



**Vietnam Dairy Products Joint Stock Company**

Separate financial statements  
for the year ended 31 December 2017



**Vietnam Dairy Products Joint Stock Company**

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## 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 FINANCIAL STATEMENTS**

The Board of Directors is responsible for the separate financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) which give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2017 and of the unconsolidated results of operations and unconsolidated cash flows for the year then ended. In preparing these separate financial statements, the Board of Directors is required to:

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

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

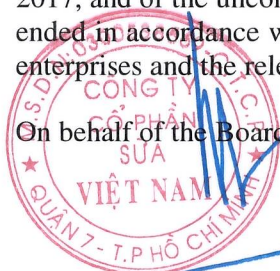
**APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS**

We hereby approve the accompanying separate financial statements set out on pages 6 to 61, which give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2017, and of the unconsolidated results of operations and unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standard, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Directors

Mai Kieu Lien  
*Chief Executive Officer*

Ho Chi Minh City, 2 March 2018





KPMG Limited Branch  
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115 Nguyen Hue Street, Ben Nghe Ward  
District 1, Ho Chi Minh City, Vietnam  
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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying separate financial statements of Vietnam Dairy Products Joint Stock Company ("the Company"), which comprise the separate balance sheet as at 31 December 2017, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 2 March 2018, as set out on pages 6 to 61.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

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



### Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Vietnam Dairy Products Joint Stock Company as at 31 December 2017 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

### KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 17-01-149/S



Chang Hung Chun

Practicing Auditor Registration  
Certificate No. 0863-2018-007-1  
*Deputy General Director*

Lam Thi Ngoc Hao

Practicing Auditor Registration  
Certificate No. 0866-2018-007-1

Ho Chi Minh City, 2 March 2018



**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of financial position as at 31 December 2017**

**Form B 01 – 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>31/12/2017 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>19,002,943,395,528</b>	<b>17,801,341,382,408</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>733,003,539,943</b>	<b>485,358,843,152</b>
Cash	111		653,003,539,943	485,358,843,152
Cash equivalents	112		80,000,000,000	-
<b>Short-term financial investments</b>	<b>120</b>		<b>10,515,000,831,849</b>	<b>10,368,523,488,016</b>
Trading securities	121	V.4(a)	442,023,488,016	442,023,488,016
Held-to-maturity investments	123	V.4(b)	10,072,977,343,833	9,926,500,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>4,177,896,085,300</b>	<b>2,702,207,940,196</b>
Accounts receivable from customers	131	V.2(a)	3,346,014,740,184	1,983,880,118,265
Prepayments to suppliers	132		515,607,637,431	240,402,985,745
Other short-term receivables	136	V.3(a)	320,433,597,717	478,323,444,840
Allowance for doubtful debts	137	V.2(d)	(4,159,890,032)	(475,005,167)
Shortage of assets awaiting for resolution	139		-	76,396,513
<b>Inventories</b>	<b>140</b>	<b>V.5</b>	<b>3,447,759,303,261</b>	<b>4,098,729,148,422</b>
Inventories	141		3,452,574,058,435	4,115,402,639,668
Allowance for inventories	149		(4,814,755,174)	(16,673,491,246)
<b>Other current assets</b>	<b>150</b>		<b>129,283,635,175</b>	<b>146,521,962,622</b>
Short-term prepaid expenses	151	V.10(a)	30,082,217,988	33,324,800,182
Deductible value added tax	152		99,201,417,187	113,197,162,440

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of financial position as at 31 December 2017 (continued)**

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
<b>Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)</b>	<b>200</b>		<b>13,506,629,942,142</b>	<b>10,321,862,962,386</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>43,381,778,324</b>	<b>15,126,638,176</b>
Long-term receivables	211	V.2(b)	29,973,948,684	-
Long-term loan receivables	215		5,373,558,222	7,245,908,762
Other long-term receivables	216	V.3(b)	8,034,271,418	7,880,729,414
<b>Fixed assets</b>	<b>220</b>		<b>6,578,193,561,054</b>	<b>5,790,522,519,072</b>
Tangible fixed assets	221	V.6	6,491,044,842,497	5,612,296,370,375
Cost	222		12,565,140,937,848	10,748,406,433,591
Accumulated depreciation	223		(6,074,096,095,351)	(5,136,110,063,216)
Intangible fixed assets	227	V.7	87,148,718,557	178,226,148,697
Cost	228		203,811,252,886	297,619,795,932
Accumulated amortisation	229		(116,662,534,329)	(119,393,647,235)
<b>Investment property</b>	<b>230</b>	<b>V.8</b>	<b>95,273,270,528</b>	<b>134,895,415,278</b>
Cost	231		143,340,838,168	176,272,511,838
Accumulated depreciation	232		(48,067,567,640)	(41,377,096,560)
<b>Long-term work in progress</b>	<b>240</b>		<b>970,605,001,566</b>	<b>430,308,443,075</b>
Construction in progress	242	V.9	970,605,001,566	430,308,443,075
<b>Long-term financial investments</b>	<b>250</b>		<b>5,358,856,346,187</b>	<b>3,616,419,284,278</b>
Investments in subsidiaries	251	V.4(c)	4,957,492,071,156	3,126,810,823,122
Investments in associates	252	V.4(c)	388,119,808,669	319,289,808,669
Equity investments in other entities	253	V.4(c)	28,570,276,240	10,570,276,240
Allowance for diminution in the value of long-term financial investments	254	V.4(c)	(15,325,809,878)	(30,251,623,753)
Held-to-maturity investments	255	V.4(b)	-	190,000,000,000
<b>Other non-current assets</b>	<b>260</b>		<b>460,319,984,483</b>	<b>334,590,662,507</b>
Long-term prepaid expenses	261	V.10(b)	429,925,215,603	299,939,849,755
Deferred tax assets	262	V.18	30,394,768,880	34,650,812,752
<b>TOTAL ASSETS</b> (270 = 100 + 200)	<b>270</b>		<b>32,509,573,337,670</b>	<b>28,123,204,344,794</b>

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



**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of financial position as at 31 December 2017 (continued)**

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>9,213,216,736,722</b>	<b>6,329,270,261,772</b>
<b>Current liabilities</b>	<b>310</b>		<b>9,111,522,890,254</b>	<b>6,233,534,218,272</b>
Accounts payable to suppliers	311	V.11	3,608,952,910,564	2,568,934,375,909
Advances from customers	312		58,920,681,881	35,900,744,953
Taxes payable to State Treasury	313	V.12	375,861,148,168	245,031,363,448
Payables to employees	314		173,777,657,984	166,926,421,131
Accrued expenses	315	V.13	1,188,457,780,365	984,149,487,382
Short-term unearned revenue	318		7,344,630,678	2,629,190,398
Other short-term payables	319	V.14	3,023,434,643,866	574,093,150,299
Short-term borrowings	320	V.15	-	1,200,000,000,000
Provision – short-term	321		603,744,795	889,995,571
Bonus and welfare fund	322	V.16	674,169,691,953	454,979,489,181
<b>Long-term liabilities</b>	<b>330</b>		<b>101,693,846,468</b>	<b>95,736,043,500</b>
Long-term unearned revenue	336		1,039,560,218	-
Provision – long-term	342	V.17	100,654,286,250	95,736,043,500
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>23,296,356,600,948</b>	<b>21,793,934,083,022</b>
<b>Owners' equity</b>	<b>410</b>	<b>V.19</b>	<b>23,296,356,600,948</b>	<b>21,793,934,083,022</b>
Share capital	411	V.20	14,514,534,290,000	14,514,534,290,000
Share premium	412		260,699,620,761	260,699,620,761
Treasury shares	415		(7,159,821,800)	(1,176,335,920)
Investment and development fund	418		2,849,474,124,833	1,794,957,937,585
Retained profits	421		5,678,808,387,154	5,224,918,570,596
- Retained profits brought forward	421a		2,322,232,146,596	2,666,821,870,886
- Profit for the current year	421b		3,356,576,240,558	2,558,096,699,710
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>32,509,573,337,670</b>	<b>28,123,204,344,794</b>
<b>(440 = 300 + 400)</b>				

2 March 2018

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 financial statements*

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of income for the year ended 31 December 2017**

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

	Code	Note	2017 VND	2016 VND
<b>Revenue from sales of goods and provision of services</b>	<b>01</b>	<b>VI.1</b>	<b>47,506,683,942,486</b>	<b>43,932,164,892,426</b>
<b>Revenue deductions</b>	<b>02</b>	<b>VI.1</b>	<b>47,904,322,982</b>	<b>123,038,511,216</b>
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>VI.1</b>	<b>47,458,779,619,504</b>	<b>43,809,126,381,210</b>
<b>Cost of sales</b>	<b>11</b>	<b>VI.2</b>	<b>24,244,098,117,020</b>	<b>22,522,706,121,326</b>
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>23,214,681,502,484</b>	<b>21,286,420,259,884</b>
Financial income	21	VI.3	1,282,827,726,909	775,693,544,401
Financial expenses	22	VI.4	25,579,936,980	(1,239,350,917)
<i>In which: Interest expense</i>	23		12,869,222,222	29,633,689,355
Selling expenses	25	VI.7	11,018,891,006,864	10,320,592,720,769
General and administration expenses	26	VI.8	983,689,268,088	788,972,501,837
<b>Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>12,469,349,017,461</b>	<b>10,953,787,932,596</b>
Other income	31	VI.5	153,645,065,764	263,295,376,038
Other expenses	32	VI.6	126,142,348,003	150,146,674,029
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>27,502,717,761</b>	<b>113,148,702,009</b>
<b>Accounting profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>12,496,851,735,222</b>	<b>11,066,936,634,605</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>VI.10</b>	<b>1,947,433,818,896</b>	<b>1,831,036,765,405</b>
<b>Income tax expense/(benefit) – deferred</b>	<b>52</b>	<b>VI.10</b>	<b>4,256,043,872</b>	<b>(9,470,625,438)</b>
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>10,545,161,872,454</b>	<b>9,245,370,494,638</b>

2 March 2018

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 financial statements*

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of cash flows for year ended 31 December 2017**  
**(Indirect method)**

**Form B 03 – 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>2017 VND</b>	<b>2016 VND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before tax</b>	<b>01</b>		<b>12,496,851,735,222</b>	<b>11,066,936,634,605</b>
<b>Adjustments for</b>				
Depreciation and amortisation	02		981,369,357,048	898,148,802,451
Allowances and provisions	03		(7,551,241,220)	(52,422,845,107)
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04		3,716,375,078	(1,318,867,186)
Gains on disposals of fixed assets, investment property and construction in progress	05		(23,733,472,800)	(8,235,817,112)
Gain from merger of a subsidiary	05	VII.3	(430,894,168,467)	-
Dividends and interest income	05		(816,164,715,469)	(737,410,536,886)
Interest expense	06	VI.4	12,869,222,222	29,633,689,355
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>12,216,463,091,614</b>	<b>11,195,331,060,120</b>
Change in receivables	09		(1,437,501,533,771)	(160,447,236,353)
Change in inventories	10		763,205,299,949	(641,911,165,310)
Change in payables and other liabilities	11		1,272,472,244,120	491,914,423,870
Change in prepaid expenses	12		(29,259,752,165)	(13,380,568,323)
Change in trading securities	13		-	11,421,007,510
Interest paid	14		(33,925,611,111)	(15,991,217,076)
Income tax paid	15	V.12	(1,872,584,222,416)	(1,722,453,829,341)
Other payments for operating activities	17		(837,362,208,372)	(873,366,606,379)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>10,041,507,307,848</b>	<b>8,271,115,868,718</b>

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of cash flows for year ended 31 December 2017**  
**(Indirect method – continued)**

**Form B 03 – 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>2017 VND</b>	<b>2016 VND</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(1,978,535,358,735)	(743,276,724,586)
Collections on disposals of fixed assets, investment property and other long-term assets	22		75,424,552,703	157,426,587,913
Payments for time deposits	23		(256,477,343,833)	(1,379,904,000,000)
Payments for granting loans	23		-	(1,672,208,413)
Receipts from collecting loans	24		1,872,350,540	-
Receipts from sales of debt instruments of other entities	24		300,000,000,000	-
Payments for investments in other entities	25		(2,002,311,248,034)	(634,854,238,429)
Collections on investments in other entities	26	VII.3	273,192,164,317	-
Receipts of interest and dividends	27		804,985,283,910	675,323,648,354
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(2,781,849,599,132)</b>	<b>(1,926,956,935,161)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from equity issued	31		-	354,965,040,720
Payment for repurchase of treasury shares	32		(5,983,485,880)	(1,176,335,920)
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>(7,011,305,387,280)</b>	<b>(6,926,699,787,200)</b>

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of cash flows for year ended 31 December 2017**  
**(Indirect method – continued)**

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

	Code	Note	2017 VND	2016 VND
Net cash flows during the year (50 = 20 + 30 + 40)	50		248,352,321,436	(582,540,853,643)
Cash and cash equivalents at the beginning of the year	60		485,358,843,152	1,067,935,585,325
Effect of exchange rate fluctuations on cash and cash equivalents	61		(707,624,645)	(35,888,530)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	V.1	733,003,539,943	485,358,843,152

2 March 2018

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 financial statements*



**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2017**

**Form B 09 – DN**

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

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

**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.

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**3. Normal operating cycle**

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

**4. Group structure**

As at 31 December 2017, the Company had 6 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	100.00%
• 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%
• Vietnam Sugar Joint Stock Company (***)	Thuy Xuong Village, Suoi Hiep Commune, Dien Khanh District, Khanh Hoa Province	Sugar producing and refining	65.00%

(\*) 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 the regarding 49% equity interest in Angkor Dairy Products Co., Ltd. to have 100% ownership in this subsidiary.



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(\*\*\*) In October 2017, the Company purchased newly issued shares of Khanh Hoa Sugar Joint Stock Company and then took 65% equity interest in it. And from 14 November 2017, Khanh Hoa Sugar Joint Stock Company changed its name to Vietnam Sugar Joint Stock Company.

**(b) Associates**

<b>Name</b>	<b>Location</b>	<b>Principal activities</b>	<b>% of ownership/ voting rights</b>
• Miraka Limited	108 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 Coconuts Processing Joint Stock Company (*)	Giao Long Industrial Zone, Phase II, An Phuoc Commune, Chau Thanh District, Ben Tre Province, Vietnam	Coconut-based products manufacturing and trading	25.00%

(\*) In December 2017, the Company completed its investment of 25% share capital of Asia Coconuts Processing Joint Stock Company (“ACP”).

**(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.

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- 5/ Sai Gon Dairy Factory – Tan Thoi Hiep Industrial Park, District 12, Ho Chi Minh City.
- 6/ Nghe An Dairy Factory – Sao Nam Street, Nghi Thu Commune, Cua Lo Town, Nghe An Province.
- 7/ Binh Dinh Dairy Factory – 87 Hoang Van Thu, Quang Trung Ward, Quy Nhon City, Binh Dinh Province.
- 8/ Vietnam Beverage Factory – My Phuoc II Industrial Park, Binh Duong Province.
- 9/ Tien Son Dairy Factory – Tien Son Industrial Park, Bac Ninh Province.
- 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.

***Raw milk center :***

- 1/ Branch of Vietnam Dairy Products Joint Stock Company's – Cu Chi Raw milk center - Lot B14-1, B14-2 D4, Dong Nam Industrial Zone, Hoa Phu Commune, Cu Chi District, Ho Chi Minh City.

As at 31 December 2017, the Company had 5,669 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 and presentation currency**

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

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

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

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

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

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

#### **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 financial statements.

The accounting policies that have been adopted by the Company in the preparation of these separate 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 year have been translated into VND at actual rates of exchange ruling at the transaction dates.

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

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

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**2. Cash and cash equivalents**

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

**3. Investments**

**(a) Trading securities**

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

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

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

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

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

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

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

**(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.

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**(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 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 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.

**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.

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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.

**(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 |

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**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.

**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.



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**(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.

**(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.

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**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.

***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 average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee 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 are excluded.

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**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.

**15. 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 annual 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 annual accounting period.

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

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**16. 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 annual accounting period. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(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.

**(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).

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**17. 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 financial statements.

**18. 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.

**19. 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.

**20. 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.

**21. 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.

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**22. 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.

**23. 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.

**24. Related parties**

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

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

**1. Cash and cash equivalents**

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	730,005,123	791,588,837
Cash in banks	652,273,534,820	484,567,254,315
Cash equivalents	80,000,000,000	-
	<b>733,003,539,943</b>	<b>485,358,843,152</b>

**2. Accounts receivable from customers**

**(a) Accounts receivable from customers – short-term**

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Receivables from customers	3,346,014,740,184	1,983,880,118,265

**(b) Accounts receivable from customers – long-term**

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
SIG Combiloc Ltd	29,973,948,684	-



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**(c) Accounts receivable from related parties**

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
<b>Subsidiaries</b>		
Angkor Dairy Products Co., Ltd.	22,027,476,285	10,114,960,745
Vietnam Dairy Cow One Member Limited Company	48,390,000	4,694,934,985
Driftwood Dairy Holdings Corporation	-	524,528,900
Thong Nhat Thanh Hoa Dairy Cow Limited Company	31,324,879	40,702,511
Lamson Dairy Products One Member Company Limited (previously known as a subsidiary)	-	5,894,748,601
<b>Associate</b>		
APIS Corporation	136,184,400	136,184,400
	<b>22,243,375,564</b>	<b>21,406,060,142</b>

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

**(d) Short-term allowance for doubtful debts**

Movements of short-term allowance for doubtful debts during the year were as follows:

	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
Opening balance	(475,005,167)	(34,409,000)
Increase in allowance for doubtful debts	(3,684,884,865)	(469,005,167)
Allowance for doubtful debts used during the year	-	28,409,000
<b>Closing balance</b>	<b>(4,159,890,032)</b>	<b>(475,005,167)</b>

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**3. Other receivables**

**(a) Other short-term receivables**

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	296,972,069,630	268,804,804,005
Interest income from bonds	4,595,917,808	17,595,726,029
Receivables from employees	790,358,223	779,702,422
Advances to employees	2,007,687,112	2,286,937,297
Short-term deposits	212,140,600	177,731,000
Import tax refundable	11,286,997,201	27,796,047,217
Rebates receivable from suppliers	-	54,797,825,720
Dividends receivable	-	3,988,025,835
Receivables from import entrustment	-	99,213,751,320
Others	4,568,427,143	2,882,893,995
	<b>320,433,597,717</b>	<b>478,323,444,840</b>

**(b) Other long-term receivables**

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits	1,786,586,592	1,633,044,588
Others	6,247,684,826	6,247,684,826
	<b>8,034,271,418</b>	<b>7,880,729,414</b>

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**4. Investments**

**(a) Trading securities**

	<b>31/12/2017</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	23,542,016	-	23,488,016	23,531,816	-
	<b>442,023,488,016</b>	<b>442,023,542,016</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 V.14). The carrying value of the securities represented the expected realisable amount.

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

	Note	31/12/2017 VND	1/1/2017 VND
Held-to-maturity investments – short-term			
▪ term deposits		9,882,977,343,833	9,626,500,000,000
▪ corporate bonds	(*)	190,000,000,000	300,000,000,000
		<b>10,072,977,343,833</b>	<b>9,926,500,000,000</b>
Held-to-maturity investments – long-term			
▪ corporate bonds	(*)	-	190,000,000,000
		-	<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 at the rates ranging from 8.075% to 8.175% per annum (for year ended 31 December 2016: from 7.500% to 8.075%) and are matured in September 2018.

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**(c) Long-term financial investments**

		31 December 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>Investment in 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 VII.3)	-	-	-	-	100.00%	370,800,000,000	(*)	-
▪ Driftwood Dairy Holdings Corporation	100.00%	225,895,918,429	(*)	-	100.00%	225,895,918,429	(*)	-
▪ Vinamilk Europe Spółtka Z Ograniczona Odpowiedzialnoscia	100.00%	66,463,150,000	(*)	-	100.00%	66,463,150,000	(*)	-
▪ Angkor Dairy Products Co., Ltd.	100.00%	464,289,241,751	(*)	-	51.00%	217,871,754,693	(*)	-
▪ Thong Nhat Thanh Hoa Dairy Cow Company Limited	100.00%	621,682,699,703	(*)	(7,824,292,836)	96.11%	135,000,000,000	(*)	-
▪ Vietnam Sugar Joint Stock Company	65.00%	1,328,381,061,273	(*)	-	-	-	-	-
		4,957,492,071,156		(7,824,292,836)		3,126,810,823,122		(22,761,321,984)

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		<b>31 December 2017</b>				<b>1 January 2017</b>		
	<b>% of equity owned and voting rights</b>	<b>Cost VND</b>	<b>Fair value VND</b>	<b>Allowance for diminution in value VND</b>	<b>% of equity owned and voting rights</b>	<b>Cost VND</b>	<b>Fair value VND</b>	<b>Allowance for diminution in value VND</b>
<b>Investment in 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 Coconuts Processing Joint Stock Company	25.00%	86,830,000,000	(*)	-	-	-	-	-
▪ Asia Saigon Food Ingredients Joint Stock Company (***)	14.71%	-	-	-	14.71%	18,000,000,000	(*)	-
		<hr/>		<hr/>		<hr/>		<hr/>
		388,119,808,669		-		319,289,808,669		-
<b>Equity investment in other entities</b>								
▪ Asia Saigon Food Ingredients Joint Stock Company (***)		18,000,000,000	(*)	-		-	-	-
▪ Vietnam Growth Investment Fund		10,270,276,240	(*)	(7,501,517,042)		10,270,276,240	(*)	(7,490,301,769)
▪ An Khang Clinic – Pharmacy		300,000,000	(*)	-		300,000,000	(*)	-
		<hr/>		<hr/>		<hr/>		<hr/>
		28,570,276,240		(7,501,517,042)		10,570,276,240		(7,490,301,769)
		<hr/>		<hr/>		<hr/>		<hr/>
		<b>5,374,182,156,065</b>		<b>(15,325,809,878)</b>		<b>3,456,670,908,031</b>		<b>(30,251,623,753)</b>

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- (\*) At the reporting date, the Company has not determined fair values of these financial instruments for disclosure in the separate financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these financial instruments may differ from their carrying amounts.
- (\*\*) The Company had significant influence over this entity because the Company has the right to appoint members in the Board of Management of this entity.
- (\*\*\*) Prior to 11 November 2017 the Company held 15% shares in Asia Saigon Food Ingredients Joint Stock Company but had significant influence over this entity because a member of the Company's Board of Directors is a Board of Management member of this entity; as at 11 November 2017, the Company had no longer significant influence over Asia Saigon Food Ingredients Joint Stock Company's operating and financial policies, the Company reclassified the investment from investment in associate to other investment accordingly.



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

	<b>2017 VND</b>	<b>2016 VND</b>
Opening balance	(30,251,623,753)	(102,785,399,217)
Increase in allowance during the year	(7,835,508,109)	(2,750,174,821)
Written back	22,761,321,984	75,283,950,285
<b>Closing balance</b>	<b>(15,325,809,878)</b>	<b>(30,251,623,753)</b>

**5. Inventories**

	<b>31/12/2017</b>		<b>1/1/2017</b>	
	<b>Cost VND</b>	<b>Allowance VND</b>	<b>Cost VND</b>	<b>Allowance VND</b>
Goods in transit	345,659,646,367	-	561,281,869,361	-
Raw materials	2,072,265,020,702	(2,135,991,214)	2,315,039,717,953	(7,137,697,729)
Tools and supplies	320,137,985	-	472,026,406	-
Work in progress	14,553,283,556	-	15,105,363,931	-
Finished goods	973,822,488,810	(2,678,763,960)	1,146,274,640,723	(9,535,793,517)
Merchandise inventories	21,274,690,772	-	72,437,224,462	-
Goods on consignment	24,678,790,243	-	4,791,796,832	-
	<b>3,452,574,058,435</b>	<b>(4,814,755,174)</b>	<b>4,115,402,639,668</b>	<b>(16,673,491,246)</b>

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

	<b>2017 VND</b>	<b>2016 VND</b>
Opening balance	(16,673,491,246)	(17,115,986,758)
Increase in allowance during the year	(6,450,494,585)	(20,495,989,783)
Written back	9,695,591,461	10,647,145,123
Allowance utilised during the year	8,613,639,196	10,291,340,172
<b>Closing balance</b>	<b>(4,814,755,174)</b>	<b>(16,673,491,246)</b>

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**6. 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	11,623,127,150	96,236,019,031	64,883,920,494	21,926,275,473	194,669,342,148
Transfer from construction in progress	55,058,022,405	1,145,230,193,534	45,673,166,397	12,367,955,332	1,258,329,337,668
Increase from merger of a subsidiary (Note VII.3)	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	(5,275,227,074)	(187,646,477,473)	(15,369,852,459)	(2,927,869,909)	(211,219,426,915)
<b>Closing balance</b>	<b>2,069,197,735,254</b>	<b>9,211,741,341,596</b>	<b>789,524,484,354</b>	<b>494,677,376,644</b>	<b>12,565,140,937,848</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 year	91,268,745,997	753,368,409,944	65,686,140,006	49,875,984,037	960,199,279,984
Increase from merger of a subsidiary (Note VII.3)	14,300,061,318	111,077,679,861	2,629,925,801	5,786,742,523	133,794,409,503
Reclassification	-	8,785,457,615	-	(8,785,457,615)	-
Disposals	(2,942,811,245)	(136,801,969,427)	(13,340,694,271)	(2,922,182,409)	(156,007,657,352)
<b>Closing balance</b>	<b>623,666,258,668</b>	<b>4,712,232,909,380</b>	<b>362,691,428,047</b>	<b>375,505,499,256</b>	<b>6,074,096,095,351</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	1,445,531,476,586	4,499,508,432,216	426,833,056,307	119,171,877,388	6,491,044,842,497

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Included in the cost of tangible fixed assets were assets costing VND 1,508,970,280,173 which were fully depreciated as at 31 December 2017 (1/1/2017: VND1,257,988,443,769), but which are still in active use.

**7. 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	-	3,158,228,733	3,158,228,733
Transfer from construction in progress	-	11,957,912,736	11,957,912,736
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>146,228,687,777</b>	<b>203,811,252,886</b>
<b>Accumulated amortisation</b>			
Opening balance	28,721,931,735	90,671,715,500	119,393,647,235
Charge for the year	1,452,329,128	14,382,749,643	15,835,078,771
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>105,054,465,143</b>	<b>116,662,534,329</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	41,174,222,634	87,148,718,557

Included in the cost of intangible fixed assets were assets costing VND57,672,610,675 which were fully amortised as at 31 December 2017 (1/1/2017: VND48,086,488,915), but which are still in use.

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**8. 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
Additions	-	-	131,563,636	131,563,636
Transfer from construction in progress	-	-	6,954,545,455	6,954,545,455
Increase from merger of a subsidiary (Note VII.3)	-	-	3,405,538,719	3,405,538,719
Disposals	(43,339,950,000)	-	(83,371,480)	(43,423,321,480)
<b>Closing balance</b>	<b>38,884,288,170</b>	<b>6,464,218,561</b>	<b>97,992,331,437</b>	<b>143,340,838,168</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 year	793,556,901	611,364,017	3,930,077,375	5,334,998,293
Increase from merger of a subsidiary (Note VII.3)	-	-	1,422,169,969	1,422,169,969
Disposals	-	-	(66,697,182)	(66,697,182)
<b>Closing balance</b>	<b>3,438,746,575</b>	<b>5,186,933,954</b>	<b>39,441,887,111</b>	<b>48,067,567,640</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	35,445,541,595	1,277,284,607	58,550,444,326	95,273,270,528

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

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

Included in the cost of investment property held to earn rental was assets costing VND7,892,173,774 which were fully depreciated as at 31 December 2017 (1/1/2017: VND7,892,173,774), but which are still in use.

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**9. Construction in progress**

	<b>2017 VND</b>	<b>2016 VND</b>
Opening balance	430,308,443,075	277,294,577,637
Additions	1,820,002,459,383	645,028,465,318
Increase from merger of a subsidiary (Note VII.3)	295,492,565	-
Transfer to tangible fixed assets	(1,258,329,337,668)	(346,576,887,766)
Transfer to intangible fixed assets	(11,957,912,736)	-
Transfer to investment property	(6,954,545,455)	-
Transfer to short-term prepaid expenses	(1,558,153,710)	-
Transfer to long-term prepaid expenses	(513,490,250)	(2,749,287,993)
Transfer to inventories	(822,538,824)	(32,951,504)
Disposals	-	(142,448,689,166)
Other increase/(decreases)	134,585,186	(206,783,451)
<b>Closing balance</b>	<b>970,605,001,566</b>	<b>430,308,443,075</b>

Major constructions in progress were as follows:

	<b>31/12/2017 VND</b>	<b>1/1/2017 VND</b>
Machinery and equipment – Vietnam Dairy Factory	157,946,048,335	179,888,609,336
Machinery and equipment – Saigon Dairy Factory	141,602,512,259	90,072,363,870
Machinery and equipment – Beverage Factory	340,171,668,253	-
Others	330,884,772,719	160,347,469,869
	<b>970,605,001,566</b>	<b>430,308,443,075</b>

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**10. Prepaid expenses**

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

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Prepaid software deployment and networks maintenance expenses	4,659,874,251	5,166,842,293
Prepaid advertising expenses	3,141,628,217	5,746,426,437
Prepaid maintenance expenses	1,282,268,280	2,628,565,218
Prepaid operating lease expenses	4,400,080,539	7,007,482,846
Prepaid tools and supplies expenses	8,977,569,573	8,258,868,844
Prepaid renovation and repair expenses	4,166,496,897	2,809,598,781
Other short-term prepaid expenses	3,454,300,231	1,707,015,763
	<b>30,082,217,988</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	134,104,935,791	38,427,743,659	299,939,849,755
Additions	2,502,746,703	116,380,625,299	36,124,033,580	155,007,405,582
Increase from merger of a subsidiary (Note VII.3)	-	453,033,579	82,650,524	535,684,103
Transfer from intangible fixed assets	90,358,492,838	-	-	90,358,492,838
Transfer from construction in progress	-	513,490,250	-	513,490,250
Reclassification	-	276,831,095	(276,831,095)	-
Amortisation for the year	(6,125,976,155)	(80,472,205,890)	(29,831,524,880)	(116,429,706,925)
<b>Closing balance</b>	<b>214,142,433,691</b>	<b>171,256,710,124</b>	<b>44,526,071,788</b>	<b>429,925,215,603</b>

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**11. Accounts payable to suppliers**

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

	<b>31/12/2017</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	811,664,433,728	811,664,433,728	150,053,638,178	150,053,638,178
Other suppliers	2,797,288,476,836	2,797,288,476,836	2,418,880,737,731	2,418,880,737,731
	<b>3,608,952,910,564</b>	<b>3,608,952,910,564</b>	<b>2,568,934,375,909</b>	<b>2,568,934,375,909</b>

**(b) Accounts payable to related parties**

	<b>31/12/2017 VND</b>	<b>1/1/2017 VND</b>
<b>Subsidiaries</b>		
Vietnam Dairy Cow One Member Limited Company	52,377,507,535	28,517,268,205
Lamson Dairy Products One Member Company Limited (previously known as a subsidiary)	-	230,564,754,601
Thong Nhat Thanh Hoa Dairy Cow Company Limited	2,024,384,700	-
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	-	3,329,163,200
Angkor Dairy Products Co., Ltd.	-	13,198,829
<b>Associate</b>		
APIS Corporation	40,890,765,724	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**  
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**12. Taxes payable to State Treasury**

	<b>1/1/2017 VND</b>	<b>Incurred VND</b>	<b>Increases from merger of a subsidiary (Note VII.3) VND</b>	<b>Paid VND</b>	<b>31/12/2017 VND</b>
Value added tax	59,180,482,592	2,015,745,358,350	6,195,050,893	(2,002,335,689,040)	78,785,202,795
Import tax	1,731,577,990	116,754,410,295	-	(117,848,384,973)	637,603,312
Corporate income tax	168,041,783,749	1,947,433,818,896	4,269,369,639	(1,872,584,222,416)	247,160,749,868
Personal income tax	14,356,297,623	238,783,645,031	44,595,723	(208,968,858,080)	44,215,680,297
Other taxes	1,721,221,494	33,002,071,069	-	(29,661,380,667)	5,061,911,896
<b>Total</b>	<b>245,031,363,448</b>	<b>4,351,719,303,641</b>	<b>10,509,016,255</b>	<b>(4,231,398,535,176)</b>	<b>375,861,148,168</b>

**13. Accrued expenses**

	<b>31/12/2017 VND</b>	<b>1/1/2017 VND</b>
Sale incentives, promotion	805,458,522,183	583,040,840,709
Rental fees	4,302,136,374	922,786,364
Advertising expenses	152,576,702,207	170,814,940,905
Transportation expenses	63,804,058,530	77,412,131,182
Repair and maintenance expenses	26,287,942,358	11,769,500,442
Interest expense	-	21,056,388,889
Fuel expenses	13,567,383,974	13,959,796,579
Expenses for outsourced employees	60,880,431,816	62,494,315,062
Others	61,580,602,923	42,678,787,250
	<b>1,188,457,780,365</b>	<b>984,149,487,382</b>



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**14. Other short-term payables**

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Insurance and trade union fees	104,748,571	48,746,710
Short-term deposits received	79,876,865,431	70,812,658,216
Other payables relating to financial investments (*)	734,007,419,155	448,007,419,155
Dividend payables	2,176,917,780,000	-
Import duty payables	22,482,594,509	42,613,702,494
Others	10,045,236,200	12,610,623,724
	<b>3,023,434,643,866</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. The remaining balance with the amount of VND286,000,000,000 represent the amount payable for purchase of Vietnam Sugar Joint Stock Company's equity in 2018.

**Vietnam Dairy Products Joint Stock Company**

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**15. Borrowings and finance lease liabilities**

	Opening balance		Movements during the year		Closing balance	
	Carrying value	Repayable amount	Increase	Decrease	Carrying value	Repayable amount
<b>Short-term borrowings</b>						
– The Bank of Tokyo-Mitsubishi UFJ Ltd.	100,000,000,000	100,000,000,000	610,000,000,000	710,000,000,000	-	-
– Joint Stock Commercial Bank for Foreign Trade of Vietnam	1,100,000,000,000	1,100,000,000,000	-	1,100,000,000,000	-	-
– Sumitomo Mitsui Banking Corporation	-	-	590,000,000,000	590,000,000,000	-	-
<b>Total</b>	<b>1,200,000,000,000</b>	<b>1,200,000,000,000</b>	<b>1,200,000,000,000</b>	<b>2,400,000,000,000</b>	<b>-</b>	<b>-</b>

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**16. Bonus and welfare fund**

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

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

	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
Opening balance	454,979,489,181	403,036,668,825
Appropriation (Note V.19)	1,054,516,187,248	924,537,049,464
Utilisation	(835,325,984,476)	(872,594,229,108)
<b>Closing balance</b>	<b>674,169,691,953</b>	<b>454,979,489,181</b>

**17. Provision – long-term**

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

	<b>Provision for severance allowance</b>	
	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
Opening balance	95,736,043,500	87,099,730,000
Increase in provision during the year	6,934,784,666	10,053,842,830
Increases from merger of a subsidiary (Note VII.3)	224,541,667	-
Provision used during the year	(2,241,083,583)	(1,417,529,330)
<b>Closing balance</b>	<b>100,654,286,250</b>	<b>95,736,043,500</b>

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**18. Deferred tax assets**

	<b>Tax rate</b>	<b>31/12/2017 VND</b>	<b>1/1/2017 VND</b>
Deferred tax assets			
Foreign exchange differences	20%	327,773,815	-
Accrued expenses and provisions	20%	30,067,817,400	35,072,880,406
		<hr/>	<hr/>
		30,395,591,215	35,072,880,406
Deferred tax liabilities			
Foreign exchange differences	20%	(822,335)	(422,067,654)
		<hr/>	<hr/>
<b>Net deferred tax assets</b>		<b>30,394,768,880</b>	<b>34,650,812,752</b>
		<hr/> <hr/>	<hr/> <hr/>

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**19. 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	-	-	(1,176,335,920)	-	-	(1,176,335,920)
Net profit for the year	-	-	-	-	9,245,370,494,638	9,245,370,494,638
Appropriation to equity funds	-	-	-	924,537,049,464	(924,537,049,464)	-
Appropriation to bonus and welfare fund	-	-	-	-	(924,537,049,464)	(924,537,049,464)
Dividends (Note V.21)	-	-	-	-	(7,238,478,492,000)	(7,238,478,492,000)
<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	-	-	(5,983,485,880)	-	-	(5,983,485,880)
Net profit for the year	-	-	-	-	10,545,161,872,454	10,545,161,872,454
Appropriation to equity funds	-	-	-	1,054,516,187,248	(1,054,516,187,248)	-
Appropriation to bonus and welfare fund	-	-	-	-	(1,054,516,187,248)	(1,054,516,187,248)
Dividends (Note V.21)	-	-	-	-	(7,982,239,681,400)	(7,982,239,681,400)
<b>Balance at 31 December 2017</b>	<b>14,514,534,290,000</b>	<b>260,699,620,761</b>	<b>(7,159,821,800)</b>	<b>2,849,474,124,833</b>	<b>5,678,808,387,154</b>	<b>23,296,356,600,948</b>

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**20. Share capital**

The Company's authorised and issued share capital are:

	<b>31/12/2017</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	(174,909)	(7,159,821,800)	(27,100)	(1,176,335,920)
<b>Shares currently in circulation</b>				
Ordinary shares	1,451,278,520	14,507,374,468,200	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>31/12/2017</b>		<b>1/1/2017</b>	
	<b>VND</b>	<b>%</b>	<b>VND</b>	<b>%</b>
The State's capital	5,225,531,960,000	36.00%	5,708,865,960,000	39.33%
Other shareholders' capital	9,289,002,330,000	64.00%	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>

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**21. Dividends**

Pursuant to the Resolution of Annual General Meeting of Shareholders, the Board of Management of the Company on 15 April 2017, 24 July 2017 and 15 December 2017 resolved to distribute dividends in relation to 2016 and 2017 profits, respectively, totally amounting to VND7,982 billion (VND2,000 per share for the second distribution of fiscal year 2016, VND2,000 per share for the first advance distribution for the fiscal year 2017 and VND1,500 per share for the additional first advance distribution for the fiscal year 2017) (for the Year ended 31 December 2016: VND7,238 billion (VND2,000 per share for the second distribution for the fiscal year 2015 and VND4,000 per share for the first advance distribution for the fiscal year 2016)).

**22. Off balance sheet items**

**(a) Leases**

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

	<b>31/12/2017</b>	<b>31/12/2016</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	29,851,574,923	29,027,143,771
From 2 to 5 years	79,225,909,746	64,918,173,271
Over 5 years	438,884,831,390	315,191,823,980
	<b>547,962,316,059</b>	<b>409,137,141,022</b>

**(b) Foreign currencies**

	<b>31/12/2017</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	6,619,036.79	150,020,468,801	793,766.71	18,018,504,317
▪ EUR	5,372.56	145,075,238	797.30	19,013,213
		<b>150,165,544,039</b>		<b>18,037,517,530</b>

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**(c) Capital commitments**

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

	<b>31/12/2017</b> <b>VND</b>	<b>31/12/2016</b> <b>VND</b>
Approved and contracted	1,698,887,965,468	832,902,274,687

**VI. 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>2017</b> <b>VND</b>	<b>2016</b> <b>VND</b>
Total revenue		
▪ Sales of merchandise goods	741,990,478,901	1,773,809,041,542
▪ Sales of finished goods	46,629,566,301,700	42,032,832,209,122
▪ Other services	42,414,110,994	38,091,344,143
▪ Rental income from investment property	17,093,150,991	14,781,077,080
▪ Others	75,619,899,900	72,651,220,539
	<hr/> 47,506,683,942,486	<hr/> 43,932,164,892,426
Less revenue deductions		
▪ Sale discounts	16,816,382,012	-
▪ Sale returns	31,087,940,970	123,038,511,216
	<hr/> 47,904,322,982	<hr/> 123,038,511,216
<b>Net revenue</b>	<hr/> <b>47,458,779,619,504</b>	<hr/> <b>43,809,126,381,210</b>



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

	<b>2017 VND</b>	<b>2016 VND</b>
<b>Subsidiaries</b>		
Vietnam Dairy Cow One Member Limited Company	153,724,866,990	120,635,770,781
Lamson Dairy Products One Member Limited Company (until 1 March 2017)	66,055,114,812	401,763,718,979
Thong Nhat Thanh Hoa Dairy Cow Limited Company	113,264,870,700	2,334,242,530
Angkor Dairy Products Co., Ltd.	144,816,779,331	50,610,228,699
Driftwood Dairy Holdings Corporation	370,760,400	1,511,530,415
<b>Total revenue from sales to subsidiaries</b>	<b>478,232,392,233</b>	<b>576,855,491,404</b>
<b>Associates</b>		
Asia Saigon Food Ingredients Joint Stock Company (until 11 November 2017)	3,338,193,979	5,912,758,807
APIS Corporation	724,272,400	445,512,000
<b>Total revenue from sales to associates</b>	<b>4,062,466,379</b>	<b>6,358,270,807</b>

**2. Cost of sales**

	<b>2017 VND</b>	<b>2016 VND</b>
Total cost of sales		
▪ Merchandise goods sold	655,403,728,815	1,490,989,417,149
▪ Finished goods sold	22,982,046,419,652	19,869,130,549,663
▪ Cost of promotional goods	594,166,234,679	1,138,195,464,367
▪ Other services	7,241,931,793	5,723,123,980
▪ Operating costs of investment property	8,484,898,957	8,818,721,507
▪ (Decrease)/increase of allowance for inventories	(3,245,096,876)	9,848,844,660
	<b>24,244,098,117,020</b>	<b>22,522,706,121,326</b>

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**3. Financial income**

	<b>2017 VND</b>	<b>2016 VND</b>
Interest income from deposits	738,115,088,985	618,680,914,155
Interest income from corporate bonds	27,292,691,779	38,593,671,250
Dividends	50,756,934,705	80,121,753,282
Foreign exchange gains	35,768,842,973	38,282,999,485
Gain from merger of a subsidiary (Note VII.3)	430,894,168,467	-
Others	-	14,206,229
	<b>1,282,827,726,909</b>	<b>775,693,544,401</b>

**4. Financial expenses**

	<b>2017 VND</b>	<b>2016 VND</b>
Interest expense on borrowings	12,869,222,222	29,633,689,355
Interest expense on deposits received	3,752,873,000	2,389,947,521
Foreign exchange losses	23,883,655,633	38,044,924,662
Written back allowance for diminution in the value of financial investments – net	(14,925,813,875)	(72,794,537,764)
Others	-	1,486,625,309
	<b>25,579,936,980</b>	<b>(1,239,350,917)</b>

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**5. Other income**

	<b>2017 VND</b>	<b>2016 VND</b>
Rebate income from suppliers	16,782,902,629	100,049,825,720
Proceeds from disposals of fixed assets and investment property	124,358,812,571	11,378,896,619
Proceeds from disposals of construction in progress	-	142,499,768,999
Compensations received from other parties	7,575,581,641	4,356,970,526
Others	4,927,768,923	5,009,914,174
	<b>153,645,065,764</b>	<b>263,295,376,038</b>

**6. Other expenses**

	<b>2017 VND</b>	<b>2016 VND</b>
Book value of fixed assets and investment property disposed	98,568,393,861	3,117,795,704
Book value of construction in progress disposed	-	142,448,689,166
Others	27,573,954,142	4,580,189,159
	<b>126,142,348,003</b>	<b>150,146,674,029</b>

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**7. Selling expenses**

	<b>2017 VND</b>	<b>2016 VND</b>
Staff costs	303,629,803,770	288,108,799,103
Materials expenses	50,920,823,698	37,309,743,435
Tools and supplies expenses	99,972,838,228	84,106,402,255
Depreciation expenses	28,531,676,384	25,729,639,832
Warranty expenses	30,912,244,936	25,597,661,339
Transportation expenses	506,822,108,030	531,690,989,955
Outside service expenses	392,710,718,951	326,849,410,184
Advertising and marketing research expenses	1,974,531,744,528	2,066,520,256,094
Promotion, product display expenses and sale support expenses	7,630,859,048,339	6,934,679,818,572
	<b>11,018,891,006,864</b>	<b>10,320,592,720,769</b>

**8. General and administration expenses**

	<b>2017 VND</b>	<b>2016 VND</b>
Staff costs	469,936,596,459	241,524,381,017
Materials expenses	23,185,405,936	12,284,660,581
Office supplies	7,235,907,560	6,515,636,860
Depreciation expenses	63,417,903,638	67,372,957,325
Fees and duties	12,667,892,823	10,430,653,385
Allowance for doubtful debts and provision for severance allowance	10,619,669,531	10,522,847,997
Transportation expenses	35,408,633,387	41,659,941,622
Outside service expenses	217,140,330,470	236,818,744,942
Loading expenses	17,619,203,907	22,111,996,989
Per-diem allowances	49,118,220,880	44,276,912,915
Bank charges	4,294,476,498	4,041,827,006
Others	73,045,026,999	91,411,941,198
	<b>983,689,268,088</b>	<b>788,972,501,837</b>

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

	<b>2017 VND</b>	<b>2016 VND</b>
Raw material costs included in production costs	20,800,812,073,196	18,310,004,489,484
Labour costs and staff costs	1,508,333,601,543	1,238,141,822,844
Depreciation and amortisation	969,932,847,292	897,420,910,134
Outside services	1,922,751,255,423	1,831,369,897,661
Other expenses	10,570,650,606,477	10,499,487,681,237

**10. Income tax**

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

	<b>2017 VND</b>	<b>2016 VND</b>
<b>Current tax expense</b>		
Current year	1,948,441,370,860	1,835,648,099,045
Over provision in prior years	(1,007,551,964)	(4,611,333,640)
	<b>1,947,433,818,896</b>	<b>1,831,036,765,405</b>
<b>Deferred tax expense/(benefit)</b>		
Origination and reversal of temporary differences	4,256,043,872	(9,470,625,438)
<b>Income tax expense</b>	<b>1,951,689,862,768</b>	<b>1,821,566,139,967</b>

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
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**(b) Reconciliation of effective tax rate**

	<b>2017 VND</b>	<b>2016 VND</b>
Accounting profit before tax	12,496,851,735,222	11,066,936,634,605
Tax at the Company's tax rate	2,499,370,347,044	2,213,387,326,921
Tax rate differential applied to Company's branches and factories	(27,235,835,984)	(46,119,133,923)
Tax exempt income	(96,330,220,634)	(16,024,352,262)
Non-deductible expenses	6,857,771,039	9,321,426,309
Tax incentives	(405,743,299,786)	(334,387,793,438)
Deferred tax assets not previously recognised	(24,221,346,947)	-
Over provision in prior years	(1,007,551,964)	(4,611,333,640)
	<b>1,951,689,862,768</b>	<b>1,821,566,139,967</b>

**(c) Applicable tax rates**

The Company is required to pay income tax at rates ranging from 15% to 20% (for the year ended 31 December 2016: from 15% to 20%), depending on principal activities of its factories, on taxable profits.

**Vietnam Dairy Products Joint Stock Company**  
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**VII. OTHER INFORMATION**

**1. Significant transactions with related parties**

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

<b>Related party</b>	<b>Relationship</b>	<b>Nature of transactions</b>	<b>2017 VND</b>	<b>2016 VND</b>
Vietnam Dairy Cow One Member Limited Company	Subsidiary	Sales fixed assets	215,433,822	9,925,996,933
		Purchases of goods	1,000,181,585,527	573,317,479,621
		Capital contribution	140,000,000,000	440,780,000,000
Thong Nhat Thanh Hoa Dairy Cow Company Limited	Subsidiary	Sales fixed assets	48,225,106	-
		Purchases of goods	5,387,089,729	-
		Capital contribution	456,682,699,703	61,200,000,000
Vietnam Sugar Joint Stock Company	Subsidiary	Purchases of shares	1,328,381,061,273	-
Angkor Dairy Products Co., Ltd.	Subsidiary	Sales fixed assets	758,666,818	-
		Purchases of goods	13,771,676,190	13,164,080
		Purchases of shares	246,417,487,058	-
Driftwood Dairy Holdings Corporation	Subsidiary	Purchases of goods	-	8,573,687,032
		Purchases of shares	-	68,145,358,429
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Subsidiary	Purchases of goods	667,667,642,446	489,895,320,702
		Capital contribution	-	56,628,880,000
Miraka Limited	Associate	Purchases of goods	-	24,586,164,960
APIS Corporation	Associate	Purchases of goods	129,049,535,690	21,767,504,800
		Capital contribution	-	8,100,000,000
Asia Coconuts Processing Joint Stock Company	Associate	Purchases of shares	86,300,000,000	-
Members of Board of Management and Board of Directors		Compensations	123,523,671,767	91,004,863,749

**Vietnam Dairy Products Joint Stock Company****Notes to the separate financial statements for the year ended 31 December 2017 (continued)****Form B 09 – 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>2017 VND</b>	<b>2016 VND</b>	<b>2017 VND</b>	<b>2016 VND</b>	<b>2017 VND</b>	<b>2016 VND</b>
Net revenue	43,051,260,948,315	38,064,089,962,852	4,407,518,671,189	5,745,036,418,358	47,458,779,619,504	43,809,126,381,210
Cost of sales	22,727,244,630,910	20,452,296,148,635	1,516,853,486,110	2,070,409,972,691	24,244,098,117,020	22,522,706,121,326
<b>Segment income</b>	<b>20,324,016,317,405</b>	<b>17,611,793,814,217</b>	<b>2,890,665,185,079</b>	<b>3,674,626,445,667</b>	<b>23,214,681,502,484</b>	<b>21,286,420,259,884</b>



**Vietnam Dairy Products Joint Stock Company**  
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**3. 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 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 year.

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)
Net assets	801,694,168,467	-	801,694,168,467
Investments in LSM	370,800,000,000	-	370,800,000,000
<b>Gain from the merger (*)</b>	<b>430,894,168,467</b>	<b>-</b>	<b>430,894,168,467</b>

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- (\*) 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.

2 March 2018

Prepared by:



Le Thanh Liem  
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cum Chief Accountant*



Approved by:

Mai Kieu Lien  
*Chief Executive Officer*