59,180,482,592	1,599,323,914,450	6,195,050,892	(1,481,169,517,002)	183,529,930,932
Import tax	1,731,577,990	95,725,852,807	-	(86,088,975,668)	11,368,455,129
Corporate income tax	168,041,783,749	1,597,857,968,770	4,269,369,639	(1,029,919,722,875)	740,249,399,283
Personal income tax	14,356,297,623	190,542,974,298	44,595,724	(177,866,645,434)	27,077,222,211
Other taxes	1,721,221,494	27,905,444,793	-	(22,521,363,198)	7,105,303,089
	<b>245,031,363,448</b>	<b>3,511,356,155,118</b>	<b>10,509,016,255</b>	<b>(2,797,566,224,177)</b>	<b>969,330,310,644</b>

**13. Accrued expenses**

	<b>30/9/2017 VND</b>	<b>1/1/2017 VND</b>
Sale incentives, promotion	562,413,204,892	583,040,840,709
Rental fees	11,257,277,729	922,786,364
Advertising expenses	394,342,725,865	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
Interest expense	-	21,056,388,889
Fuel expenses	12,300,414,449	13,959,796,579
Expenses for outsourced employees	44,605,672,619	62,494,315,062
Others	48,173,358,055	42,678,787,250
	<b>1,192,939,931,741</b>	<b>984,149,487,382</b>



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

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

**14. Other short-term payables**

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Insurance and trade union fees	2,575,509,032	48,746,710
Short-term deposits received	82,977,759,474	70,812,658,216
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Import duty payables	22,418,583,251	42,613,702,494
Others	10,081,565,225	12,610,623,724
	<b>566,060,836,137</b>	<b>574,093,150,299</b>

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

**15. 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:

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Opening balance	454,979,489,181	403,036,668,825
Appropriation	879,926,365,841	744,868,275,411
Utilisation	(826,922,909,430)	(786,452,823,865)
<b>Closing balance</b>	<b>507,982,945,592</b>	<b>361,452,120,371</b>

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

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

**16. Long-term provision**

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

	<b>Provision for severance allowance</b>	
	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Opening balance	95,736,043,500	87,099,730,000
Increase in provision during the period	2,288,924,832	10,321,642,080
Increases from merger of a subsidiary (Note VIII.5)	224,541,667	-
Provision used during the period	(1,374,533,583)	(1,245,779,330)
<b>Closing balance</b>	<b>96,874,976,416</b>	<b>96,175,592,750</b>

**17. Deferred tax assets**

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

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate interim financial statements for the nine-month period ended 30 September 2017 (continued)**

**Form B 09a – DN**

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

**18. Changes in owners' equity**

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Retained profits VND	Total VND
<b>Balance at 1 January 2016</b>	<b>12,006,621,930,000</b>	<b>-</b>	<b>(5,388,109,959)</b>	<b>3,289,455,938,121</b>	<b>5,067,100,666,886</b>	<b>20,357,790,425,048</b>
Additions	2,507,912,360,000	260,699,620,761	5,388,109,959	(2,419,035,050,000)	-	354,965,040,720
Purchase treasury shares	-	-	(111,500,320)	-	-	(111,500,320)
Net profit for the period	-	-	-	-	7,448,682,754,103	7,448,682,754,103
Appropriation to equity funds	-	-	-	744,868,275,411	(744,868,275,411)	-
Appropriation to bonus and welfare fund	-	-	-	-	(744,868,275,411)	(744,868,275,411)
Dividends (Note VI.20)	-	-	-	-	(7,238,478,492,000)	(7,238,478,492,000)
<b>Balance at 1 October 2016</b>	<b>14,514,534,290,000</b>	<b>260,699,620,761</b>	<b>(111,500,320)</b>	<b>1,615,289,163,532</b>	<b>3,787,568,378,167</b>	<b>20,177,979,952,140</b>
Purchase treasury shares	-	-	(1,064,835,600)	-	-	(1,064,835,600)
Net profit for the period	-	-	-	-	1,796,687,740,535	1,796,687,740,535
Appropriation to equity funds	-	-	-	179,668,774,053	(179,668,774,053)	-
Appropriation to bonus and welfare fund	-	-	-	-	(179,668,774,053)	(179,668,774,053)
<b>Balance at 1 January 2017</b>	<b>14,514,534,290,000</b>	<b>260,699,620,761</b>	<b>(1,176,335,920)</b>	<b>1,794,957,937,585</b>	<b>5,224,918,570,596</b>	<b>21,793,934,083,022</b>
Purchase treasury shares	-	-	(4,530,926,400)	-	-	(4,530,926,400)
Net profit for the period	-	-	-	-	8,799,263,658,389	8,799,263,658,389
Appropriation to equity funds	-	-	-	879,926,365,841	(879,926,365,841)	-
Appropriation to bonus and welfare fund	-	-	-	-	(879,926,365,841)	(879,926,365,841)
Dividends (Note VI.20)	-	-	-	-	(5,805,321,901,400)	(5,805,321,901,400)
<b>Balance at 30 September 2017</b>	<b>14,514,534,290,000</b>	<b>260,699,620,761</b>	<b>(5,707,262,320)</b>	<b>2,674,884,303,426</b>	<b>6,459,007,595,903</b>	<b>23,903,418,547,770</b>

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

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

**19. Share capital**

The Company's authorised and issued share capital are:

	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<b>Number of shares</b>	<b>VND</b>	<b>Number of shares</b>	<b>VND</b>
<b>Authorised share capital</b>	1,451,453,429	14,514,534,290,000	1,451,453,429	14,514,534,290,000
<b>Issued shares</b>				
Ordinary shares	1,451,453,429	14,514,534,290,000	1,451,453,429	14,514,534,290,000
<b>Treasury shares</b>				
Ordinary shares	(148,708)	(5,707,262,320)	(27,100)	(1,176,335,920)
<b>Shares currently in circulation</b>				
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:

	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<b>VND</b>	<b>%</b>	<b>VND</b>	<b>%</b>
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%
	<b>14,514,534,290,000</b>	<b>100.00%</b>	<b>14,514,534,290,000</b>	<b>100.00%</b>

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

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

**20. 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, 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)).

**21. Off balance sheet items**

**Foreign currencies**

	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<b>Original currency</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>VND equivalent</b>
Foreign currencies				
▪ USD	3,896,580.11	88,413,402,696	793,766.71	18,018,504,317
▪ EUR	1,009.29	26,893,541	797.30	19,013,213
		<b>88,440,296,237</b>		<b>18,037,517,530</b>

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

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

**VII. SUPPLEMENT INFORMATION TO ITEMS DISCLOSED IN THE SEPARATE STATEMENTS OF INCOME**

**1. Revenue from sales of goods and provision of services**

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

Net revenue comprised:

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Total revenue		
▪ Sales of merchandise goods	685,081,788,521	1,273,114,278,670
▪ Sales of finished goods	35,496,902,010,392	31,497,330,803,476
▪ Other services	27,653,174,803	25,789,620,941
▪ Rental income from investment property	12,656,835,144	10,768,009,055
▪ Others	56,187,393,021	54,608,814,186
	<hr/>	<hr/>
	36,278,481,201,881	32,861,611,526,328
	<hr/>	<hr/>
Less revenue deductions		
▪ Sale discounts	(16,511,217,941)	-
▪ Sale returns	(25,508,878,270)	(110,616,920,916)
	<hr/>	<hr/>
	(42,020,096,211)	(110,616,920,916)
	<hr/>	<hr/>
<b>Net revenue</b>	<b>36,236,461,105,670</b>	<b>32,750,994,605,412</b>
	<hr/>	<hr/>

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

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
<b>Subsidiaries</b>		
Vietnam Dairy Cow One Member Limited Company	153,721,476,990	41,879,356,903
Lamson Dairy Products One Member Limited Company	66,055,114,812	302,127,470,404
Thong Nhat Thanh Hoa Dairy Cow Limited Company	111,589,147,130	1,722,877,170
Angkor Dairy Products Co, Ltd	96,469,323,899	33,057,652,297
Driftwood Dairy Holdings Corporation	370,760,400	1,511,530,415
	<hr/>	<hr/>
<b>Total revenue from sales to subsidiaries</b>	<b>428,205,823,231</b>	<b>380,298,887,189</b>
	<hr/>	<hr/>

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

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

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

**2. Cost of sales**

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
		<b>(Restated)</b>
Total cost of sales		
▪ Merchandise goods sold	602,786,806,236	1,070,687,265,763
▪ Finished goods sold	17,369,678,868,022	14,836,324,200,142
▪ Cost of promotional goods	416,076,396,048	763,370,901,429
▪ Other services	5,931,395,001	4,064,198,211
▪ Operating costs of investment property	6,462,115,754	6,644,933,328
▪ Increase of allowance for inventories	(6,374,916,762)	219,439,834
	<b>18,394,560,664,299</b>	<b>16,681,310,938,707</b>

**3. Financial income**

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	551,069,538,894	459,680,092,803
Interest income from corporate bonds	23,377,650,683	28,437,753,441
Dividends	27,427,897,057	78,321,753,282
Foreign exchange gains	29,374,716,958	22,014,328,375
Gain from merger of a subsidiary (Note VIII.5)	430,894,168,467	-
Others	-	14,206,229
	<b>1,062,143,972,059</b>	<b>588,468,134,130</b>

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

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

**4. Financial expenses**

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Interest expense on borrowings	12,869,222,222	14,607,022,689
Interest expense on deposits received	2,806,783,000	1,711,396,521
Foreign exchange losses	19,529,577,609	25,638,317,924
Written back allowance for diminution in the value of financial investments – net	(22,752,910,529)	(46,390,707,374)
Others	-	1,486,625,309
	<b>12,452,672,302</b>	<b>(2,947,344,931)</b>

**5. Other income**

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Rebate income from suppliers	16,717,461,377	29,252,000,000
Proceeds from disposals of fixed assets and investment property	81,398,319,402	10,230,009,682
Proceeds from disposals of construction in progress	-	10,114,377,000
Compensations received from other parties	7,285,673,188	2,553,137,547
Others	3,290,095,084	3,875,868,065
	<b>108,691,549,051</b>	<b>56,025,392,294</b>



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

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

**6. Other expenses**

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Book value of fixed assets and investment property disposed	73,879,888,165	2,310,068,431
Book value of construction in progress disposed	-	10,098,704,473
Others	19,059,019,807	705,616,836
	<b>92,938,907,972</b>	<b>13,114,389,740</b>

**7. Selling expenses**

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
		<b>(Restated)</b>
Staff costs	227,043,702,718	212,817,569,142
Materials expenses	36,259,311,949	25,689,316,229
Tools and supplies expenses	74,522,137,473	60,302,247,271
Depreciation expenses	21,133,255,278	18,896,928,662
Warranty expenses	21,547,139,009	18,753,074,522
Transportation expenses	383,340,404,552	404,000,172,312
Outside service expenses	280,222,097,631	227,152,981,189
Advertising and marketing research expenses	1,401,275,938,008	1,359,506,271,558
Promotion, product display expenses and, support and commission expenses for distributors	5,508,395,767,154	4,915,344,373,434
	<b>7,953,739,753,772</b>	<b>7,242,462,934,319</b>

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

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

**8. General and administration expenses**

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Staff costs	205,514,610,034	178,376,537,200
Materials expenses	15,236,939,062	8,158,240,242
Office supplies	4,639,872,403	4,501,938,082
Depreciation expenses	47,231,262,708	50,696,538,638
Fees and duties	8,680,706,974	6,964,461,962
Allowance for doubtful debts and provision for severance allowance	5,782,099,148	10,791,147,247
Transportation expenses	26,767,033,859	31,283,098,256
Outside service expenses	143,118,954,547	160,522,433,851
Loading expenses	13,135,245,402	13,520,015,798
Per-diem allowances	33,103,757,148	29,180,279,258
Bank charges	3,156,123,588	2,770,806,515
Others	44,244,939,090	62,296,350,475
	<b>550,611,543,963</b>	<b>559,061,847,524</b>

**9. Production and business costs by element**

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Raw material costs included in production costs	15,505,046,857,650	13,606,087,801,663
Labour costs and staff costs	989,045,930,864	924,172,041,755
Depreciation and amortisation	712,411,617,133	670,526,486,740
Outside services	1,388,517,742,758	1,328,966,554,122
Other expenses	7,581,549,892,470	7,290,935,763,903
	<b>26,176,572,040,875</b>	<b>23,820,688,648,183</b>

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

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

**10. Income tax**

**(a) Recognised in the separate statement of income**

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
<b>Current tax expense</b>		
Current period	1,598,882,408,793	1,465,925,804,755
Over provision in prior period	(1,024,440,023)	(4,748,707,544)
	<b>1,597,857,968,770</b>	<b>1,461,177,097,211</b>
<b>Deferred tax expense/(benefit)</b>		
Origination and reversal of temporary differences	5,871,457,313	(7,374,484,837)
<b>Income tax expense</b>	<b>1,603,729,426,083</b>	<b>1,453,802,612,374</b>

**(b) Reconciliation of effective tax rate**

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Accounting profit before tax	10,402,993,084,472	8,902,485,366,477
Tax at the Company's tax rate	2,080,598,616,894	1,780,497,073,295
Tax rate differential applied to Company's branches and factories	(17,882,794,021)	(15,191,928,865)
Tax exempt income	(91,664,413,105)	(15,664,350,656)
Non-deductible expenses	5,354,636,229	4,102,177,397
Tax incentives	(345,697,701,248)	(290,423,790,859)
Deferred tax assets not previously recognised	(24,221,346,946)	-
Other decrease	(1,733,131,697)	(4,767,860,394)
Over provision in prior period	(1,024,440,023)	(4,748,707,544)
	<b>1,603,729,426,083</b>	<b>1,453,802,612,374</b>

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

**Form B 09a – DN**

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

**(c) Applicable tax rates**

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

**VIII. OTHER INFORMATION**

**1. Significant transactions with related parties**

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

Related party	Relationship	Nature of transactions	Nine-month period ended	
			30/9/2017 VND	30/9/2016 VND
Vietnam Dairy Cow One Member Limited Company	Subsidiary	Sales fixed assets	160,888,365	10,128,422,455
		Purchases of goods	717,101,395,456	408,658,297,241
		Capital contribution	140,000,000,000	284,789,000,000
Thong Nhat Thanh Hoa Dairy Cow Company Limited	Subsidiary	Sales fixed assets	19,788,742	-
		Purchases of goods	11,990,000	-
		Capital contribution	226,000,000,000	21,000,000,000
Angkor Dairy Products Co., Ltd.	Subsidiary	Purchases of goods	1,373,692,830	-
		Sales of fixed assets	758,666,818	-
		Purchases of equity	246,417,487,058	-
Driftwood Dairy Holdings Corporation	Subsidiary	Purchases of goods	-	4,238,755,568
		Purchases of shares	-	68,145,358,429
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Subsidiary	Purchases of goods	659,009,458,209	436,927,531,861
		Capital contribution	-	56,628,880,000
Miraka Limited	Associate	Purchases of goods	-	24,586,164,960
APIS Corporation	Associate	Purchase of goods	83,700,623,100	-
Lamson Dairy Products One Member Company Limited	Subsidiary	Purchases of goods	167,859,943,752	679,257,371,586
		Purchases of fixed assets	-	3,612,823,529

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

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

Related party	Relationship	Nature of transactions	Nine-month period ended	
			30/9/2017 VND	30/9/2016 VND
Board of Management's and Board of Directors' members		Compensations	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

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate interim financial statements for the nine-month period ended 30 September 2017 (continued)**

**Form B 09a – DN**

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

**2. Segment information**

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

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

**Geographical segments**

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

	<b>Domestic</b>		<b>Overseas</b>		<b>Total</b>	
	<b>Nine-month period ended</b>		<b>Nine-month period ended</b>		<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>	<b>30/9/2017</b>	<b>30/9/2016</b>	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
		<b>(Restated)</b>				<b>(Restated)</b>
Net revenue	32,813,288,711,992	28,653,153,553,677	3,423,172,393,678	4,097,841,051,735	36,236,461,105,670	32,750,994,605,412
Cost of sales	(17,232,385,029,113)	(15,170,419,162,470)	(1,162,175,635,186)	(1,510,891,776,237)	(18,394,560,664,299)	(16,681,310,938,707)
<b>Segment income</b>	<b>15,580,903,682,879</b>	<b>13,482,734,391,207</b>	<b>2,260,996,758,492</b>	<b>2,586,949,275,498</b>	<b>17,841,900,441,371</b>	<b>16,069,683,666,705</b>

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

**Form B 09a – DN**

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

**3. Reclassification of announced financial information**

The Company restated Cost of goods sold and Selling expenses in the published separate interim financial statements for the first nine-month period of 2016 due to the fact that the Company has changed the payment method of refunding to distributors for the promotional expenses of “buy product get other free” campaign for customers (retailers, consumers). Pursuant to Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance, in which “In case of dispatching goods for promotion, advertising, but customers only receive promotional, advertising goods together with other conditions, such as buying products, goods (e.g, buy 2 get 1 free), value of promotional goods shall be recorded to Costs of goods sold”, the other cases are recorded to Selling expenses.

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

Items	Code	Three-month period ended 30/9/2016		Nine-month period ended 30/9/2016	
		Previously reported	Restated	Previously reported	Restated
Cost of goods sold	11	6,662,252,841,180	5,962,867,761,146	18,739,187,066,270	16,681,310,938,707
<b>Gross profit</b>	<b>20</b>	<b>4,888,002,336,377</b>	<b>5,587,387,416,411</b>	<b>14,011,807,539,142</b>	<b>16,069,683,666,705</b>
Selling expenses	25	1,796,322,778,205	2,495,707,858,239	5,184,586,806,756	7,242,462,934,319
<b>Net operating profit</b>	<b>30</b>	<b>3,076,199,249,776</b>	<b>3,076,199,249,776</b>	<b>8,859,574,363,923</b>	<b>8,859,574,363,923</b>

**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.

**5. Merger transaction**

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

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

**Form B 09a – DN**

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

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

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


(\*) The gain from the merger was mainly derived from the accumulated profit after tax as at 28 February 2017 of LSM of VND441,694,168,467.

30 October 2017

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