



VINAMILK



*The Pioneer in
Vietnam Dairy Industry*

ANNUAL REPORT 2017



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INVESTOR INFORMATION

Vietnam Dairy Products Joint Stock Company: was listed on the official Ho Chi Minh's stock exchange ("HOSE"), Vietnam on 19th January 2006.

Stock ticker symbol on HOSE: VNM

Financial year ended: 31st December

Independent auditor: KPMG Limited Vietnam

Dividend policy: Not less than 50% of profit after tax

Adjusted Close Share price (from 3rd January 2017 to 29th December 2017):

- Low: **121,762 VND / share**
- High: **208,600 VND / share**

Investor relations contact:

**Investor Relations Function – Finance Department
Vietnam Dairy Products Joint Stock Company**

10 Tan Trao, Tan Phu ward, district 7, Ho Chi Minh city.
Tel: (+84-28) 541 55555 / Ext: 108401

Email: tcson@vinamilk.com.vn

Website:

- www.vinamilk.com.vn/
- www.vuoncaovietnam.com/
- www.youtube.com/user/vinamilk

Investor relations' Website:

- www.vinamilk.com.vn/en/lien-he-thong-tin-co-dong

Vinamilk's share price performance vs VN-Index.
(adjusted close price from 3rd January 2017 to 29th December 2017)

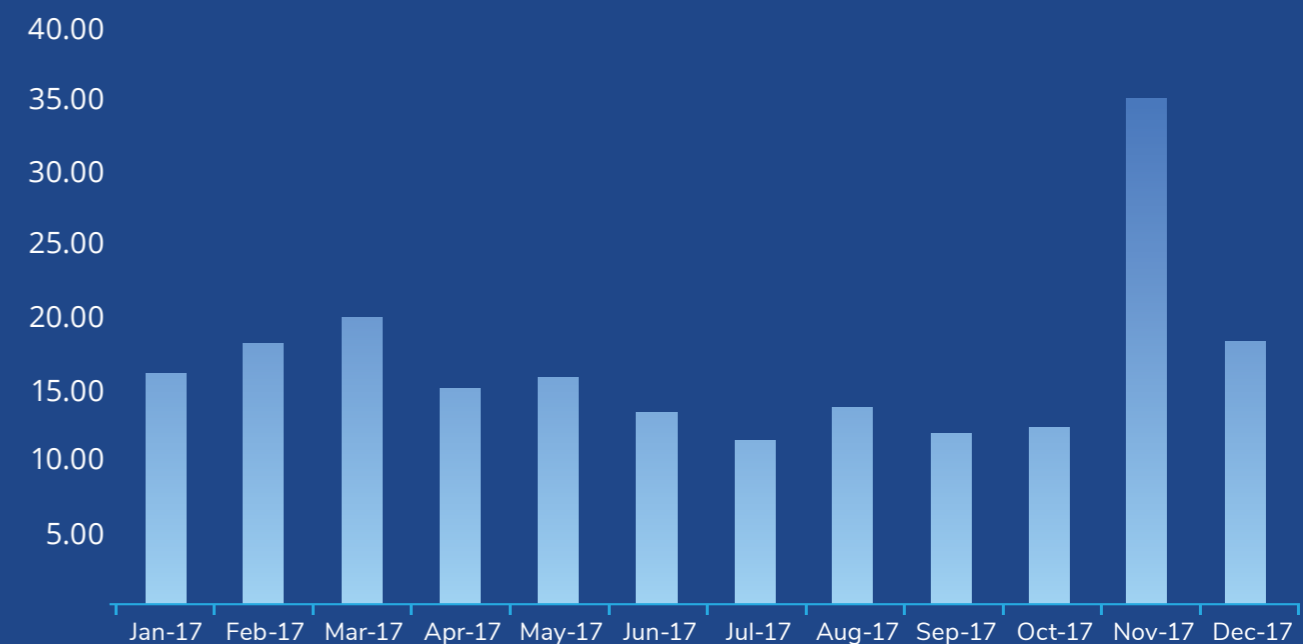
Price compared to the beginning of 2017 (times)



VNM's monthly trading volume

(does not include trading volume for divestment transaction of SCIC and transaction agreements.)

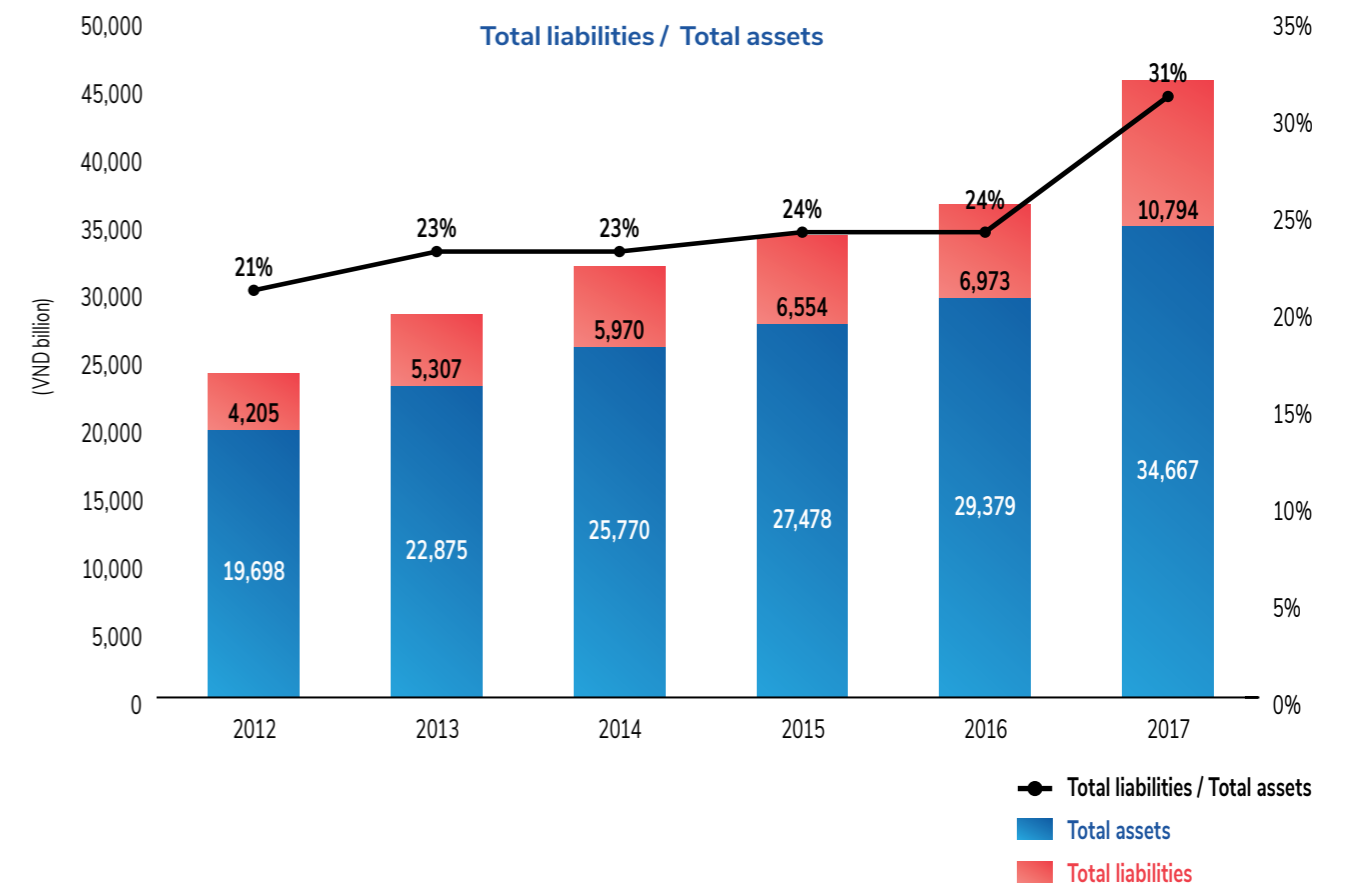
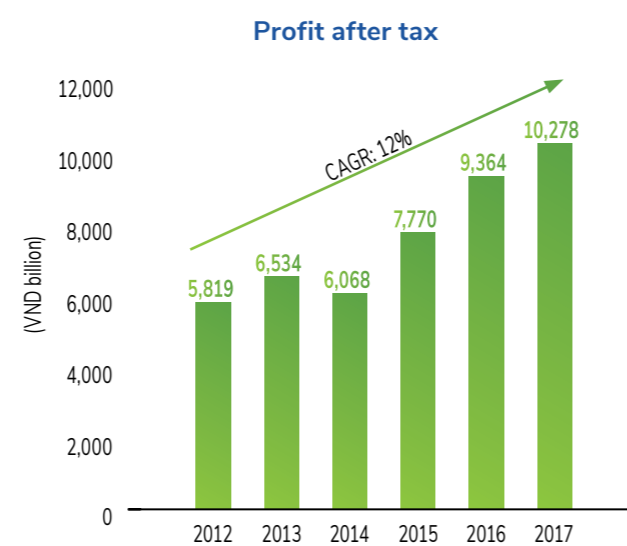
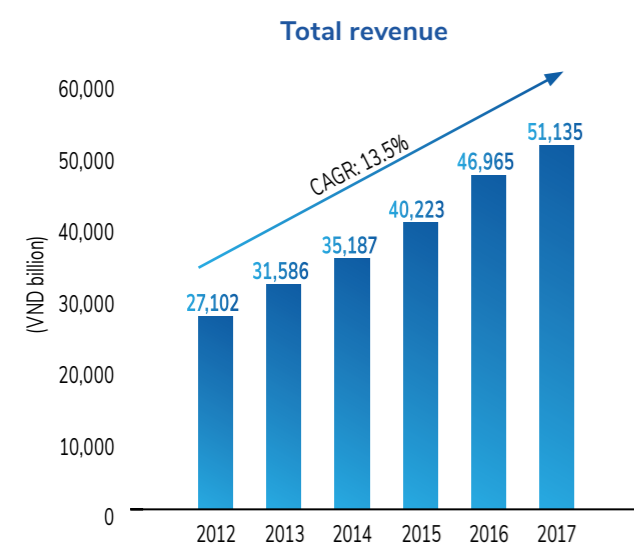
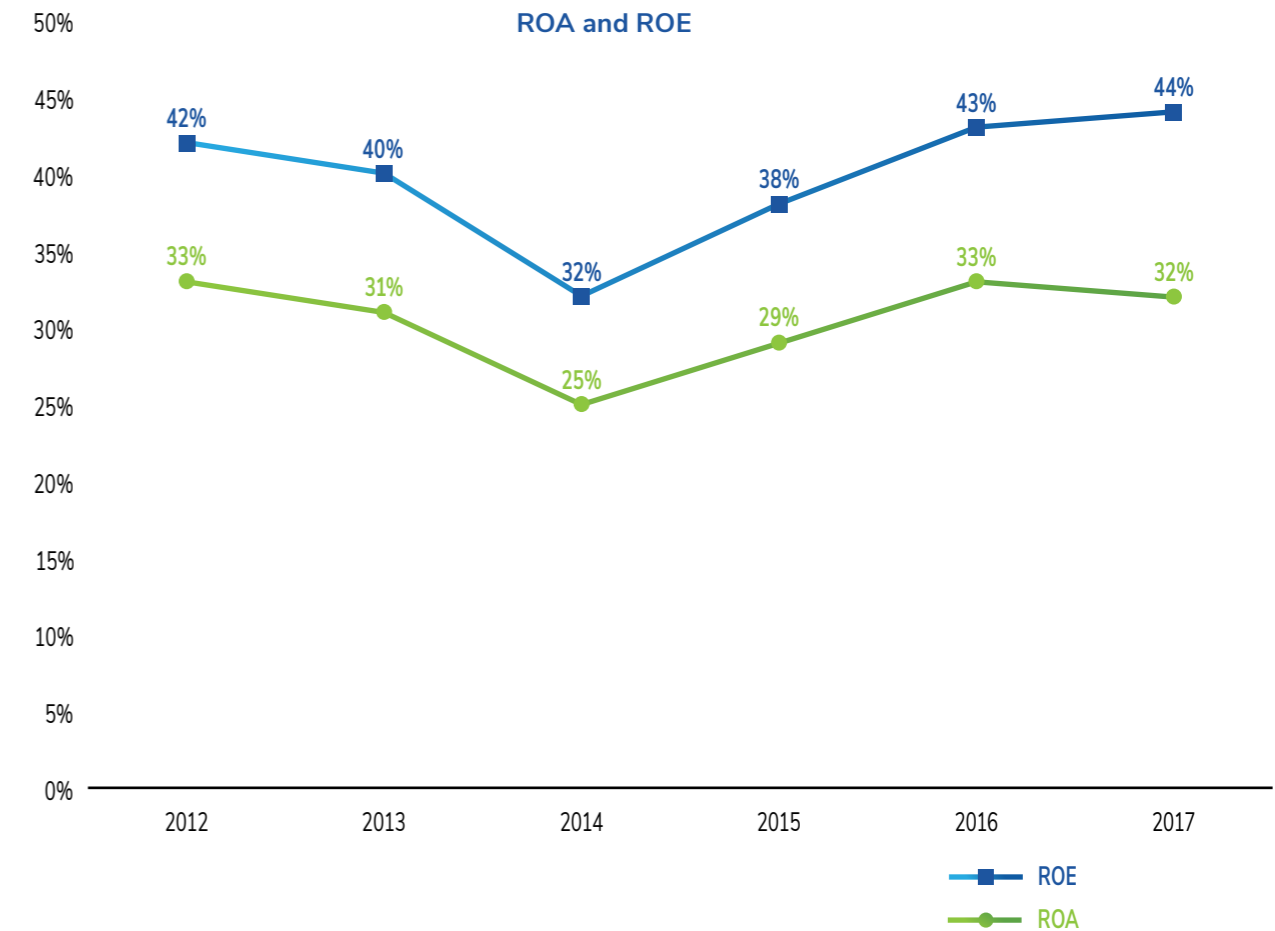
(Million shares)



FINANCIAL HIGHLIGHTS 2012 – 2017

Key financial highlights (consolidated financial data - audited)

(VND billion)	2012	2013	2014	2015	2016	2017	CAGR	vs. 2016
Total revenue	27,102	31,586	35,187	40,223	46,965	51,135	13.5%	8.9%
Profit before tax	6,930	8,010	7,613	9,367	11,238	12,229	12.0%	8.8%
Profit after tax	5,819	6,534	6,068	7,770	9,364	10,278	12.0%	9.8%
Profit attributable to equity holders of the Company	5,819	6,534	6,069	7,773	9,350	10,296	12.1%	
EPS (VND)	6,981	6,533	4,556	4,864	5,831	6,355		
Total assets	19,698	22,875	25,770	27,478	29,379	34,667	12.0%	18.0%
Equity	15,493	17,545	19,800	20,924	22,406	23,873	9.0%	6.5%
Share capital	8,340	8,340	10,006	12,007	14,515	14,515	11.7%	0.0%
Total liabilities	4,205	5,307	5,970	6,554	6,973	10,794	20.8%	54.8%
Equity / Total assets	79%	77%	77%	76%	76%	69%		
Total liabilities / Total assets	21%	23%	23%	24%	24%	31%		
ROE	42%	40%	32%	38%	43%	44%		
ROA	33%	31%	25%	29%	33%	32%		



MESSAGE FROM CHAIRWOMAN



“2017, the first year of the BOD’s new tenure and the advanced management model applied at Vinamilk has closed with the Company continuing to consolidate its leading position with impressive growth, both in revenue and profit.”

Dear: Shareholders,

“Dairy market share of Vinamilk increased by 2% in 2017 and has always been the top leading the market.”

In 2017, the global politics and society continued to undergo major changes with the business environment encountering challenges in the context of shaken globalization. Vietnam's economy has improved with economic growth exceeding expectations, though the competition, especially in the consumer goods industry, has become increasingly fierce. In that context, under the leadership of the newly elected Board of Directors (BOD) and the efforts of the Board of Management (BOM) in adopting an advanced management model, Vinamilk has been continuing its development path, consolidating its leading position in the industry and developing new, high-quality, well-received products. The business results of 2017 as follows were a testament to the efforts of the Company's entire staff:

- Total revenue was VND 51,135 billion, reaching 100.3% of the target set out by the Annual General Meeting (AGM).
- Net profit after tax was VND 10,278 billion, completing 105.6% of the AGM's target.
- At the end of 2017, Vinamilk's dairy market share was increased by 2% compared to 2016 (1% higher compared to the plan).

Non-financial targets have also made remarkable progress. In 2017, corporate culture continued to be in the focus to ensure that Vinamilk's vision, mission and core values remain. With many programs and projects aiming at concrete goals and strict execution plans, Vinamilk obtained encouraging achievements, top of which was its remaining high rank in the Top 10 companies for sustainable development of the manufacturing sector in Vietnam.

In the pride of its high regard in efficiency and quality of corporate governance, Vinamilk has adopted many new, advanced governance practices for public companies. It was the continuous innovations that made Vinamilk remain as a Vietnam's representative in the Top 50 Listed Companies in Asia – Pacific region (FAB 50) by Forbes Asia.

2017 has closed with impressive achievements and the strong appeal of VNM stock to domestic and foreign investors. For the past 10 years, VNM stock has always been in the target of many well-known investment funds. Vinamilk can be proud of this result.

In 2018, the competition is expected to get fiercer with unpredictable changes in the political, social and economic situations, domestically and world wide. As for the dairy manufacturing and trading industry, prices of some main input materials continue to fluctuate, which can significantly affect the ability to maintain profitability.

In encountering these challenges, Vinamilk's BOD always attaches great importance to maintaining and promoting the Company's culture, protects its brand name and still bravely embraces change, leading the Company to grow and to achieve the goals set out in the 05-year plan 2017 - 2021. In preparation for this phase, the BOD has teamed up closely with the BOM in setting strategic objectives and business plans for 2018 with the key points as follows:

- Commit to making aggressive, growth-oriented investments and to becoming a high value-added company.
- Intensify the presence and efficiency of business operations in international markets.
- Emphasize and invest thoroughly to build sufficient human resources and efficient business processes.
- Determine in achieving new target and take actions in compliance with the 2018 Vinamilk's culture of "Dare to change" in not only perceptions but also activities to drive the Company further years ahead and consolidate its leading position.

The BOD believes that with well-prepared, appropriate business strategies, concrete execution plans, along with a team of talented, determined, responsible, bold, creative and collaborative executives and staff, Vinamilk will surely overcome all challenges in order to reach great business achievements and to realize the Vietnam Dairy Dream program.

I would like to express my sincere gratitude to members of the BOD, the BOM and the entire executives and staff who have made great efforts to fulfill the mission of 2017. On behalf of the BOD, I would like to thank valued customers for their trust and support as well as partners and shareholders for their beings with the Company over the past year.

On the occasion of the new year 2018, on behalf of the BOD, I would like to wish valued customers, shareholders, partners and the entire executives and staff of Vinamilk a happy new year with health, happiness and success.

Ho Chi Minh city, 28th February 2018

Chairwoman



Le Thi Bang Tam

VISION

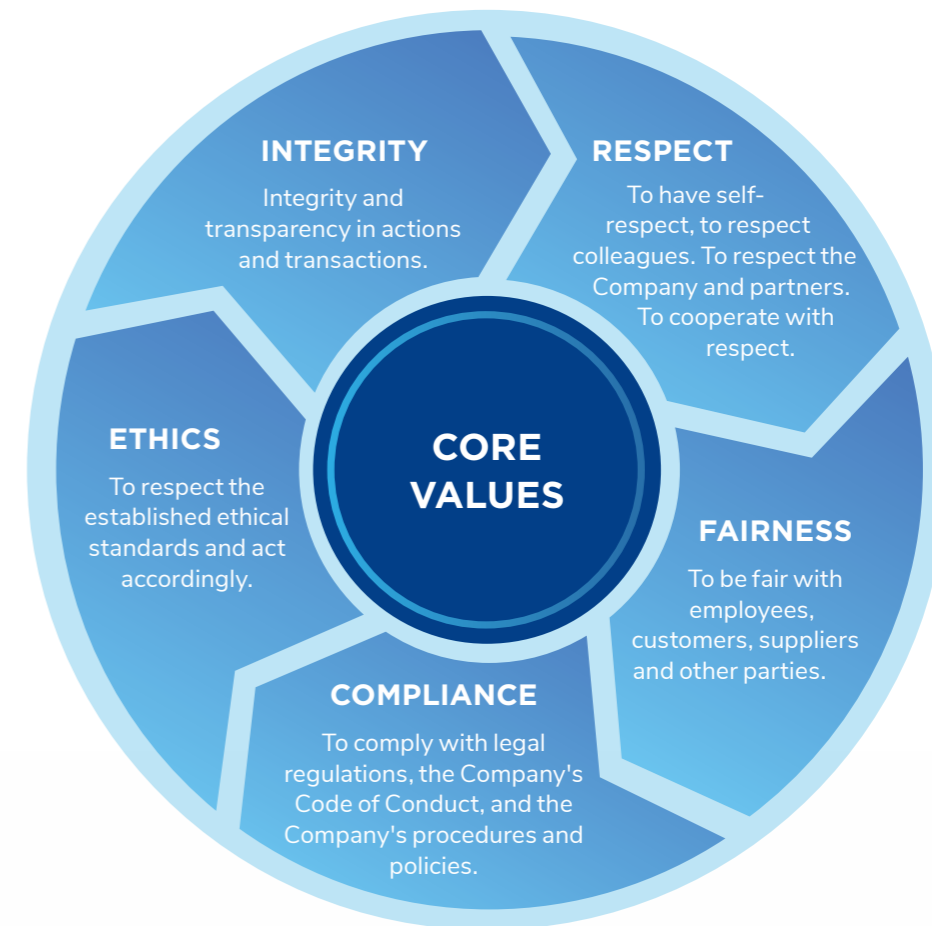


To become a world grade brand in food and beverage industry, where people put all their trust in nutrient and health products.

MISSION



To deliver the valuable nutrition to community with our respect, love and responsibility.

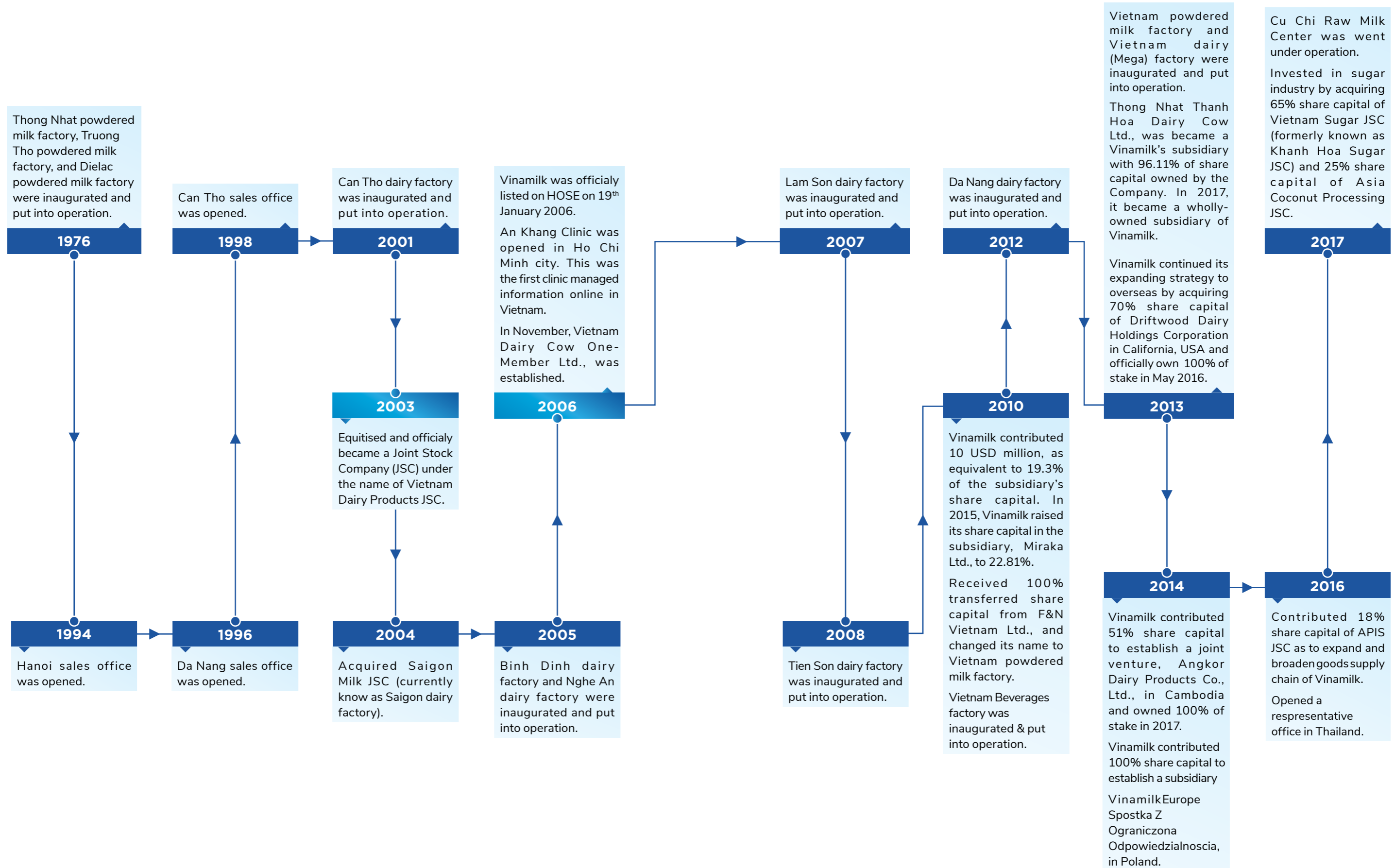


Organic



*The Pioneer in
Vietnam Dairy Industry*

KEY MILESTONES



PRODUCTS PORTFOLIO

MORE THAN **250** SKUs

WITH MAIN PRODUCTS CATEGORIES

- Liquid milk
- Yogurt
- Powdered milk & nutrition powder
- Sweet condensed milk
- Ice-cream, cheese
- Soya milk, fruit juice & beverages





MÓN QUÀ SỨC KHỎE 3 KHÔNG TỪ THIÊN NHIÊN



LIQUID MILK

Fresh milk 100%



EU certified organic
Fresh milk 100%



UHT Fresh milk 100%



Pasteurized
Fresh milk 100%



UHT Fresh milk 100%
imported from New Zealand

Fortified milk



For children: ADM GOLD



For adults: Flex



Fino

"Daily nutrition" UHT milk

POWDERED MILK FOR MOMS AND CHILDREN

Optimum GOLD



HẤP THU KHOẺ, BÉ THÔNG MINH



Premium



Optimum Gold



Optimum Comfort



Optimum Mama Gold

Specialty



Dielac Grow Plus Red



Dielac Grow Plus Blue



Dielac Grow



Dielac Pedia

Mainstream



Dielac Alpha Gold



Dielac Alpha



Dielac Mama Gold



**CHO TRẺ SUY DINH DƯỠNG
THẤP CÒI, BIẾNG ĂN
BẮT KỊP ĐÀ TĂNG TRƯỞNG**

Chiều cao
cm

120

110

100

90

80

70



Tăng cân
chỉ sau **3 tháng**^(*)



Cân nặng
Kg

13

14

15

16

17

18

POWDERED MILK FOR ADULTS



Sure Prevent



Sure Diecerna



CanxiPro



Nutrition

BABY CEREAL



Ridielac baby cereal with sweet and savoury variants



Ridielac baby cereal 4 in 1

*Ngon mê say
đẹp ngọt ngào*



Sữa chua Vinamilk
Nha đam & Lưu đồ

Sữa chua Vinamilk Nha Đam & Lưu đồ với các hạt nha đam giòn dai giúp thanh mát cơ thể, cũng chiết xuất lưu đồ nguồn gốc từ châu Âu giàu chất chống oxy hóa cho làn da tươi trẻ.



YOGURT

For family



For women



Premium



Specialty



SuSu yogurt for children



DRINKING YOGURT

SuSu drinking yogurt for children



Probi Yogurt with probiotics



Super SuSu cocoa malt tonic food drink



Vinamilk drinking yogurt for women



SWEET CONDENSED MILK



Southern Star



Ong Tho

ICE-CREAM



Vinamilk



Twin Cows



Nhoc Kem



Delight



Subo



SOYA MILK



Vinamilk Soya Milk

FRUIT JUICES & NECTARS



Vfresh Fruit Juices



Vfresh Smoothies



Vfresh Aloe Vera



ICY Salty Lemonade



ICY Purified water



Vfresh Artichoke

SHARES AND SHAREHOLDER INFORMATION

Shares and shareholder information

As at 31st December 2017, number of shares of the Company as follows:

Authorised share capital	Contributed share capital
14,514,534,290,000 VND	14,514,534,290,000 VND

Total issued and listed shares	Common shares
1,451,453,429 shares	One vote / share

Treasury shares	Par value
174,909 shares	10,000 VND / share

Outstanding shares	Market capitalization
1,451,278,520 shares	302,773 VND billion

List of the Company's shareholders structure

(based on the latest shareholder list recorded by Vietnam Securities Depository (VSD))

	Number of shares	Ownership (%)
Major shareholders (>= 5%)	946,795,355	65.23%
· Local	522,553,196	36.00%
· Foreign	424,242,159	29.23%
Treasury shares	174,909	0.01%
Other shareholders (<5%)	504,483,165	34.76%
· Local	60,867,135	4.19%
· Foreign	443,616,030	30.56%
TOTAL	1,451,453,429	100.00%
In which:		
· Local	583,595,240	40.21%
· Foreign	867,858,189	59.79%

List of major shareholders

(based on the recorded list of major shareholders of the Company)

	Number of shares	Ownership (%)
SCIC	522,553,196	36.00%
F&N Dairy Investments Pte, Ltd ⁽¹⁾	239,463,148	16.50%
F&NBev Manufacturing Pte, Ltd ⁽¹⁾	39,189,150	2.70%
Platinum Victory Pte, Ltd	145,589,861	10.03%

Note: (1) F&NBev Manufacturing Pte, Ltd is a wholly-owned subsidiary of F&N Dairy Investments Pte, Ltd.

Top 20 largest shareholders

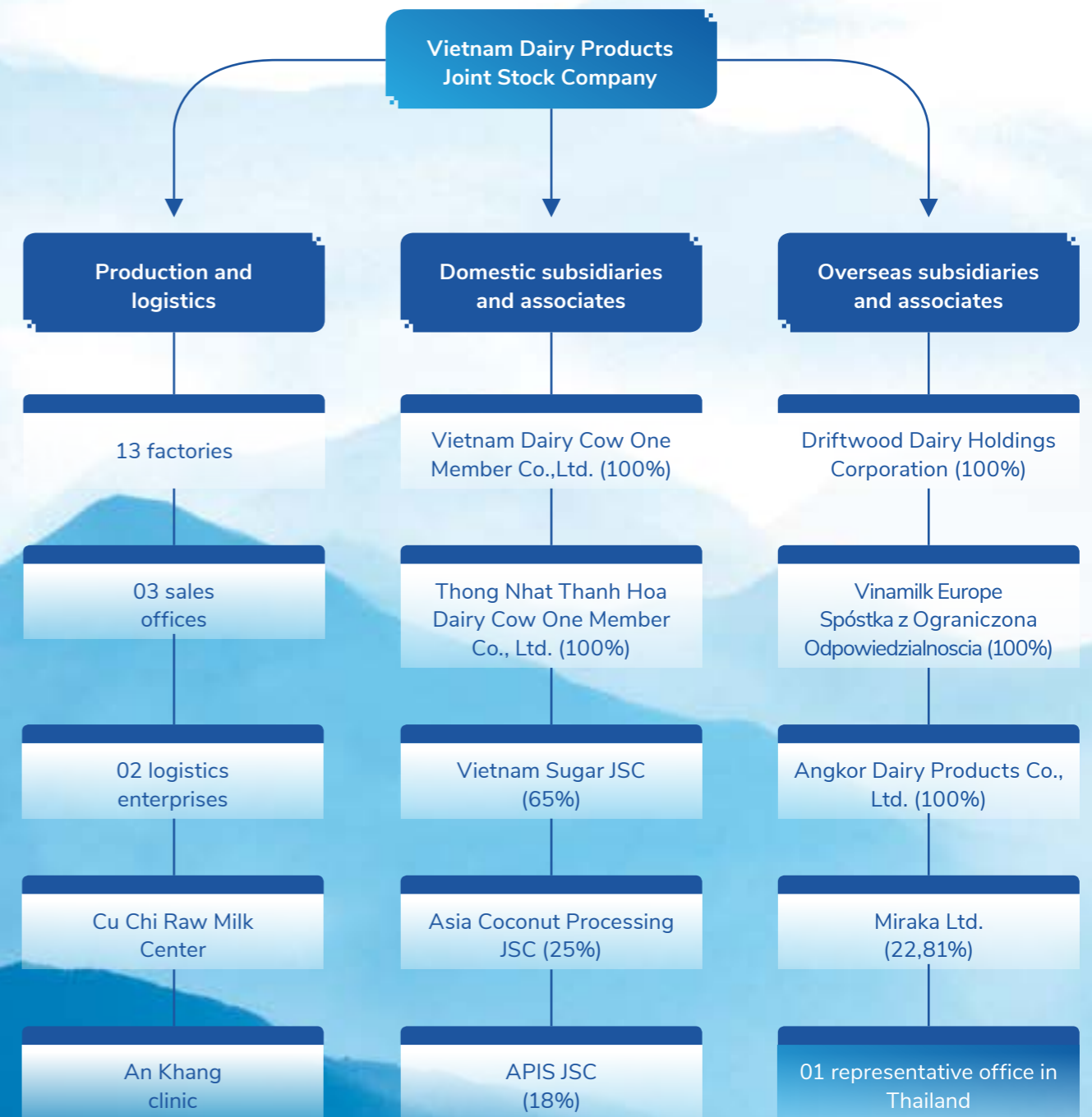
(based on the latest shareholder list recorded by VSD)

	Number of shares	Ownership (%)
1. SCIC	522,553,196	36.00%
2. F&N Dairy Investments Pte, Ltd	239,463,148	16.50%
3. Platinum Victory Pte, Ltd	145,589,861	10.03%
4. F&NBev Manufacturing Pte, Ltd	39,189,150	2.70%
5. Matthews Pacific Tiger Fund	29,334,534	2.02%
6. Arisaig Asia Consumer Fund limited	24,000,544	1.65%
7. The Emerging Markets Fund of the Genesis Group Trust For Employee Benefit Plans	17,892,618	1.23%
8. The Genesis Emerging Markets Investment Company	17,042,550	1.17%
9. Deutsche Bank AG London	15,771,000	1.09%
10. Vietnam Ventures Ltd	13,009,558	0.90%
11. Matthews Asia Dividend Fund	11,887,938	0.82%
12. Government of Singapore	10,402,650	0.72%
13. Vietnam Enterprise Investments Limited	9,904,714	0.68%
14. Citi Group Global Markets Ltd	9,542,528	0.66%
15. Stichting Depository APG Emerging Markets Equity Pool	9,038,921	0.62%
16. Employees Provident Fund Board	8,607,480	0.59%
17. Oppenheimer Developing Markets Fund	6,936,900	0.48%
18. Norges Bank	6,315,034	0.44%
19. BMO Investments II (Ireland) Public Limited Company	6,012,716	0.41%
20. Morgan Stanley and Co. International Plc	5,617,608	0.39%
Total	1,148,112,648	79.10%

ORGANIZATION STRUCTURE AND MANAGERIAL APPARATUS



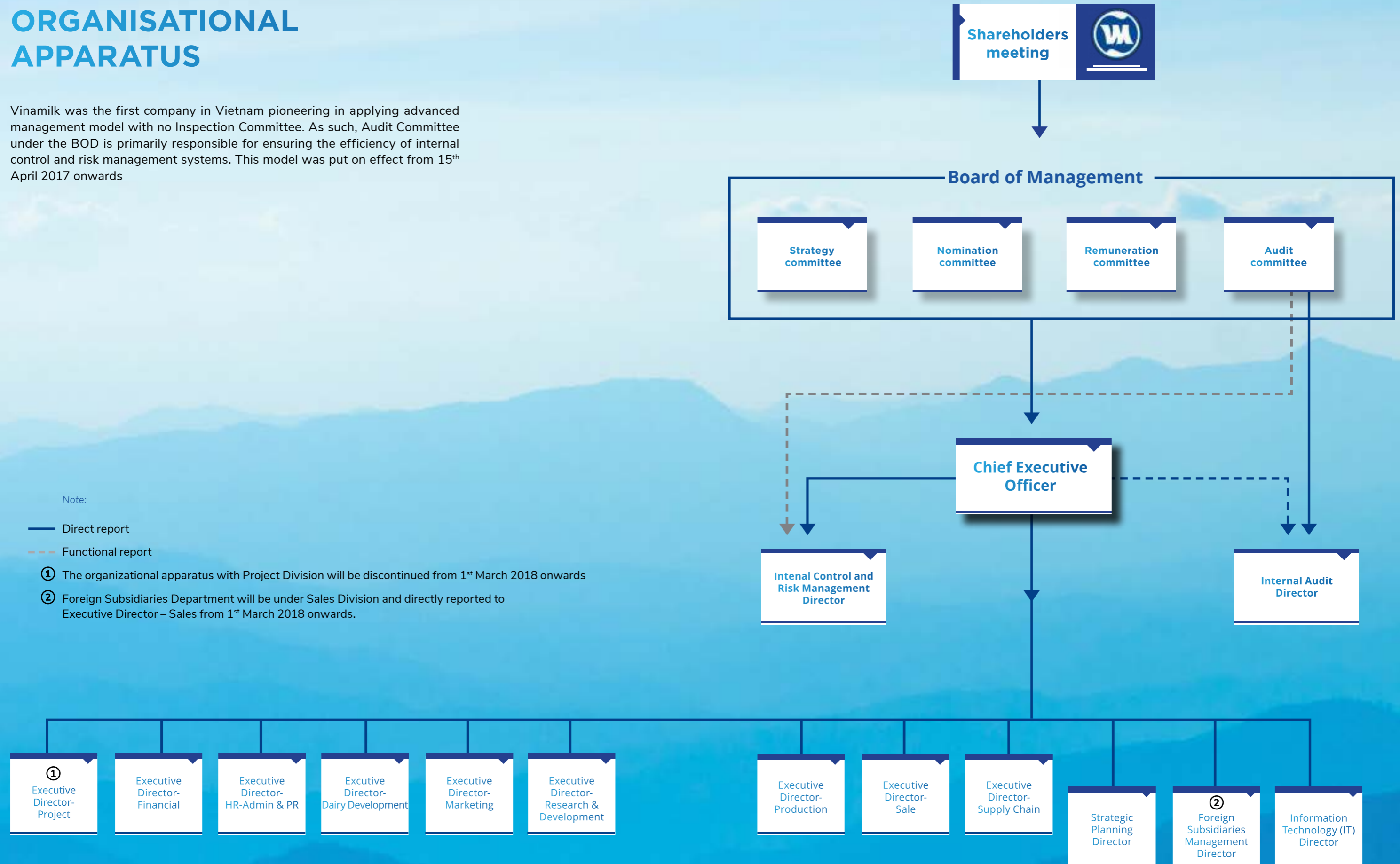
CORPORATE MODEL



ORGANISATIONAL APPARATUS

Vinamilk was the first company in Vietnam pioneering in applying advanced management model with no Inspection Committee. As such, Audit Committee under the BOD is primarily responsible for ensuring the efficiency of internal control and risk management systems. This model was put on effect from 15th April 2017 onwards

- Note:
- Direct report
 - - - Functional report
 - ① The organizational apparatus with Project Division will be discontinued from 1st March 2018 onwards
 - ② Foreign Subsidiaries Department will be under Sales Division and directly reported to Executive Director – Sales from 1st March 2018 onwards.



BOD MEMBERS



Ms. Le Thi Bang Tam
Chairwoman
Independent BOD member

BOM MEMBER



Ms. Mai Kieu Lien
Chief Executive Officer



Ms. Mai Kieu Lien
Executive BOD member



Mr. Nguyen Ba Duong
Independent BOD member



Mr. Michael Chye Hin Fah
Non-Executive BOD member



Mr. Mai Hoai Anh
Executive Director –
Sales



Mr. Trinh Quoc Dung
Executive Director –
Dairy Development



Ms. Nguyen Thi Thanh Hoa
Executive Director –
Supply Chain



Ms. Dang Thi Thu Ha
Non-Executive BOD member



Mr. Nguyen Hong Hien
Non-Executive BOD member



Mr. Do Le Hung
Independent BOD member



Ms. Bui Thi Huong
Executive Director –
HR, Admin and Public Relation



Mr. Nguyen Quoc Khanh
Executive Director –
Research and Development



Mr. Le Thanh Liem
Executive Director –
Finance cum. Chief Accountant



Mr. Le Thanh Liem
Executive BOD member



Mr. Lee Meng Tat
Non-Executive BOD member



Mr. Phan Minh Tien
Executive Director – Marketing



Ms. Ngo Thi Thu Trang
Executive Director – Project



Mr. Tran Minh Van
Executive Director – Production

PROFILE OF DIRECTORS AND KEY MANAGEMENT



Ms. Le Thi Bang Tam

Chairwoman
Independent BOD member

Born in 1947. She has been an independent BOD member from April 2013 and then the Chairwoman from July 2015 until now.

Professional qualifications

- PhD in Economics, Leningrad Institute of Finance and Economics, the Soviet Union (1989).
- Certificate of International Finance, North University London, UK (2011).
- Bachelor in Finance and Accounting, Hanoi University of Finance and Accounting.
- Certificate of Corporate Governance.

Experiences

- She has years of working experiences in the field of corporate management, financial and State management, as well as other fields.
- From 2006 until present, she has held the position of BOD member in different companies, such as the Chairwoman of State Capital Investment Corporation (SCIC), BOD member and then the Chairwoman of Hochiminh Development Joint Stock Commercial Bank.
- She is a member, an adviser of important institutions: State Securities Commission (SSC), the National Monetary Policy Council. She is also a member of the

Committee of International Economic Corporation, Steering Committees for ODA, Foreign Investment and key projects of the Government.

- From 1995 to 2006, she was Deputy Minister, Member of Civil Affair committee – Ministry of Finance.
- For more than 20 years (1974 – 1995), she had held different management positions: Deputy Head of Financial Department; Deputy General Director of Personnel and Training Department; Deputy General Director, then General Director, then CEO of the State Treasury.
- She was a lecturer of Hanoi University of Finance and Accounting from 1969 to 1974.

Her position at other entity include

- Chairwoman, Hochiminh Development Joint Stock Commercial Bank.



Ms. Mai Kieu Lien

Executive BOD member
Chief Executive Officer

Born in 1953. She has been Chairwoman from November 2003 to 2015 and an Executive BOD member from 2015 until now. She is the CEO since December 1992.

Professional qualifications

- Certificate of Economics Management, Leningrad Institute of Engineering and Economics, Russia.
- Certificate of Government Management, National Academy of Politics, Vietnam.
- Engineer in Milk and Dairy Products Processing, University of Industrial Poultry and Dairy Processing, Moscow, Russia.
- Certificate of Corporate Governance.

Experiences

- She has over 25 years of working experiences in the role of CEO (since 1992 until present) leading Vinamilk through many tenures. She has been honourably awarded many local and international prizes, such as First-class Labour Medal (2006); 4 consecutive times awarded by Forbes as Asia's Top 50 Most Powerful Businesswomen (2012 – 2015); The Excellent Businesswomen (2014) by Corporate Governance Asia; Nikkei and New Zealand prizes for all her brilliant contributions.

- Previously, she had more than 08 years (1984 – 1992) in the role of Deputy CEO – Economics at Vinamilk.
- From 1976 to 1983, she had experienced many positions in many different departments and then became Deputy Technical Director at Thong Nhat dairy factory in 1982.

Her positions at other entities include

- BOD member, Miraka Ltd.
- BOD member, Driftwood Dairy Holdings Corporation.
- Chairwoman, Vietnam Dairy Cow One Member Co., Ltd.
- Chairwoman, Thong Nhat Thanh Hoa Dairy Cow One Member Co., Ltd.
- Owner's representative, Vinamilk Europe Spółka Z Organizacja Odpowiedzialnoscia.



Mr. Nguyen Ba Duong

Independent BOD member

Born in 1959. He is an Independent BOD member since April 2017.

Professional qualifications

- Architect, Kiev National University of Civil Engineering and Architecture, Ukraine.
- Linguistics, University of Languages and International Studies, Hanoi, Vietnam.

Experiences

- He is now Chairman at Coteccons Construction JSC, Uy Nam Construction (Unicons) JSC, as well as BOD member at Ricons Construction Investment JSC.
- He is a Chief Architect of Coteccons Group in general and Coteccons in particular.
- He is a strong, determined and certainly foresighted leader who always honours his promises in business. With broad knowledge and practices learned from Kiev National University of Civil Engineering and Architecture in Ukraine (1984), he came back working in Vietnam and has over 30 years of experiences in managing a construction corporate. He trained and developed a highly expertised team of executives and staff with best mixed of knowledge and soft management skills.
- Previously, he had more than 14 years in the role of managing, directing: Deputy Director at Technical Construction and Building (Cotec) JSC and Deputy Director at Technical Construction of Light Industry II Company controlled by Ministry of Industry.
- Prior to these roles, he worked as a Specialist at Ministry of Industry in 05 years.
- He is honoured in the Top 10 Best Employees Development Leaders in Vietnam.

His position at other entity include

- Chairman, Coteccons Construction JSC.



Mr Michael Chye Hin Fah

Non-Executive BOD member

Born in 1959. He is a non-Executive BOD member since April 2017.

Professional qualifications

- MBS (with Distinction in Accounting and Finance) and BBS (with First Class Honours in Accounting and Finance) - Massey University, New Zealand.
- Member of Singapore Institute of Directors (SID) since 1999.
- Member of Institute of Singapore Chartered Accountant (SCA) since 2003.
- Member of Institute of Chartered Secretaries & Administrators (ACIS) since 1990.

Experiences

- Mr. Michael Chye Hin Fah has over 15 years of experiences as a board member at various companies. He is currently an Alternate Director at Fraser and Neave Ltd and a non-Executive director at many companies in ThaiBev Group.
- For over 22 years, he held senior positions at several financial and investment companies and has extensive international experiences in many Asian countries.
- Prior to these roles, he was a university lecturer in New Zealand.

His positions at other entities include

- Executive Vice President, Thai Beverage Public Company Ltd.
- Member of the Board Executive Committee and Risk Management Committee, Fraser and Neave Ltd.
- Non-Executive Director: Marketing Magic Pte Ltd, DECCO 235, Heritas Capital Management Pte Ltd, Millennium Minerals Ltd, IMC Pan Asia Alliance Corporation, Prudence Holdings Ltd.



Ms. Dang Thi Thu Ha

Non-Executive BOD member

Born in 1973. She has been a non-Executive BOD member since April 2017.

Professional qualifications

- Master of Business Administrations (MBA), Institute of Business Administration.
- Bachelor of Business Administrations, National Economics University.
- Bachelor of English Linguistics, Vietnam National University, Hanoi.
- Certificate of Corporate Finance Consulting, The Securities Research and Training Center.

Experiences

- She has served as a BOD member in companies since 2013. She is currently a BOD member at Benovas Cancer Drugs JSC, Vinacontrol Group, and Binh Minh Plastic JSC.
- She has been working at Investment Department of SCIC for 09 years at different positions. She is currently a Deputy Head of this Department.
- Previously, she had 08 years of working experiences in the field of Financial Consulting and Compliance Accounting at Trang An Securities JSC (2007 – 2008) and Mizuho Bank Hanoi (2000 – 2007).
- She was rewarded a Merit Certificate from Minister of Finance for her achievements in 2015.

Her positions at other entities include

- BOD member, Binh Minh Plastic JSC.
- BOD member, DHG Pharmaceutical JSC.
- Independent BOD member, Vinacontrol Group.
- BOD member, Benovas Cancer Drugs JSC.
- Deputy Head of Investment Department 3.



Mr. Nguyen Hong Hien

Non-Executive BOD member

Born in 1974. He has been a non-Executive BOD member since April 2017.

Professional qualifications

- Master of Laws, Queen Mary College, London University.
- Certificate in Advanced Political Studies, National Academy of Politics.
- Bachelor of Laws, Polytechnic University of Hanoi.
- Bachelor of Economics, Economics National University.

Experiences

- He has nearly 10 years of working experiences as a BOD member at different companies. He is currently a BOD member of FPT Telecom JSC and Traphaco JSC.
- Having joined SCIC since 2007, he has held many positions: Director of Investment Department, Director of Strategic Planning Department, Managing Director of Executive Officer and currently is Deputy General Director.
- Prior to these roles, he worked for the Ministry of Transport for about 10 years in the positions of Head of Administration Department, Head of Communication Department, Spokesperson and Secretary.

His positions at other entities include

- BOD member, Traphaco JSC and FPT Telecom JSC.
- Deputy General Director of SCIC.



Mr. Do Le Hung

Independent BOD member

Born in 1969. He has been an Independent BOD member since April 2017.

Professional qualifications

- Master of Public Finance, National School of Administration, France.
- Certificate in Treasury Inspection, National Treasury School, France.
- Bachelor of Finance – Accounting, University of Finance and Accountancy, Hanoi.
- Certificates in Public Financial Management, Accounting, and Auditing conferred by international organisations.

Experiences

- He has more than 08 years of working experiences as Director of Auditing and Internal Control at Big C Vietnam.
- He had nearly 06 years of working experiences as Deputy Head of Accounting – State Treasury.
- Previously, he had more than 11 years of working at Accounting – State Treasury as an Accounting Specialist.
- He received many merit certificates from Prime Minister and the Ministry of Finance from 1997 to 2006.



Mr. Le Thanh Liem

Executive BOD member

Executive Director – Finance cum. Chief Accountant

Born in 1973. He has been an Executive BOD member since April 2017.

Professional qualifications

- Masters in Finance and International Business, Leeds Metropolitan University, UK (2012).
- Bachelor in Economics, University of Finance – Accounting, Ho Chi Minh city, Vietnam (1994).

Experiences

- He has been Executive Director – Finance cum. Chief Accountant since 2015.
- Previously, he had over 12 years working experiences in these roles at Finance – Accounting Division: Deputy Head of Accounting, Chief Accountant.
- From 1994 to 2003, he held different positions at Finance – Accounting Division of Vinamilk.

His present position

- Executive BOD member, Executive Director - Finance cum. Chief Accountant.



Mr. Lee Meng Tat

Non-Executive BOD member

Born in 1963. He is a non-Executive BOD member since September 2016.

Professional qualifications

- Bachelor of Engineering (Mechanical), National University of Singapore (1988).
- Masters in Business Administration (MBA), Imperial College, London (1997).
- Advanced Management Programme (AMP), Harvard Business School (2005).
- International Directors Programme (IDP), INSEAD (2017).

Experiences

- He has many years of experiences in corporate and economics management at both private and public institutions.
- Since 2015 to date, he has been a BOD member of Fraser & Neave Holdings Berhad.
- In 18 years (1997 – 2015), he held top management roles at consumer goods and tourism companies such as Fraser & Neave Ltd, Heineken-APB (China) Management Services Co. Ltd, Asia Pacific Breweries Ltd, Wildlife Reserves Singapore Group.
- From 1994 to 1996: he was Deputy Director, Regional Tourism, Singapore Tourism Board.
- Previously, he was Assistant Head, International Business Development, Singapore Economic Development Board from 1993 to 1994.

His positions at other entities include

- Chief Executive Officer, Non-Alcoholic Beverages (NAB), Fraser & Neave Ltd.
- Board member of Fraser & Neave Holdings Berhad.



Mr. Mai Hoai Anh

Executive Director – Sales

Born in 1970. He joined Vinamilk in 1996 and was appointed as Executive Director – Sales since 2012.

Professional qualifications

- Master of Business Administration, Bolton University, the United Kingdom (2012).
- Bachelor of Economics, University of Economics, Ho Chi Minh city, Vietnam.

Experiences

- Since 2012, he has been Executive Director – Sales. He has also held the position of Chief Operation of Officer over 2 years managing general operations such as Marketing, Sales, Supply Chain, Production, Research and Development.
- Over 9 years of working (2003 – 2012), he has held many different management positions at Import – Export Department, such as Head of Import – Export Department, Director of Import – Export Department, responsible for export and import materials.
- Previously from 1996 to 2003, he held following positions: Import – Export Clerk, Deputy Head of Import – Export Department and being responsible for managing the Department.



Mr. Trinh Quoc Dung

Executive Director – Dairy Development

Born in 1962. He joined Vinamilk in 2005.

Professional qualifications

- Engineer of Energy and Automation, Odessa University, Former Soviet Union (1985).

Experiences

- Since 2014, he has been Executive Director – Dairy Development.
- Over 10 years of working at Vinamilk (2005 – 2014), he has held the positions of Directors at many different Vinamilk's factories, such as Nghe An Dairy Factory, Vietnam Dairy Factory.
- Prior to joining Vinamilk, he was Director of Electricity Industrial Consulting and Investment center in 6 years (1998 – 2005).
- From 1987 to 1998, he worked at various positions at different private and state companies, for instance: Vinh's People Committee, Department of Environmental Science and Technology – Nghe Tinh province (currently known as Nghe An and Ha Tinh province).

His positions at other entities include

- Director, Vietnam Dairy Cow One Member Co., Ltd. (a wholly-owned subsidiary of Vinamilk).
- CEO, Thong Nhat – Thanh Hoa Dairy Cow One Member Co., Ltd. (a wholly-owned subsidiary of Vinamilk).



Ms. Nguyen Thi Thanh Hoa

Executive Director – Supply Chain

Born in 1955. She joined Vinamilk in 1983.

Professional qualifications

- Bachelor of Milk Processing technology, University of Poultry and Milk Processing, Moscow (currently known as Moscow State University of Applied Biotechnology) (1978).

Experiences

- Working at Vinamilk over 17 years (1999 – present), she has held many senior management roles, such as Deputy General Director, Executive Director – Production and Research and Development.
- From 2015 to present, she has been Executive Director – Supply Chain.
- Previously, from 1983 to 1999, she held different positions, for instance Processing Engineer, Associate Director and then Director of Truong Tho Dairy Factory. She was also the Vice Directory of Hanoi Sales office from 1995.
- Prior to joining Vinamilk, she was a lecturer at University of Technology, Ho Chi Minh city, Vietnam for almost 6 years (1978 – 1983).



Ms. Bui Thi Huong

Executive Director – HR, Admin and Public Relation

Born in 1962. She joined Vinamilk in 2005.

Professional qualifications

- Bachelor of Russian language, major in interpretation, Orion Linguistics University (the former Soviet Union) (1985).
- Bachelor of Economics – Business Administration and Labour Union, Labour Union University (2000).

Experiences

- She has been Executive Director – HR, Admin and Public Relation since 2015.
- During over 10 years working at Vinamilk (2005 – 2014), she has held such positions as Operation Manager of Foreign Affairs, Public Relation Director.
- Prior to joining Vinamilk, she had been working more than 17 years at Dien Quang Lamp JSC Company. She used to be Head of Sales Department, Executive Director – Sales and Vice President of Sales.



Mr. Nguyen Quoc Khanh

Executive Director – Research and Development

Born in 1964. He joined Vinamilk in 1988.

Professional qualifications

- Engineer of Chemical Techniques and Foods, University of Technology, Ho Chi Minh city, Vietnam (1989).
- Bachelor of Business Administration, University of Economics, Ho Chi Minh city, Vietnam (1997).
- Bachelor of English Linguistics and Literature, University of Social Science and Humanity, Ho Chi Minh city, Vietnam (2001).

Experiences

- Since 2015, he has been Executive Director – Research and Development.
- Over 8 years working at Vinamilk (2009 – present), he has held many senior management positions at Vinamilk, such as Executive Director – Supply Chain, Executive Director – Production and Research and Development, and Executive Director – Research and Development.
- Previously, in 22 years of working (1988 – 2009), he experienced at different positions at Vinamilk's factories, for instance: Thong Nhat Dairy factory, Can Tho Dairy Factory and become Director of Can Tho Dairy factory in 2004.



Mr. Phan Minh Tien

Executive Director – Marketing

Born in 1970. He joined Vinamilk in 2014.

Professional qualifications

- Bachelor, Moscow University of Management, Russia.

Experiences

- He has been Executive Director – Marketing at Vinamilk since 2014.
- Prior to joining Vinamilk, he had 17 years of working experiences in marketing and brand development in Fast Moving Consumer Goods (FMCG) sector in large multinational corporations such as:
 - » Marketing Director – Samsung Vietnam (2013 – 2014).
 - » Deputy General Director in charge of Food Sector – Unilever Vietnam (2008 – 2013).
- Previously, he held different managerial positions in Sales and Marketing at Unilever Vietnam (1996 – 2008).



Ms. Ngo Thi Thu Trang

Executive Director – Project

Born in 1963. She joined Vinamilk in 1985.

Professional qualifications

- Master of Business Administration.
- Bachelor of Finance and Accounting.

Experiences

- From December 2015 until present, she has been the Executive Director – Project.
- She has been an Executive BOD member from 2003 to April 2017.
- She has more than 17 years of experiences (1998 – 2015) working at the management role of Finance and Accounting and Finance Division at Vinamilk: Head of the Accounting – Statistics Department, Chief Accountant, Deputy General Director cum. Executive Director – Finance.
- Previously, from 1985 to 1997, she held different positions at Finance – Accounting Department and then became Deputy Head of the Accounting – Statistics Department in 1998.

Her position at other entities include

- BOD member, Bao Viet Joint Stock Commercial Bank.

Remark: Ms. Ngo Thi Thu Trang will resign from her Executive Director – Projects from 01st March 2018 onwards in accordance to her retirement.



Mr. Tran Minh Van

Executive Director – Production

Born in 1960. He joined Vinamilk in 1981.

Professional qualifications

- Master of Business Administration, Hanoi University of Science and Technology, Vietnam (2004).
- Bachelor in Business Laws, Laws University, Hanoi, Vietnam (2001).
- Bachelor in Business Administration, University of Economics, Ho Chi Minh city, Vietnam (1994).
- Bachelor in Mechanical Engineering, University of Technology, Ho Chi Minh city, Vietnam (1981).

Experiences

- He has been Executive Director – Production at Vinamilk since December 2015.
- In 10 years from 2006 to 2015, he had held many important management positions of Project Division: Deputy General Director in charge of Project, Executive Director – Project.
- In 25 years from 1981 to 2006, he was in charge of many different positions at Vinamilk's factories and then became Director of Thong Nhat Factory in 1994.

SECRETARIAT



Mr. Tran Chi Son

Company Secretariat
Senior Financial Manager

Born in 1975. He joined Vinamilk in 2005 and has been the Company Secretariat since April 2017.

Professional qualifications

- Bachelor of Accounting, major in Accounting and Auditing, University of Finance – Accounting, Ho Chi Minh city, Vietnam (1998).
- Held the Association of Chartered Certified Accountants (ACCA) qualification.
- Bachelor of English Linguistics, Foreign Languages University - Hanoi National University.
- International Certificate in Investment Relations (ICIR) conferred by IR Society – UK and IRPAS – Singapore.

Experiences

- Since June 2015 until present, he has held the position of Senior Financial Manager.
- Over 11 years working at Vinamilk (2005 – 2016), he has experienced in many positions, such as Director of Internal Control, Director of Investment Department, Investment Relations Manager.
- Prior to joining Vinamilk, he worked as a Senior Financial Analyst at San Miguel Vietnam, Co., Ltd., Audit Senior – KPMG Vietnam Co., Ltd., Chief Accountant – URC Vietnam Co., Ltd. and Chief Accountant at Vietnam Star Automobile.



Ms. Le Quang Thanh Truc

Company Secretariat
Director of Foreign Subsidiary Management

Born in 1975. She joined Vinamilk in 2005 and has held the position of Company Secretariat since then.

Professional qualifications

- Master of Development Economics, the cooperation program between The International Institute of Social Sciences of Erasmus University, the Netherlands and the University of Economics, Ho Chi Minh city, Vietnam (2000).
- Bachelor of English Linguistics and Literature, University of Social Sciences and Humanities (1999).
- Bachelor of Business Administration, major in Foreign Trade, University of Economics, Ho Chi Minh city, Vietnam (1998).
- Certificate of Corporate Governance.

Experiences

- Since August 2015 until present, she has held the position of Director of Foreign Subsidiary Management.
- Previously, from 2005 to 2015, she experienced in different positions at Finance Division, such as Financial Analyst, Investor Relations (IR) Manager, Financial Investment Manager, Investment Director at Vinamilk.
- Prior to joining Vinamilk, she held other positions such as Project Director, then General Director at I.C Investment JSC; Deputy Manager of Advisory Department at Saigon Securities JSC (SSI).



Mr. Nguyen Trung

Company Secretariat
Director of Supply Chain – Logistics

Born in 1973. He joined Vinamilk in 1994 and has been the Company Secretariat since 2012.

Professional qualifications

- Executive Masters of Business Administration, Université du Québec à Montréal (2014).
- Bachelor in Accounting, University of Finance – Accounting, Ho Chi Minh city, Vietnam (1994).
- Certificate of Sustainable Development, Swedish Institute (2016).
- Certificate of Corporate Governance.

Experiences

- Since July 2017 until present, he has been Director of Supply Chain – Logistics.
- From July 2014 to July 2017, he was Director of Strategic Planning.
- He has more than 7 years of experiences (2007 – 2014) as Director of Internal Control and Risk Management and also responsible for Legal Division. Under this position, he took the lead in establishing the Code of Conducts for the Company.
- He is a representative of Vinamilk at Asian Corporate Governance Association (ACGA). He participated in the Training course of Company Secretariat hosted by International Finance Corporation (IFC).
- Previously, he spent more than 14 years in Finance Division at different positions: Accountant – Fixed assets, materials, and construction; General Accountant in charge of preparing financial statements.

INTERNAL AUDIT



Ms. Ta Hanh Lien

Internal Audit Director

Born in 1980. She joined Vinamilk in 2007.

Professional qualifications

- Bachelor of Economics, major in Accounting – Audit, University of Economics, Ho Chi Minh city, Vietnam.

Experiences

- She has years of working experience in audit, finance, and budget planning and control.
- She has held the position of Internal Audit Director since November 2011 after completing the role of Coordinator for the project “Establishing the Internal Audit Function” and received the transferred international audit methodology from KPMG Vietnam Co., Ltd.
- From 2006 to 2010, she worked at the Finance Division at different positions, such as Budget Planning and Control Manager, Financial Analysis supervisor.
- Prior to joining Vinamilk, she was Audit Associate and then Senior Audit at KPMG Vietnam Co., Ltd. from 2002 to 2005.



TỪ **100%**
— SỮA TƯƠI —
ORGANIC



Sữa tươi tiệt trùng
Không đường

THE BOARD OF DIRECTORS' REPORT



ASSESSMENT OF THE BOD'S PERFORMANCE IN 2017

Performance Results

Development strategy

The BOD has strictly followed the 5-year strategic plan of 2017-2021. The BOD has reviewed and approved some decisions, such as the expansion of the distribution network, the selective marketing activities, the product development to meet market needs (e.g. organic products), the development of the farm system, the enhancement of factory capacity, the execution of M&A transactions and the rise of equity in affiliates and subsidiaries in order to increase the sustainability of the value chain.

Total investment reached over 5,800 billion (40% of the 5-year plan).

Production and sales

- Revenue: VND 51,135 billion, reaching 100.3% of the plan.
- After-tax profit: VND 10,278 billion, reaching 105.6% of the plan.
- In terms of market share: Major product lines have grown dramatically compared to competitors. Vinamilk's total dairy market share increased by 2% at the end of 2017 compared to that of 2016, outperforming the target by 1%.

Dividends

- Cash dividend paid to shareholders in 2017 was VND4,000/share (excluding the dividend of VND1,500/share for closing date on 29th December 2017 that will be paid on 30th March 2018).

Sustainable Development & Social Responsibility

In 2017, the BOD implemented the announced orientations and policies on sustainable development of which specific contents have been integrated into operational processes. The audited sustainability report achieved a high ranking. (See Sustainable Development Report for more details).

Performance assessment of the BOD and Committees

In 2017, the Board adopted additional procedures for assessing the effectiveness of the Committees. As a result, the Company has improved the efficiency of the BOD in general and the contribution of each of the Board members in particular.

The performance review meeting was held at the BOD's final meeting of the year with the attendance of all BOD members and the support of the Company Secretariat.

Criteria for assessment are behavior and performance, as shown in following aspects:

- The results of sales, profits and other non-financial indicators.
- The proportion of independent, non-Executive and Executive members of the BOD
- The number of BOD and Committees' meetings and the contents discussed
- The number of cases of conflict of interest occurred
- Compliance with rules of confidentiality
- BOD's participation in management training programs
- The remuneration policy developed for the BOD
- New policies developed and issued

Assessment form: Using some of the questions selected from the IFC's BOD Assessment Guidelines on a 5-point scale. The four assessment criteria according to IFC are as follows: (1) self-leadership and performance; (2) combination of knowledge, experience and diversity of the BOD members; (3) dynamism; and (4) operating procedure.

Activities of Committees

- The Strategy Committee monitored the execution of the strategy and investments and reviewed strategic investment projects in the 05-year plan.
- The Audit Committee oversaw and assisted the CEO and the BOM in enhancing the effectiveness of the internal control and risk management systems, the relevance and reliability of financial reporting as well as corporate governance. On a quarterly basis, the Audit Committee monitored the internal control system and risk management system through the reports of the Internal Audit, the external auditor, the Internal Control and Risk Management. The Audit Committee supervised quarterly, semi-annual and annual financial statements before the BOM submitted to the BOD, the AGM, or for public disclosure in accordance with the law, making comments on the truthfulness, completeness, timeliness and relevance of the financial statements in accordance with the accounting regime, accounting standards and current regulations.
- The Remuneration Committee supervised the salary, welfare and award system in order to ensure the relevance, competition and adherence to business objectives.
- The Nomination Committee supervised the planning and development of human resources
- The BOD discussed and made decisions in resolutions/meeting minutes about the following quarter's plan and other related issues.

Results: In 2017, the BOD has operated in accordance with the laws, regulations and brought about the best possible results to the Company. The contents under the BOD's authority of management, supervision, strategy, risk management, personnel and compensation have been resolved professionally. All Board members have performed well, kept being proactive to fulfill their duties, and contributed professionally to the overall decisions of the BOD.



SUPERVISION AND ASSESSMENT OF THE CEO AND THE BOARD OF MANAGEMENT

The BOD's supervisory activities on the CEO and the Board of Management

Based on the Company's Charter and Governance Regulations, the BOD supervised the CEO and BOM's operation in managing business activities and implementing the resolutions of the AGM and the BOD in 2017 as follows:

a. Supervisory approach

- The BOD supervised the activities of the CEO and the members of the BOM including:
 - » Planning for and execution of the 05-year strategy for 2017 – 2021 and business objectives approved by the AGM;
 - » Investment plan for production and business development.
 - » Risk management and control systems.
 - » Preparation and presentation of financial statements.
 - » Human resource planning.
 - » Execution of the BOD's resolutions.
- The BOD has monitored the adequacy of the above tasks by compiling the agendas for the BOD and Committees' meetings. The BOD has exchanged, discussed and questioned the CEO and the BOM at the quarterly meetings of the BOD and through emails, telephone calls and direct contact to ensure the validity, efficiency, relevance and timeliness.
- The specific contents were assigned by the Board to the Committees, depending on their function and authority, to execute and report in regular meetings.

b. Supervisory results

Based on the report of the CEO, the BOM and actual business performance, the BOD recorded the following results:

- The CEO and BOM performed well within their authority, in accordance with the BOD's resolutions, and achieved the business targets for 2017. Despite the unstable business environment, the Company (i) maintained and increased its market share in many key product categories, (ii) expanded and strengthened its distribution network, (iii) improved the efficiency of value chain activities, (iv) achieved remarkable progress in sustainable development.
- Organizational, control and management systems: The Company has pioneered in applying advanced standards, adhered to and improved the processes and awareness for risk management, and enhanced the Company's reputation and image, affirming its leading position in the market.
- Quarterly and annual financial reporting was made and announced in accordance with Vietnam Accounting Standards ("VAS") and current law. No frauds were allowed and no unusual related party transactions were recorded.
- The CEO and BOM maintained a fair, rational, competitive compensation scheme that took into account sustainable development. The succession programs for senior and mid-level personnel were in line with the Company's structure and met strategic requirements for business and development.

The BOD's assessment on the CEO and the Executive Directors' performance

In accordance with the Corporate Governance Regulations, the BOD conducted the assessment of the CEO and the Executive Directors based on the following criteria:

- Accomplishment of business targets.
- Common responsibilities of senior management.
- Competences and skills of senior management.

a. Accomplishment of business targets

This criterion was assessed based on the accomplishment of (i) the common targets of the Company and (ii) the quality targets in each department managed by each Executive Director following Balanced Scorecard. Other financial, customer, process and learning targets were allocated appropriately for each position.

b. General responsibilities of senior management

Criteria for the general responsibilities of senior management were performed in accordance with the Company's Charter and Governance Regulations, including:

- Responsibility of Prudence.
- Responsibility of Honesty and avoidance of conflicts of interest.
- Responsibility of Information Confidentiality.
- Duty of Care and Loyalty.

This assessment was conducted in two phases: individual self-assessment and direct management assessment. For Executive Directors' assessment, the BOD also relied on the supervisory results of the CEO.

c. Competences and skills of senior management

The competences and skills of senior management were assessed in the following respects:

- Quality of management and leadership.
- Personal quality.
- Knowledge and skills.
- Relationship with members of the BOM.
- Relationship with staff.
- Relationship with the community.

The assessment was also supported by a set of leadership competencies developed specifically for Vinamilk. Criteria for assessment of each aspect were selected from the results of the most recent assessment. In addition, the capacity and skills of senior management were also assessed through the survey of leadership style and work environment.

Result: According to the BOD's assessment, the CEO and the BOM successfully completed the tasks assigned in 2017 in compliance with current laws and regulations and the Company Charter.



AUDIT COMMITTEE REPORT

The Audit Committee under the BOD of Vietnam Dairy Products Joint Stock Company (Vinamilk) consists of four members as follows:

- Mr. **Do Le Hung**
Independent BOD member, Head of the Committee
- Ms. **Dang Thi Thu Ha**
Member
- Mr. **Michael Chye Hin Fah**
Member
- Mr. **Le Thanh Liem**
Member

All committee members are competent and qualified to discharge their duties as assigned by the BOD and specified in the Audit Committee Charter.

In the fiscal year ended 31st December 2017, the Audit Committee held two in-person meetings with the attendance of all four members (July and December 2017) and another meeting through telephone and email exchange (January 2018). There were also other meetings on specific topics with the participation of the relevant members. After each meeting and at the end of the financial year 2017, the Audit Committee consolidated and reported its activities to the BOD all of which in essence can be summarized as follows:

Review of financial statements

The Audit Committee had reviewed quarterly, semi-annual and annual financial statements before they were submitted by the BOM to the BOD, the AGM, or for public release as required by law, and assessed whether they were truly, fairly, completely and timely presented in accordance with the current accounting regulations, accounting standards and legal requirements. The review results showed that:

- Quarterly and annual financial statements were prepared and disclosed in accordance with current accounting standards and regulations.
- During the year, there were no changes in accounting policies, accounting standards or tax policies that have a material impact on the disclosed financial position and financial statements.
- There was no unusual related party transactions recorded, including purchase and sale of goods, capital contribution, dividend payment, etc.

Oversight of the risk management and internal control system

On a quarterly basis, the Audit Committee supervised the internal control system and risk management system through reports of the Internal Audit ("IA"), the independent auditor, the Risk Management and Internal Control. According to the review results, Vinamilk has a well-defined risk management and internal control framework in which:



- There is a specialized unit for risk management and internal controls;
- There are procedures and methodology for risk management;
- Risks are regularly monitored and updated in order to take appropriate measures;
- Employees are aware of and responsible for risk management. The internal control self-assessment system actively contributes to raising staff awareness of risk management and internal controls;
- Business processes are issued, updated and managed by the specialized department;
- Compliance with current procedures, as shown by internal audit results, has been well maintained;
- The Company has been shifting its approval and filing system from traditional, paper-based procedures to online management, which helps to optimize processing time for documentation, review, approval and information searching while mitigating errors.

Oversight of Internal Audit's activities

IA is operating under and subject to the Audit Committee's independent supervision through the approval of annual audit plan and the review of Internal Audit Charter and internal audit methodology. The Audit Committee assessed that the internal audit function had performed effectively, adding significant values to the Company. Specifically:

- The IA, though run by a small team, operates based on best practices, ensuring independence and audit quality.
- The IA, as shown by its Charter, Handbook and actual performance, has met basic internal audit requirements, in reference to the Internal Audit Handbook co-issued by Ministry of Finance and World Bank.
- The coordination between CEO and Audit Committee in internal audit management helps the IA play its roles properly, not only in compliance requirements, but also in supporting other departments in risk management and internal controls, before, during and after each operation.

- Despite encountering obstacles in human resources, the IA has completed its 2017 plan ahead of time.
- The compliance with procedures in audited units, as shown by internal audit results, has been well maintained. The shift from compliance audit to support for audited units in risk management and internal controls has achieved good results and will be a priority in the coming years.
- The IA's roles in the Company have been recognized and improved through positive feedback from the audited units.

Oversight of compliance and fraud prevention

The Audit Committee supervised the effectiveness of prevention activities against frauds and violations of Company Charter, internal rules, professional ethics and regulatory requirements. At present, the Company has set up a mechanism and framework to instruct and implement fraud prevention measures.

Oversight of of independent auditing

Oversight results showed that the proposed 2017 audit plan and its implementation by the independent auditor were in line with the Company's requirements on the scope, objects, methodology and timeline while ensuring the auditor's service quality and independence.

For the fiscal year 2018, the BOD (Audit Committee) will submit the selection proposal of an independent auditing firm to the AGM for approval.

Head of the Audit Committee

Mr. Do Le Hung



THE BOARD OF MANAGEMENT'S REPORT



BUSINESS OPERATION FOR 2017

2017 was the first year in Vinamilk's business strategy for 2017 - 2021. Therefore, the business result in 2017 was extremely important to create the right momentum and morale for the entire Vinamilk staff to continue to pursue targets in the following years.

2017 was also a challenging year with many fluctuations in domestic and foreign markets. These included fiercer competition, rising raw material prices and lower export volume due to the political unrest in the Middle East and all over the world. To encounter these challenges, the BOM followed the direction and business plan of the BOD, made timely and flexible changes in the product and market development strategies, quickly built up a more appropriate distribution network, transformed resources into more efficient sales channels in the domestic segment, etc., in order to put the business back on track and finally to complete all the revenue, profit and market share growth targets for 2017 set out by the BOD and the AGM. Specifically, in 2017, Vinamilk reached 100.3% of total target revenue target (of which domestic sales increased by 13.6% and exports decreased by 23%) and 105.6% of the target consolidated profit after tax, increased the dairy market share by 2% (target: 1%) and continued to maintain the leading position in the national dairy market.

The BOM would like to report the key results of 2017 as follows:

1. Financial position

The Company maintained financial stability in 2017 with good growth, compared to 2016, in key indicators such as revenue and profit. Other indicators such as working capital, long-term assets were still closely managed. Equity and total assets increased by 6.5% and 18% respectively from 2016.

	2017 (VND billion)	2016 (VND billion)	% growth rate
Total revenue	51,135	46,965	8.9%
Profit before tax	12,229	11,238	8.8%
Profit after tax	10,278	9,364	9.8%
Total assets	34,667	29,379	18.0%
Owners' equity	23,873	22,406	6.5%
Share capital	14,515	14,515	0.0%
Total liabilities	10,794	6,973	54.8%

Working capital management:

- Cash: Thanks to good business results, the Company always maintained a high level of cash and managed this cash flow in an effective and safe way. The risk management policy was set up to ensure that term deposits were always at optimal levels of safety and flexibility in order to meet the Company's capital needs at all times.

- Accounts receivable: accounted for 18% of short-term assets. No significant bad debts were incurred during the year. The Company maintained a good policy on receivables management. Since mid-November 2017, the Company has changed its credit policy for domestic customers, in which the credit period was increased to support sales better. This change led to an increase in receivables from customers and reduced receivables turnover ratio from 21.3 to 17.6. This policy change has had a positive impact on the Company in which its receivables policies have been effectively managed and have provided a competitive advantage in the domestic market.
- Inventory: accounted for 20% of short-term assets. Inventory turnover ratio increased slightly from 5.8 to 6.2 in 2017, maintaining reasonable and stable in line with the Company's inventory management policy. There was no significant low turnover of inventory in 2017 as well as in the past several years.
- Short-term liabilities: accounted for only 11% of total capital. At the end of the year, the Company applied a new payment policy with some banks lending against the value of the Company's payables to some suppliers. This policy helped the Company reduce its payables turnover to 8.21 in 2017 from 10.29 in 2016. This contributed to the increase in debt to equity ratio during the year. The Company has maintained the reasonable and strict payment policy with suppliers, in line with the Company's operation.

Long-term asset management:

- Accounted for 41% of total assets, mainly tangible fixed assets related to the Company's factories. During the year, fixed assets value increased by 30%, from VND 7,916 billion to VND 10,290 billion, including investment in new farms at subsidiaries to ensure the stability of fresh milk as a raw material supply. The Company has maintained a policy for management and new investment of long-term assets which ensures effectiveness, facilitates growth, and avoids waste and loss of assets..

Key financial indicators:

With good business results and sound financial management, the Company has brought to shareholders another year of financial ratios always remaining in safe ranges.

Targets	2017	2016	Note
Liquidity			
Current ratio	1.99	2.89	(times)
Quick ratio	1.58	2.16	(times)
Capital structure			
Debt to asset ratio	31%	24%	
Debt to equity ratio	45%	31%	
Operating efficiency			
Inventory turnover	6.2	5.8	(times)
Receivables turnover	17.6	21.3	(times)
Payables turnover	8.21	10.29	(times)
Asset turnover	1.59	1.65	(times)
Profitability			
Profit after tax/Net revenue	20%	20%	
Profit after tax/Equity (ROE)	44%	43%	
Profit after tax/Total assets (ROA)	32%	33%	
Operating profit/Net revenue	24%	24%	

2. Marketing activities

By the end of 2017, Vinamilk's total dairy market share increased by 2%, confirming its leading position in the market. This successful year marked another milestone in Vinamilk's marketing activities, most remarkable in the following aspects:

- With continuous efforts to launch nearly 20 new products of liquid milk, milk powder, yogurt, drinking yogurt, baby cereal, soya milk, ice cream and beverages, the innovation has offered consumers richer and more comfortable experiences with diversified choices of products. Among the most impressive Vinamilk products were Vietnam's first European standard organic fresh milk that pioneered in the organic and natural segment and Optimum Gold infant formula that affirmed the Company's leading position in the premium segment.
- In addition to traditional marketing channels, digital communication was also further promoted through Vinamilk's own Youtube channel and social networks. Product promotions were ingeniously integrated into music videos with the appearance of public figures and the adaptation of the original lyrics to match the promoted products. This showed the Company's agility in catching up with prominent trends as well as bringing the products closer to consumers. Notably, the MV of "Vo Nguoi Ta" (meaning, "His Wife") (<https://www.youtube.com/watch?v=j76-OaPxqXY>) for the Dielac infant formula has reached over 100 million views and won the Asia-Pacific Youtube Ad Leaderboard 2017.

3. Research and Development (R&D) activities

The Company promoted research to diversify its product portfolio and serve the domestic and export markets, as well as research and application of new technologies to improve product quality, reduce costs of production and product development in line with consumption trends of domestic and international consumers.

In addition, the responsibility to the community has always been focused and constantly improved. Specifically, about 20 new and innovated products were launched to the market in 2017, focusing on milk powder, ready-to-drink powdered milk, liquid milk, yogurt and food.

In order to increase its competitiveness in the market, the R&D strengthens the cooperation with Vietnamese and international research institutes, universities and leading experts in nutrition and food and the world's leading provider of nutritional and manufacturing technology solutions to conduct trials in product development and clinical studies in evaluation of the effectiveness of nutritional products.

The highlight was a partnership program with the National Institute of Nutrition ("VNIN") in formula development and clinical validation of liquid milk products for school age as well as the collaborative research to successfully develop nutritious products for infants and young children and specialized international standard quality nutritional products, equally competing with leading nutrition corporations.

In addition to the purpose of catching up with consumer demand, improving product efficiency and adding value to customers, the Company's An Khang Nutrition and Clinic Center has combined nutritional counseling and medical examination in various forms such as health counseling centers, media articles on nutrition and products, online consultation sessions as well as online media channels and health clubs, for instance the diabetes club.

4. Distribution activities

Local market

- In the FMCG sector with over 10% growth as well as the whole dairy industry's value's sharp, continuous increase, Vinamilk's distribution business has recorded impressive results.
- This achievement was stemmed from Vinamilk's continuous expansion of distribution network with nearly 251,000 retail points served directly by 202 distributors, Vinamilk's "Vietnam Dairy Dream" store chain reaching 418 stores, over 3,250 supermarkets and convenience stores across the country selling Vinamilk products. A new highlight in enhancing consumer convenience was the launch of e-commerce channel with the cooperation of trusted partners and "Vietnam Dairy Dream" stores.
- The timely and effective introduction of marketing promotion activities is a key success factor in increasing

market share and maintaining Vinamilk's position in the market.

- Finally, it is worth mentioning the revolutionary program of restructuring and strengthening distributors' capacity program in the distribution system that is a refactoring and capacity building program for distributors. Distributors were rearranged to scale up, increase individual point-of-sale satisfaction and achieve high efficiency by leveraging on their scale.

International markets

- In 2017, international business activity marked the transition from traditional export to intensive cooperation with distribution partners in new key markets, gradually reducing dependence on traditional market.
- The four new markets explored in 2017 were New Zealand, Brunei, Madagascar and Yemen. In total, Vinamilk made direct exports to 35 countries alone in 2017 with a focus on new markets in Africa and South East Asia besides traditional markets in the Middle East.

5. Procurement and Logistics activities

- The purchasing process has been improved through a transparent, open bidding mechanism for 100% of local suppliers, resulting in cost optimization and sustainability and diversification of raw material supplies.
- The "Just in time" procurement strategy has been applied together with the optimization of inventory management and warehouse planning at the subordinate units that have brought about remarkable results in the Company's inventory control and working capital turnover, compared to the previous year.
- The planning, restructuring and improvement of the warehouse system has been conducted in the smart warehouse model, applying automation technology, optimizing space utilization, increasing machinery and reducing manual labor.



6. Production activities

- As the leading company in the Vietnamese dairy market, production processes are always ensured at the highest standards. By 2017, factories have completed the FSSC 22000 periodic system assessment and have adapted their procedures to international standards such as the FDA (US Food and Drug Administration) and ISO/TS22000. More than that, factories' operational procedures always ensure the requirements of health, environment and sustainable development.
- Production resources have always been operated with optimum capacity, efficiency and cost savings. The projects to build production capacity were carried out on schedule, ensuring sufficient production resources for the market demand. In addition, the focus was also put on the increase and intensive application of technology in asset management and technical practices, as well as the constant updates of new production technologies for nutritional products.

7. Investment projects for production capacity improvement

- There were 20 large projects to improve production capacity and expand warehouses and farms in 2017, with a total investment of more than VND 5,000 billion. The projects were analyzed, planned, and assessed thoroughly and their corresponding resources were allocated in an effective manner, ensuring timely execution to meet the needs of the Company and the market.
- 100% of the projects planned for completion in 2017 were put into commercial production on schedule. Total actual investment decreased by 9% compared to total planned investment. In particular, some large projects included the new investment of four 220ml Fino bottling lines, a SuSu yogurt production line, a 130ml Probi drinking yogurt production line and a 400/700ml Probi drinking yogurt production line. These new lines were equipped with modern technology and high capacity by international reputable suppliers.
- The procedures and regulations in preparing and executing the project were leaner to increase the efficiency and speed of project implementation.

8. Human resources

- Labor and remuneration management: Reviewed functions and duties of divisions and subsidiaries, standardized job descriptions. Assigned jobs to and arranged training and rotation programs for staff trained in Russia (Course 2012 - 2017). Collaborated with Anphabe Company to carry out the "Happiness at Work" survey to record and evaluate the opinions of employees regarding the working environment at Vinamilk.
- Labor recruitment: Executed employer branding activities on the top online recruitment websites in Vietnam such as Vietnamworks.com, Anphabe.com, Jobstreet.com, etc.
- Training and Development: Continued the personnel development and training in the Talent Management Program 2016. Executed the Management Trainee Program by arranging job rotation and self-study by Harvard Manage Mentor courses. Continued the Personnel Succession Planning Program for senior and middle-level key positions in the 2017 - 2021 period.
- Competence assessment: Issued "Core Competencies and Leadership Standards" and "Core Competencies and Leadership Assessment Process". Executed and guided the pilot competence assessment for the management level and developed an action plan based on assessment results.

9. Subsidiaries' activities

Domestic subsidiaries' activities

Domestic subsidiaries are as follows:

- 100%, Vietnam Dairy Cow One Member Company Limited
- 100%, Thong Nhat Thanh Hoa Dairy Cow One Member Company Limited
- 65%, Vietnam Sugar JSC ("Vietsugar")

The acquisition of Vietsugar was on 1st November 2017. Therefore the contribution of revenue and net profit after tax of acquired business to the Group's results during the period from acquisition date to 31st December 2017 is insignificant. Consequently, most domestic subsidiaries' activities occurred in Vietnam Dairy Cow One Member Company Ltd. and Thong Nhat Thanh Hoa ("TNTH") Dairy Cow One Member Company Ltd.

These two companies mainly focus on building, administering, managing and developing Vinamilk's national dairy cow farm system. At the end of 2017, these companies managed 10 dairy cow farms with total herd of 23,395 cow heads. In particular, Vietnam Dairy Cow One Member Company Ltd. managed nine farms with total herd of 20,851 cow heads and TNTH Dairy Cow One Member Company Ltd. has managed one farm with total herd of 2,544 cow heads.

Industrial and high-tech dairy cow feeding

- Vinamilk is proud to be the Vietnamese dairy company pioneering in dairy cow farming. Vinamilk has boldly invested and creatively applied innovative technologies into the specific geography and climate of Vietnam. Vinamilk's strategic plans to develop a nationwide high-tech dairy cow farming system have been a roaring success. Furthermore, Vinamilk has been actively and efficiently supporting dairy cow farmers on a national scale.
- Vinamilk technical staffs are willing to learn and collaborate with foreign experts to research, upgrade and invest in modern, international-standard equipment and machinery for dairy cow farms. Some remarkable ones are presented as follows:

- » The latest modern milking system with a capacity of 100 cows per time.



- » Automatic silo feeding system:



» **Automatic cooling system:** Cowshed's interior climate plays an important role in dairy cow farming, especially during the summer when dairy cows are exposed to the substantial risks of heat stress. By investing in the fan and shower cooling system, Vinamilk's milking productivity has increased by 2-3 kg/lactating cow/day as compared to the past. In 2017, with the THI control board installed (to control fans and sprinklers in accordance with the cowshed's interior temperature and moisture as well as exterior wind speed) via PLC, a smart, integrated system to control all accompanying devices, the cooling system has been upgraded and enabled to operate automatically. In order to create optimal farming environment, functions of fan and shower control in line with cowshed's temperature and moisture have been all integrated into the system.



Automatically controlled cooling cowshed via THI

» **Feed pushing robot:** Vinamilk has enhanced the application of automation technology in farms to boost labor productivity. Aiming at building cows' conditioned reflexes via feed pushing, improving feed intake and milking productivity, Vinamilk has undertaken research and imported "Feed pushing robots" from technologically advanced countries, such as the United States, Australia, and the Netherlands, in order to enhance automation in farming activities. The robots are programmed to run automatically through smartphones via Bluetooth connection. Equipped with an energy-efficient electric motor, the robots' operating costs and carbon dioxide emission are expected to be low. During operation, the robots play harmonious classical symphonies to create a soothing and relaxing atmosphere to the sheds.



Automatic feed pushing robot

» **Dairy herd management and health monitoring through frequency of exercising and ruminating:** An efficient dairy cow farm must always maintain the golden ratio of 50% lactating cows of the total herd. In order to reach that ratio, health monitor and early symptom recognition are strictly required. Vinamilk's modern chip system (SCR-GEA) installed at our farms is able to recognize and give advance warning with over 90% accuracy. Thanks to the system integration in a smartphone application, remote staff can monitor 24/7 and come up with timely interventions.

» **Automatic silage ferment sprayer:** Ferment used to be sprayed manually. Forage was thoroughly chopped, then placed in a bunker. Depending on the bunker size, one to two workers consecutively sprayed until every layer was fully covered. This process resulted in unstable and uneven ferment spraying on layers, subjective factor proneness and additional labor costs.

Currently, forage is chopped by specialized chopper and directly sprayed with ferment under faucet. The automatically-operated ferment sprayer is able to detect chopped feed via proximity sensors. With this modern system in place, the quality of silage feed is under guarantee, which results in higher milk quantity and quality, lower labor costs and less ferment consumption.

» **Barley Grass utilization:** With rich, healthy vitamin and mineral content, Barley Grass has been utilized in worldwide functional food production. Vinamilk has cultivated Barley Grass to feed Da Lat Organic dairy cows. Barley Grass is rich in vitamin E and vitamin D, which improves fertility for cows and increase vitamin content in milk.



Health monitor electronic chip





Completion and operation of two modern, large-scale farms:

» **Organic Dairy Cow Farm:** In 2017, Vinamilk has officially put the very first Organic Dairy Cow Farm of Vietnam into operation. The farm has been approved by Control Union Organization as qualified for the European Organic Standards. The farm strictly complies with the three rules: no chemical, no genetically modified ingredient, and no growth hormone. Organic cows can roam freely on organic pasture, thus allowing them to produce the pure, natural and Vietnamese resident-friendliest. In addition, Vinamilk's veterinary team keep on researching and improving healthcare for this organic dairy cow herd. Vinamilk's Organic Dairy Cow Farm made a successful kick-off in cultivating grass buds in cool containers and including them in cows' portions in order to improve health, increase productivity and enhance milk quality.

· **Thong Nhat Thanh Hoa 1 Dairy Cow Farm with total herd of 4,000 cow heads:**



Thong Nhat Thanh Hoa 1 Dairy Cow Farm

· **Tay Ninh Dairy Cow Farm with total herd of 8,000 cow heads**



Tay Ninh Dairy Cow Farm

Successful business results of the farms have shown the right direction for the modern concentrated farming model:

- Average output: 280 tons of milk per day.
- The Dairy Cow Company's 2017 profit increased 169% as compared to the previous year.
- Average raw milk costs decreased 9% over the previous year, as a result of re-planning of farming areas and investment in automation technology for cultivation and feed processing.
- Milking productivity increased 7% from the previous year, with several farms reached the average of 32 kg/lactating cow/day in 2017.
- The Company is recognized as a Hi-tech Agricultural Enterprise. Milk quality is under full guarantee and the entire farm system is verified to meet the ISO 9001:2008 and GlobalGAP.

» **Comprehensive partnership and working together with farming households**

Throughout the country, Vinamilk has been managing over 80 milk collection stations with a total herd of over 100,000 cow heads in farming households, supplying over 600 tons of fresh milk per day. Approximately, the farming household dairy herd is expected to reach 160,000 – 180,000 heads by 2020. Apart from the main activity of raw milk procurement, these collection stations also support farmers on dairy farming such as distribution of compound feed and hygienic milking solution, consultation and transfer of technologies and control of livestock diseases. So far, these activities have received an enthusiastic welcome from the farmers and truly earned their trust.

In 2017, Vinamilk built two more milk collection stations, Tutra and Da Ron, in Lam Dong Province.



Completion and operation of Cu Chi Raw Milk Center

All the raw milk sources in Ho Chi Minh City and its vicinity will be gathered here and delivered to all factories in Ho Chi Minh City and Binh Duong Province after quality test. The center is equipped with modern machinery, including a cold warehouse for sample centralized storage; a rapid analysis system to send results to every farmer; an automatic clean-in-place system to help clean milk tanker trucks, ensuring food hygiene and safety; a large volume, highly flexible, quick cooling tanker system to receive milk from both milk collection stations and farmers as necessary. Thanks to Cu Chi Raw Milk Center, the network of raw milk procurement from farming households in the country's highest productivity region has been promoted to a new level of higher quality consistency, higher resource efficiency and more effective interaction with farmers.



Technical staff standardization

- Proactive development of high quality human resources: A qualified veterinary team plays a vital role in the development of dairy cow farms. Consequently, the Company annually offers career opportunities to skilled labors throughout the country. The Company offers training and coaching to ensure sustainable development and personnel succession.
- World leading expert connection: With a view to enhancing Vietnam’s farming quality to reach the level of top dairy cow farming countries, Vinamilk has been cooperating, building network and connecting with world leading experts in dairy cow farming to organize training and experience exchange sessions, conduct technology transfers, etc.

Overseas subsidiaries’ activities

IN 2017
TOTAL REVENUES
REACHED
USD 122
OVER MILLION

Driftwood Dairy Holdings Corporation

In May 2016, Vinamilk officially acquired 100% of Driftwood Dairy Holdings Corporation, one of the leading and well-established dairy product manufacturers in South California, U.S. Driftwood currently runs a diversified product portfolio. Its key products are fresh milk and fruit juice, which are sold into South California schools. In addition, the firm also sells to other sale channels such as restaurants, distributors, and etc. In 2017, its total revenues reached over USD122 million, equivalent to VND 2,785 billion.

UP
61%
ON 2016

Angkor Dairy Products Co., Ltd.

In October 2015, Angkor Dairy Products (“Angkormilk”) in Cambodia went into commercial operation, manufacturing and selling UHT milk and yogurt to the market since then. In March 2017, Vinamilk officially took over 100% of shares at Angkormilk after receiving a transfer of shares from partner BPC. In 2017, its total revenues gained USD 20 million, equivalent to VND 461 billion, up 61% on 2016. The Company has generated profits since the very first year of operation and engaged distributors in all provinces of Cambodia.

TOTAL EXPORT VOLUME
REACHED NEARLY
17,000
TONS
OF MILK POWDER

Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia

On May 27th 2014, the Ministry of Planning and Investment issued and granted Investment Certificate No.709/BKHĐT-ĐTRNN to Vinamilk on establishing a wholly-owned subsidiary in Poland.

The main purpose of this subsidiary is to purchase milk powder in a bid for the production needs of parent company and other subsidiaries. In 2017, its total export volume reached nearly 17 thousand metric tons of milk powder with total revenues reported as of roughly USD 32.4 million.



10. Highlighted honors and awards in 2017

International honors and awards



VINAMILK - VIETNAM'S ONLY FMCG COMPANY ON THE LIST OF 2000 LARGEST PUBLIC COMPANIES IN THE WORLD

Forbes published Global 2000 – the world's 2000 largest public companies. Accordingly, Vinamilk was one of the four Vietnamese companies on this list with the revenue and capitalization value of USD 2.1 billion and USD 9.1 billion, respectively. In terms of capitalization, Vinamilk was the largest company in the four Vietnamese representatives to make it in this year's Global 2000. Especially, Vinamilk was the only Vietnamese company in the fast moving consumer area in general and the dairy industry in particular on this Global 2000 list. (Forbes)



VINAMILK AS THE ONLY REPRESENTATIVE OF VIETNAM IN THE TOP 10 ASIA'S POWER PERFORMERS

Nikkei Asian Review, top media group of Japan, announced the list of 300 of Asia's most valuable and prestigious listed companies. Vinamilk was the only Vietnamese representative in the Top 10 Best Performing Companies in Asia and the only F&B company in Asia to make it to Top 10. (Nikkei Asia Review)



VINAMILK LEADS THE ASIA-PACIFIC REGION'S YOUTUBE AD RANKINGS

Google announced The 10 Most Successful ads on YouTube in the Asia-Pacific region for the year from July 2016 to July 2017. Accordingly, the advertisement of Vinamilk's milk powder brand Dielac Alpha named "The secret of raising children for comprehensive development" – "His Wife" version has overcome other major brands to top the list. The leading position has proved the creativity of Vinamilk's marketing team and the strong attraction of Vinamilk brand. (Youtube)



VINAMILK VOTED AS "TOP 50 BEST COMPANIES IN VIETNAM" FOR 06 CONSECUTIVE YEARS BY NHIP CAU DAU TU MAGAZINE

Vinamilk continued to be ranked among the Top 50 Best Performing Companies in Vietnam in 2016. Especially, this was the sixth successive year Vinamilk won this prestigious title. (Nhiep Cau Dau Tu Magazine)



VINAMILK RANKED AS THE MOST PRESTIGIOUS FOOD AND BEVERAGE COMPANY IN VIETNAM

Vietnam Report announced the Top 10 Prestigious Food and Beverage Companies in Vietnam in 2017 in which Vinamilk was ranked first. (Vietnam Report)



VINAMILK LEADS THE TOP 10 LISTED COMPANIES IN 2017

Vinamilk also lead the Top 10 Listed Companies in 2017 by Vietnam Report in December 2017. This was the third consecutive year Vinamilk topped this list with the highest number of votes. (Vietnam Report)

National honors and awards



VINAMILK - THE ONLY DAIRY BRAND IN 21 CONSECUTIVE YEARS TO RECEIVE THE AWARD OF HIGH QUALITY VIETNAMESE GOODS NOMINATED BY CONSUMERS

Vinamilk was one of the 40 enterprises nominated by the consumers to receive the certificate of High quality Vietnamese goods for 21 consecutive years announced by the Business Association of High Quality Vietnamese Goods. (Business Association of High-Quality Vietnamese Goods)



VINAMILK RANKED FIRST IN VIETNAM WITH A BRAND VALUE OF OVER USD 1.7 BILLION

The list of "40 Most Valuable Companies in Vietnam" was published by Forbes Vietnam, honoring Vinamilk with the top value of over USD 1.7 billion. This was also Vinamilk's second consecutive year at the top of the list with a 13% increase in brand value compared to 2016 and doubling the value of the 2nd ranked company. (Forbes Vietnam)



VINAMILK FEATURES IN TOP 03 MOST CHOSEN BRAND OWNERS IN VIETNAM FOR THREE CONSECUTIVE YEARS

Kantar Worldpanel's Brand Footprint 2017 honored Vinamilk as one of the most chosen brands in Vietnam for three consecutive years. This shows that Vinamilk's brand name is still being maintained and continues to grow in the minds of Vietnamese consumers. (Kantar Worldpanel)



VINAMILK HONORED IN TOP STRONG BRANDS OF VIETNAM FOR 5 CONSECUTIVE YEARS

Vinamilk was honored with "Strong Brand of Vietnam 2016" award by the Vietnam Economic Times. This award was to recognize the efforts of the most efficient and active enterprises in the national economy. (Vietnam Economic Times)



"VINAMILK 100% FRESH MILK" AS THE MARKET LEADER IN VIETNAM

According to the latest information from Nielsen Vietnam, Vinamilk 100% fresh milk led the market in both volume and sales in the fresh milk segment from 2015 to July 2017. (Nielsen Vietnam)



VINAMILK RANKED 2ND IN THE TOP 100 BEST PLACES TO WORK IN VIETNAM BY ANPHABE AND NIELSEN FOR 3 CONSECUTIVE YEARS

According to the survey, Vinamilk was among the top in terms of Leadership and Management, Quality of work and life, and Company's reputation. In addition, Vinamilk also received the Most Attractive Employer Brands to the Generation Y (1986 -2000). (Anphabe & Nielsen)

Also in 2017, Vinamilk surpassed 199 enterprises, topping the list of "Favourite Employers 2016" by CareerBuilder Vietnam. (CareerBuilder Việt Nam)

THE MARK OF VINAMILK - APEC2017



Vinamilk was proud to be the only Vietnamese representative providing dairy products and fruit juices for the APEC 2017, offering international friends the delicious, international quality products made from the finest natural ingredients, by the Vietnamese hands and minds.



From May to November 2017, Vietnam successfully held the APEC 2017 Summit with the participation of heads of state from 21 APEC member economies and thousands of domestic and foreign reporters. In this international chain of events, Vinamilk's fresh milk, yogurt and fruit juices had honorably passed the strict inspection and selected to serve throughout the events.

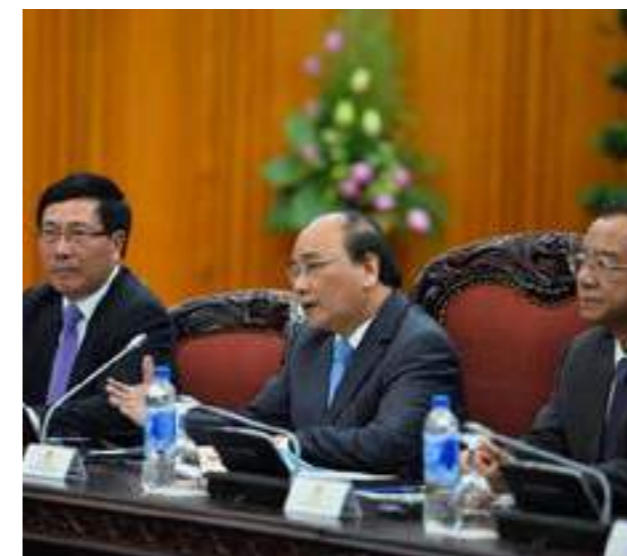


Over half a million products of Vinamilk were chosen to serve in the APEC 2017 Summit

Vinamilk was honored to be the national brand chosen to provide dairy and beverage products for the APEC 2017 Summit in Vietnam (including the Summit program in Da Nang and the side events took place from May 2017 in Ho Chi Minh City, Ha Noi, Ha Long, Hue, Can Tho, Vinh and Hoi An). In particular, Vinamilk's products were served at high-level meetings, seminars and conferences with the participation of 21 APEC member economies' heads of state together with many officials and diplomatic delegations. In addition, Vinamilk's products were also served at the International Press Center for domestic and foreign reporters and guests from all over the world.

The total volume of Vinamilk products consumed at APEC was up to 15,000 barrels, as equivalent to over half a million products. Of these, three product lines were chosen to serve in the events include fresh milk (Vinamilk 100% fresh milk and Organic fresh milk), yogurt (organic yogurt, fruit yogurt, and drinking yogurt Probi) and Vfresh 100% fruit juice (apple, grape and orange juice). These are the main products of Vinamilk and very popular in the Vietnamese market with closed production process from input to output and strict inspection of quality.

Not only being selected for the important international high-level events, Vinamilk products such as bottled still water ICY for many years have also been selected for all special meetings and events of the National Assembly Office and the Government Office, as well as welcoming heads of state to visit and work in Vietnam.



CORPORATE GOVERNANCE REPORT



CORPORATE GOVERNANCE REPORT

"At Vinamilk, we adhere to good corporate governance principles, and we conduct our business in compliance with all applicable laws, rules, and regulations, including the Listing Manual ("Listing Manual") of Ho Chi Minh Stock Exchange ("HOSE"). In particular, Vinamilk has sought to comply with the principles and guidelines of the Code of Corporate Governance 2012 ("CG Code 2012") to the extent possible. This is in accordance with international best practices in corporate governance."

A. Board Matters

Principle 1

The Board's Conduct of Affairs

The Board of Directors ("Board") oversees the Company's business and affairs in accordance with the resolutions of shareholders, the applicable laws and the Listing Manual. The Board must exercise good business judgment and act in good faith in the best interests of the Company.

Under the direction of the Board, Vinamilk has established two fundamental policies named i) "Regulations on Corporate Governance" and ii) "The Code of Conduct" with which all employees are required to comply. Further details of these policies are available on the Company's website: <https://www.vinamilk.com.vn/en/he-thong-quan-tri>

The Board is responsible for the overall business leadership, strategic direction, performance objectives and long-term success of Vinamilk. It also seeks to align the interests of the Board and Management with that of shareholders, and balance the interests of all stakeholders.

As at 31 December 2017, the Board comprises the following Directors, namely:

1. Ms. Le Thi Bang Tam	Chairwoman, Independent Director Head of Nomination Committee
2. Ms. Mai Kieu Lien	Executive Director, CEO
3. Mr. Michael Chye Hin Fah	Non-Executive Director
4. Mr. Nguyen Ba Duong	Independent Director, Head of Remuneration Committee
5. Ms. Dang Thi Thu Ha	Non-Executive Director
6. Mr. Nguyen Hong Hien	Non-Executive Director Head of Strategy Committee
7. Mr. Do Le Hung	Independent Director Head of Audit Committee
8. Mr. Le Thanh Liem	Executive Director
9. Mr. Lee Meng Tat	Non-Executive Director

The Board has appointed the Company Secretariat and the Secretariat to the Board of Directors as follows:

- Mr. Tran Chi Son ⁽¹⁾
- Ms. Le Quang Thanh Truc
- Mr. Nguyen Trung

Remark: (1) Mr. Tran Chi Son was appointed on 15th April 2017.

Matters Requiring Board Approval

Our Board recognizes its utmost duty to administer the Company's business and oversee the Company's operations in the best interests of the Company. This includes the administration of the subsidiary companies to be in line with the Company's core business plans to ensure due compliance with the shareholders' resolutions, in good faith and due compliance with the law and the Company's business objectives. Our Board is also responsible for the determination of the vision and business strategies of the Company, the oversight of Management's performance of their duties according to the Company's policies, and the reporting of the financial statements and general information to shareholders and investors with accuracy and sufficiency.

According to Vietnamese Law, the Board is required to meet in person and not less than four times in each year. For the year ended 31 December 2017, a total of 6 Board meetings were held.

Names	No. of BOD's meetings	% attendance
1. Ms. Le Thi Bang Tam	6/6	100%
2. Ms. Mai Kieu Lien	6/6	100%
3. Mr. Michael Chye Hin Fah ⁽¹⁾	4/4	100%
4. Mr. Nguyen Ba Duong ⁽¹⁾	4/4	100%
5. Ms. Dang Thi Thu Ha ⁽¹⁾	4/4	100%
6. Mr. Nguyen Hong Hien ⁽¹⁾	4/4	100%
7. Mr. Do Le Hung ⁽¹⁾	4/4	100%
8. Mr. Le Thanh Liem ⁽¹⁾	4/4	100%
9. Mr. Lee Meng Tat	6/6	100%
10. Mr. Le Song Lai ⁽²⁾	2/2	100%
11. Mr. Le Anh Minh ⁽²⁾	2/2	100%
12. Ms. Ngo Thi Thu Trang ⁽²⁾	2/2	100%

Remarks: (1) They were appointed on 15 April 2017

(2) They ceased to be the BOD members on 15 April 2017

In addition to the meetings in person above, the Board have discussed and voted through email on a number of business matters during the year. As at 31 December 2017, the Board has issued 24 resolutions below:

Resolution No.	Date	Description
01/NQ-CTS.HĐQT/2017	17 Jan 2017	Distribution of the remaining BOD's 2016 allowance.
02/NQ-CTS.HĐQT/2017	19 Jan 2017	Review of operating performance and approve bonuses based on performance of CEO and the Executive Directors.
03/NQ-CTS.HĐQT/2017	19 Jan 2017	Establishment of branch – Lam Son milk factory.
04/NQ-CTS.HĐQT/2017	08 Feb 2017	Approval of amendment of Certificate of Foreign Investment (Cambodia).
05/NQ-CTS.HĐQT/2017	06 Apr 2017	Approval of the share purchase of partner in Angkormilk (Cambodia), and appoint a representative of Vinamilk in Angkormilk.
06/NQ-CTS.HĐQT/2017	17 Apr 2017	Appointment of the heads of Board Committees, CEO, and the Company Secretaries.
07/NQ-CTS.HĐQT/2017	25 Apr 2017	Delegation of tasks to members of BOD (period 2017 – 2021).
08/NQ-CTS.HĐQT/2017	04 May 2017	Approval of the restructure of the company's organizational chart.

Resolution No.	Date	Description
09/NQ-CTS.HĐQT/2017	27 Jun 2017	Approval of investment of production lines.
10/NQ-CTS.HĐQT/2017	08 Jul 2017	Approval of investment of production lines.
11/NQ-CTS.HĐQT/2017	24 Jul 2017	Approval of first interim dividend payment 2017.
12/NQ-CTS.HĐQT/2017	24 Aug 2017	Approval of purchasing 3.89% of SCIC at Thong Nhat Thanh Hoa Dairy Cow Ltd. Co.
13/NQ-CTS.HĐQT/2017	12 Sep 2017	Approval of Investment in production lines.
14/NQ-CTS.HĐQT/2017	18 Sep 2017	Assignment of Representative to Thong Nhat Thanh Hoa One Member Ltd. Co.
15/NQ-CTS.HĐQT/2017	16 Oct 2017	Approval of Investment in Dairy Farms.
16/NQ-CTS.HĐQT/2017	16 Oct 2017	Approval of Investment in Production lines and Warehouse.
17/NQ-CTS.HĐQT/2017	23 Oct 2017	Approval of dominant investment in a sugar company.
18/NQ-CTS.HĐQT/2017	08 Nov 2017	Approval of Investment in production lines.
19/NQ-CTS.HĐQT/2017	22 Nov 2017	Approval of Regulations on Committee Performance Evaluation and BOD meeting contents.
20/NQ-CTS.HĐQT/2017	14 Dec 2017	Approval of Investment in production lines.
21/NQ-CTS.HĐQT/2017	15 Dec 2017	Approval of a supplement to the first interim dividend payment 2017.
22/NQ-CTS.HĐQT/2017	20 Dec 2017	Approval of Investment for 25% at Asia Coconut Processing JSC.
23/NQ-CTS.HĐQT/2017	26 Dec 2017	Approval of Employee Bonus Scheme.
24/NQ-CTS.HĐQT/2017	30 Dec 2017	Approval of Investment in production lines.

Delegation of Authority on Certain Board Matters

Four Board committees, including Audit Committee, Nomination Committee, Remuneration Committee and Strategy Committee, have been constituted to assist the Board in the discharge of its specific responsibilities, and effectively discharge its oversight duties and functions. The Board has also established financial authorization and approval limits for operating and capital expenditure, and the procurement of goods and services, and in order to optimize operational efficiency, has clearly delegated authority to the relevant Board Committees to review and approve transactions which fall within the said limits. In addition to matters that specifically require the Board's approval, the Board is also responsible for the review and approval of annual budgets, financial plans, financial statements, business strategies and material transactions, such as major acquisitions, divestments, funding and investment proposals, and is also responsible for reviewing and approving transactions exceeding certain threshold limits.

To address and manage possible conflicts of interest that may arise in relation to Directors' interests and the Company, Directors are required to abstain from voting on any matter in which they are so interested or conflicted.

Strategy Committee

- The Board established the Strategy Committee ("SC"). The SC comprises of four Directors, namely, Mr. Nguyen Ba Duong, Mr. Nguyen Hong Hien, Ms. Mai Kieu Lien and Mr. Lee Meng Tat. The Head of the SC is Mr. Nguyen Hong Hien.
- The SC is primarily responsible for preparing and proposing the business strategies of the Company to the Board, including being accountable of (1) approving vision, mission and long-term strategies; (2) supervising the planning, execution and deployment of strategies; (3) navigating of sustainable and responsible development; (4) integrating reports; and (5) relations with related parties.

Audit Committee

- The Board established the Audit Committee ("AC") and determined qualifications of the members, authority and responsibility of the committee in the Audit Committee Charter. The AC comprises of four Directors, namely, Mr. Michael Chye Hin Fah, Ms. Dang Thi Thu Ha, Mr. Do Le Hung and Mr. Le Thanh Liem. Mr. Do Le Hung, an independent Board member, is the Head of the AC.

- The AC is primarily responsible for reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company, internal control and internal audit systems, compliance with laws relating to the business of the Company, connected transactions, interested person transactions or transactions which may give rise to conflicts of interest, the scope and results of the external audit, as well as considering and selecting the Company's and its subsidiaries' external auditors, etc. Please refer to the Audit Committee Report regarding performance of the duties and responsibilities of the AC for the year ended 31 December 2017.

Nomination Committee

- The Board established the Nomination Committee ("NC"). The NC consists of Ms. Le Thi Bang Tam, Ms. Mai Kieu Lien, Mr. Nguyen Hong Hien and Mr. Lee Meng Tat. Ms. Le Thi Bang Tam, an independent Board member, is the Head of the NC.
- The NC is primarily responsible for the determination of criteria and the selection of suitable persons to be appointed as director and key management personnel, setting the procedures and the guidelines for such selection in order to uphold transparency, performing duties according to applicable laws and/or regulations and the Listing Manual as well as any amendments made thereto and orders given by the relevant authorities or regulators to the extent that is relevant to the scope of authorities, duties and responsibilities of the NC, reviewing nominations for re-appointment of Director, and assisting the Board in the determination and reconsideration of independence of Independent Directors at least annually. On the other hand, BOD also assess CEO and BOM's performances, establish and recommend the Company Charter's principles (including 04 aspects: good BOD actions, environmental control, transparent information, corporate governance guarantee) which are applied to BOD and the Company's employees. For further details, please refer to [Principle 2: Board Composition and Guidance](#) of this report.

Remuneration Committee

- The Board established the Remuneration Committee ("RC"). The RC consists of four Directors, namely, Mr. Nguyen Ba Duong, Mr. Michael Chye Hin Fah, Ms. Le Thi Bang Tam and Ms. Dang Thi Thu Ha. Mr. Nguyen Ba Duong, an independent Board member, is the Head of the RC.
- The RC is primarily responsible for:
 - » Setting the policies and the guidelines in the determination of salary, bonus and remuneration of any kind to Directors and Top Executives as well as reviewing, revising, amending or revoking such procedures and rules in respect of Directors' remuneration for approval by the annual general meeting;
 - » Considering and reviewing salary, bonus and remuneration of the Directors and Top Executives and proposing the same to the Board;
 - » Recommending to the Board a framework and criteria of salary, bonus and remuneration for the Directors and Top Executives;
 - » Recommending specific salary, bonus and remuneration packages for each Director and Top Executives;
 - » Performing any other act as delegated by the Board.

For further details, please refer to [Principle 9: Disclosure of Remuneration](#) of this report.



Principle 2 Board Composition and Guidance

Board of Directors

As at 31 December 2017, our Board consisted of 09 Directors, including 3 Independent Directors representing one-third of the total number of the Board members. All Directors have long-term experiences in business or attained honorary positions.

The size and composition of the Board are reviewed from time to time by the NC, which seeks to ensure that the size of the Board is conducive to effective discussion and decision making, and that the Board has an appropriate number of Independent Directors. The NC also seeks to maintain an appropriate balance of expertise, skills, and attributes among the Directors, including relevant core competencies in areas such as accounting and finance, business and management, industry knowledge, strategic planning, and regional business expertise, as well as taking into account broader diversity considerations, such as gender, age, nationality, in making appointments. When a Board position becomes vacant or additional Directors are required, the NC will select and recommend candidates on the basis of their skills, experience, knowledge and diversity. Any potential conflicts of interest are also taken into consideration

Independent Directors

All Directors exercise due diligence and independent judgment and make decisions objectively in the best interests of the Company. The qualifications of the independent Directors and the determination of the NC adhere to the Vietnamese regulations and the requirements of the CG Code 2012. An independent director is one who has no relationships with the Company, its related corporations or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to acting in the best interests of the Company, and such director should be independent both in character and judgment.

Principle 3 Chairman and CEO

Our Chairman encourages constructive relations among the Board and Top Executives. The Chairman approves the agenda to be considered at the Board meetings.

The Chairman and CEO are each responsible for their roles in overseeing the business operation and administration in accordance with the policy of the Board, the business plan and the structure of the organization of the Company.



Principle 4 Board Membership

In order to ensure a transparent process for the appointment and re-appointment of the Directors to the Board, the NC establishes and reviews the profile required of Board members and makes recommendations to the Board on the appointment, re-appointment and retirement of Directors. The NC also reviews all nominations for appointment of the CEO and Top Executives and submits its recommendations for approval by the Board. The NC takes into account an appropriate mix of core competencies for the Board and Top Executives to fulfil its respective roles and responsibilities.

Directors must ensure that they are able to give sufficient time and attention to the affairs of Vinamilk and, as part of its review process, the NC decides whether or not a Director is able to do so and whether he/she has been adequately carrying out his/her duties as a Director of Vinamilk. The Company believes that each Director has carefully considered that he/she will be able to devote sufficient time to manage the business of Vinamilk.

For key information regarding each of the Directors, please refer to Profile of Directors & Key Management in our 2017 Annual Report.

Principle 5 Board Performance

In conducting the business of the Company, the Board performs its duties in good faith and due care according to the laws, shareholders' resolutions and to preserve the interests of the Company. Our Board has conducted a self-assessment of its performance and responsibilities.

Annually, the NC undertakes a process to assess the effectiveness of the Board and the Board committees. They include Directors' attendance, participation and contribution during the meetings. Due consideration is also given to the factors set out in the Guidelines to Principle 5 of the CG Code 2012.

To encourage and support the conduct of the self-assessment of the Board and the Board committees, the NC has prepared a self-assessment form for the Board and the Board committees which includes the effectiveness of the Board structure and qualifications, the Board meetings, the duties and responsibilities of the Board, the relationship between the Board and Management team, and the Directors' self-development and training, including comments or recommendations.

The NC is responsible for reviewing the self-assessment of the Board and to report an overview of the assessment to the Board accordingly.

Principle 6 Access to Information

We are committed to providing our Board members with adequate, complete, continuous and timely information before the Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board members have separate and independent access to the Company Secretariat. The Company Secretariat, in consultation and cooperation with the Internal Control & Risk Management Department including the compliance advisor as the case may be, is responsible for advising the Board on private and public limited company laws including securities laws and relevant regulatory matters. The Board approves the appointment and the removal of the Company Secretary. For the year ended 31 December 2017, the Company Secretariat attended all Board and Audit meetings.

The Secretariat plans a year in advance a calendar of activities for the Board. For preparation of each meeting, the Secretariat will deliver the Board papers, financial statements including management reports, agenda items and related materials, background or explanatory information beforehand on a timely basis to Directors, so that Directors have sufficient lead-time to peruse, review and consider the items tabled, and in order for discussions at Board and Board Committee meetings to be even more meaningful and productive. Senior Management is invited to attend the Board Meetings and other Board committee meetings in order to provide input and insight into matters being discussed, and to respond to any queries that the Directors may have. The Board members have separate and independent access to the BOM to ensure that Board procedures are followed.

Where it is necessary for the efficacious discharge of their duties, the Directors and Board Committee members, either as an individual or a group, may seek and obtain independent professional advice at the Company's expense.



B. Remuneration Matters

Principle 7

Procedure for Developing Remuneration Policies

The main responsibility of the RC is to assist the Board in establishing a formal and transparent process for developing policies on executive remuneration and development. The RC will also review the terms of compensation and employment for Executive Directors and key management personnel at the time of their respective employment or renewal (where applicable) including considering the Company's obligations in the event of termination of services.

The RC considers and proposes to the Board the remuneration of Directors, Executive Directors and key management personnel and to propose the level of Directors' remuneration for the approval of the shareholders' meetings. The RC has considered and reviewed the appropriate and reasonable amount of remuneration to be paid to each Director and the top Executives and proposed the recommendation of the said remuneration to the entire Board for endorsement.

If a member of the RC has an interest in a matter under deliberation, he will abstain from participating in the review and approval process for that matter.

The RC may from time to time, and where necessary or required, consider engaging external consultants to assist in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management.

Principle 8

Level and Mix of Remuneration

The determination of the level and band of remuneration of the Directors, Top Executives of the Company was based on corporate performance, duties, responsibilities and individual performance, having regard to due compliance with applicable laws.

Principle 9

Disclosure of Remuneration

Details of remuneration of the Directors and Top Executives (including those who are in an executive capacity) of the Company for the year ended 31 December 2017 and together with a percentage breakdown into the following categories (1) Directors' fees; (2) salaries; (3) bonuses as well as funds paid based on the operating results of the Company; (4) other benefits, are set out in the tables below.

In respect of the Directors who are in an executive capacity, the Company, having duly considered the highly competitive human resource environment of the industry and the confidential nature of staff remuneration matters, is of the view that full disclosure of their remuneration may be prejudicial to the interests of the Company and may hamper the Company's efforts to retain and nurture its talent pool. In alternative, the Company has disclosed their remuneration as described below. ⁽¹⁾

Names of Directors (Executive capacity)	Salaries	Bonus based on the Company performance	Directors' fee
Ms. Mai Kieu Lien	23%	73%	4%
Mr. Le Thanh Liem ⁽¹⁾	39%	53%	8%

Names of Directors (non-Executive capacity)	Salaries	Bonus based on the Company performance	Director's fee
Ms. Le Thi Bang Tam	-	-	100%
Mr. Nguyen Ba Duong ⁽¹⁾	-	-	100%
Mr. Michael Chye Hin Fah ⁽¹⁾	-	-	100%
Ms. Dang Thi Thu Ha ⁽¹⁾	-	-	100%
Mr. Nguyen Hong Hien ⁽¹⁾	-	-	100%
Mr. Do Le Hung ⁽¹⁾	-	-	100%
Mr. Le Song Lai ⁽²⁾	-	-	100%
Mr. Le Anh Minh ⁽²⁾	-	-	100%
Mr. Lee Meng Tat	-	-	100%

Names of Top management	Salaries	Bonus based on the Company performance	Director's fee
Mr. Mai Hoai Anh	42%	58%	-
Mr. Trinh Quoc Dung	41%	59%	-
Ms. Nguyen Thi Thanh Hoa	40%	60%	-
Ms. Bui Thi Huong	43%	57%	-
Mr. Nguyen Quoc Khanh	41%	59%	-
Mr. Phan Minh Tien	42%	58%	-
Ms. Ngo Thi Thu Trang ⁽²⁾	38%	56%	6%
Mr. Tran Minh Van	41%	59%	-

Remarks: (1) They were appointed on 15 April 2017.

(2) They ceased to be the BOD members on 15 April 2017.

C. Accountability and Audit

Principle 10 Accountability

The Board is responsible for providing a balanced and understandable assessment of the performance, position and prospects of Vinamilk through quarterly and annual financial reporting. The financial statements for the four quarters shall be released to shareholders within 30 days after the end of each quarter, the first half financial statements shall be released to shareholders within 45 days after the end of 30 June, and the annual results shall be released within 90 days after the end of each fiscal year. Vinamilk complied with all disclosure deadline requirements in 2017. Please see below for more information.

	Reporting deadline by legal requirements ⁽¹⁾	Vinamilk's actual disclosing date
- The 4th financial statements – 2016 ⁽²⁾	30 days	25 Jan 2017
- The full year financial statements – 2016	90 days	20 Mar 2017
- The annual report – 2016	120 days	20 Mar 2017
- The 1st financial statements – 2017 ⁽²⁾	30 days	28 Apr 2017
- The 2nd financial statements – 2017 ⁽²⁾	30 days	29 Jul 2017
- The first half financial statements - 2017	45 days	29 Jul 2017
- The 3rd financial statements – 2017 ⁽²⁾	30 days	30 Oct 2017

Remarks: (1) Days after the end of each quarter/fiscal year respectively.

(2) These financial statements are not compulsorily required to be audited, but Vinamilk's practice is that all quarterly financial statements in 2017 shall be audited by KPMG.

Principle 11 Internal Controls and Risk Management

The Board recognizes its responsibility to ensure a sound system of risk management and internal controls to safeguard the shareholders' investments and the Company's assets. In this regard, the Board established an Audit Committee, each member of which oversees different areas to ensure the adequacy and effectiveness of financial, operational, compliance and information technology controls, including systematic risk management through determining structure, strategy and risk owners, controlling and monitoring the results of risk management.

In support of compliance with applicable laws and regulations, the Board also built up internal control system to oversee compliance with the Law of Enterprise (including securities laws) which are applicable to the Company.

In addition to controls over compliance with relevant laws and regulations, the Board sets the tone on acceptable business ethics and policies related to Vinamilk's business operations to be used as practical guidelines for all our Directors, Top Executives and employees, including the Company's other stakeholders, and to strengthen sustainability of the Company. With a view to the handling of information in order to prevent mishandling of information either for personal benefit or other persons' benefit, the Board instituted a policy and code of conduct for the Directors, Executives and employees of the Company to be responsible for preventing any access by unauthorized persons to, and/or disclosure of non-public information that may affect the market price or value of the Company's shares and other financial instruments issued by the Company, before it is received by the HOSE/SSC, or before the information is made public through HOSE, SSC and Vinamilk's website.

The AC, with the assistance of the internal and external auditors, reviews and reports to the Board at least annually on the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, all of which have been established and maintained by the Management in order to ensure the Company's operational achievement in furtherance of its goals and objectives, ensure compliance with applicable laws and regulations and safeguard its significant assets from misconduct or loss. The AC also oversees the accuracy and reliability of financial information

and reporting. In assessing the adequacy and effectiveness of the Company's internal controls, the AC has considered the results of audits by the internal and external. Based on the aforesaid considerations, the AC is of the opinion that for the year ended 31 December 2017, the Company had in place adequate and effective internal controls including financial, operational, compliance and information technology controls.

Additionally, the Board, with the assistance of the AC, annually reviews the adequacy and effectiveness of the Company's risk management and overall internal control systems. Based on the internal controls and the risk management processes established and constantly maintained by the Company, independent audits performed by the internal and external auditors, and the assurance from the CEO and the Chief Financial Officer that the financial records and statements have been properly prepared and give a true and fair view of the operations and finances of Vinamilk in accordance with the applicable laws and regulations, and that Vinamilk has in place adequate and effective internal controls and risk management systems which are considered relevant and material to the current Vinamilk's business and operations, the Board, with the concurrence of the AC, is of the opinion that for the year ended 31 December 2017, Vinamilk had in place adequate and effective internal controls addressing financial, operational, compliance and information technology risks and risk management systems which are considered relevant and material to the current Vinamilk's business operations.

The Company's risk management processes can be summarized as follows:

- Stipulate the Company's policy and framework for risk management and communicate them to the Company's Executives and employees by emphasizing on the importance of risk management and the practical implementation of such policy to ensure the achievement of the Company objectives.
- Identify material corporate risks, set risk assessment criteria and risk appetite to manage high level risks.
- Conduct a risk assessment according to risk assessment criteria.
- Identify risk responses to the risks that exceed the Company's levels of acceptable risk.
- Monitor and review major risks and risk treatment procedures to ensure that risks are appropriately managed.

Please refer to the Risk Management information in our 2017 Annual Report, in which it reported significant risks of Vinamilk including preventive measures and solutions.

The system of internal controls and risk management which was in place throughout the said fiscal period provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment on decision making, human error, losses, fraud or other irregularities.





Principle 12 Audit Committee

The AC, appointed by the Board, comprises four Directors: three Vietnamese and one Singaporean. For the names of the AC Head and members, please refer to Principle 1: The Board's Conduct of Affairs. Based on the qualifications of the AC Head and members, the Board is of the view that the AC Head and members are all appropriately qualified to discharge their responsibilities that are clearly set forth in the Audit Committee Charter, for instance, reviewing the financial statements preparation process and information disclosures of the Company and its subsidiaries to ensure accuracy and reliability, overseeing the adequacy and effectiveness of the internal controls and the internal audits of the Company and its subsidiaries, reviewing the Company's and its subsidiaries' compliance with business related laws, reviewing interested persons transactions to prevent any occurrence of conflicts of interest, and considering and selecting external auditors of the Company and its subsidiaries. The AC is duly authorized to investigate any matter within its Charter, has full access to and co-operation from Executives and full discretion to invite any Director or Executive to attend its meetings, and has adequate resources to enable it to discharge its functions properly.

In carrying out the duty on the selection of external auditors of the Company and its subsidiaries, the AC considers their competency, professional proficiency, recognized past performance and independence in providing audit services without having any relationship or interest with the Company or its subsidiaries, including non-audit services that will affect the auditor's independence. In addition, the AC takes into consideration whether the external auditors (both the auditing firm and the audit engagement partner proposed to be assigned to the audit) have the necessary resources and experience, other audit engagements of the auditing firm, the size and complexity of the Company and its subsidiaries being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, in determining whether the external auditors are suitable for continued appointment, before proposing its opinions on the appointment of the external auditors of the Company and its subsidiaries and their remuneration to the Board in order to propose to the shareholders' meeting for approval.

At the 2017 AGM, the Shareholders appointed KPMG Limited (Vietnam) to be in charge of the audit of the Company's financial statements for the year ended 31 December 2017.

In performing the duties on the review of financial information reporting, the internal control and internal audit systems, in compliance with business related laws and connected transactions or transactions that may give rise to conflicts of interest, the AC will meet on a quarterly basis or when deemed necessary by the AC, with the external auditors, the Internal Audit Director and Executives according to the relevant topics. For the year ended 31 December 2017, apart from ordinary meetings, the AC held a private meeting with the internal and external auditors, without the presence of the Management.

Vinamilk has set out regulation that provides a channel for all Vinamilk's Directors, Executives and employees to report any well-founded suspicious wrongdoings or dangers at work. This includes criminal activities and other unlawful conduct, failure to comply with regulatory requirements, financial irregularities and actions that are dangerous to the health and safety of people or the environment. The person who raises genuine concerns in good faith can rest assured that the Company will take the raised concerns seriously and investigate as deemed appropriate, including protecting the whistle-blower from detriment, retribution or harassment in doing so. Details of this regulation have been disseminated and are made publicly available to all employees. The AC has considered the said regulation and ensures that independent investigations of the raised matters and any appropriate follow-up actions are carried out.

Principle 13 Internal Audit

The Company established the Internal Audit Department ("Vinamilk IA") as an independent unit to assist the Board through the AC by assessing and improving effectiveness of risk management, internal controls and governance processes. In this regard, the AC shall approve the appointment, demotion, transfer and dismissal of the IA Director in consultation with the CEO, as well as evaluate his/her performance. The compensation of the IA Director is determined based on his/her competency and experience and in line with the Company's compensation policies with endorsement by the AC and approval by the CEO. The IA Director reports directly to the AC and administratively to the CEO. With this organizational structure and reporting relationships, it enables Vinamilk IA to objectively and independently discharge the duties and responsibilities. Vinamilk IA is authorized to have unrestricted access to all the Company's documents, records, properties and personnel pertinent to carrying out its duties, including access to the AC. Vinamilk IA adopts a risk-based audit methodology to develop its audit plans to ensure that audit activities are aligned with key risks of Vinamilk. Based on risk assessments performed, greater focus and appropriate review intervals are set for high risk activities and material internal controls, including compliance with the Company's policies, procedures and regulatory responsibilities.

During the year ended 31 December 2017, Vinamilk IA conducted its audits as detailed in the internal audit plan submitted to and approved by the AC. Findings and internal auditors' recommendations on areas of improvement were reported for Executives' implementation. Each quarter, Vinamilk IA submitted to the AC a report on the status of the audit plan and on audit findings and actions taken by the Executives. Key findings were highlighted at the AC meetings for discussion and follow-up action. The AC monitors the timely and proper implementation of required corrective, preventive or improvement measures undertaken by the Management. To ensure that the internal audits are effectively performed, Vinamilk IA recruits and employs suitably qualified staff with the requisite skills and experience. Such staff are given relevant training and development opportunities to update their technical knowledge and auditing skills. In addition, Vinamilk promotes and supports the improvement of their expertise so as to allow them to become qualified as certified internal auditors or to attain other related professional certifications. The AC shall annually evaluate the performance of Vinamilk IA to ensure that Vinamilk IA has adequate resources and appropriate standing within the Company to perform its function effectively.



D. Shareholders Rights and Responsibilities

Principle 14

Shareholder Rights

The Company acknowledges and gives importance to the rights of the shareholders, who are the owners of the Company.

The Company has ensured equal and fair treatment towards every shareholder through its accurate, transparent and timely disclosure of information. The Company pays great attention to the sufficiency of information disclosure so that the shareholders are able to make a well-informed decision at the shareholders' meeting, including casting their votes and expressing their opinions on significant changes and the election of Directors, based on information which is accurate, complete, transparent, and equally shared.

Principle 15

Communication with Shareholders

Communication with shareholders is done not only through announcements via HOSE/SSC but also through our Investor Relations Unit who works closely with our top Executives to ensure active communication with shareholders through announcements in a timely manner.

The unit arranges a number of meetings during the year, especially after the disclosure of quarterly and full year results, so that investors may query Management about financial, marketing or strategic issues. The Investor Relations Unit also regularly meets with investors to communicate the policies and strategies of the Company so that investors have a good understanding of the Company operation. The Investor Relations Unit also provides timely detailed information via the corporate website.

The unit also reports to the BOM in relation to investors' comments and concerns. Contact information for the Investor Relations Unit is set out in section on Investor Information of this annual report and is also available in the investor relations section of our corporate website <https://www.vinamilk.com.vn/en/lien-he-thong-tin-co-dong>

Principle 16

Conduct of Shareholder Meetings

Shareholders' meetings are held in accordance with the agenda mentioned in the relevant invitation to the shareholders' meeting. The Company sends a complete invitation to shareholders' meeting, including attachments, with sufficient information relevant to the meeting to the shareholders. Moreover, the Company posts all information which is relevant to the meeting on HOSE/Vinamilk's website so that the shareholders will have sufficient time to carefully study this information. In addition, at least ten days prior to the date of the meeting, notice of a shareholders' meeting and the full set of meeting documents will be disclosed publicly on Vinamilk's website in order to provide shareholders sufficient time to prepare for attending the shareholders' meeting as required by the related laws and regulations.

The Chairman of the Board, the Head of the AC, RC, and NC, and Directors who are part of the Management team are usually present and are available to address shareholders' queries at these meetings. Our external auditors from KPMG Limited (Vietnam) are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. During the meeting, the Chairman allows the shareholders, equally, to make inquiries and express their opinions as well as to make recommendations.

In the 2017 AGM, the Company invited the representatives from the Internal Audit Department, the Internal Control and Risk Management Department to be the vote-counting committee members and invited one representative of shareholders to witness the vote-counting to be the independent scrutineer.

The Chairman of the Meeting also answers questions and provides complete information as requested by the shareholders. The Minutes of the shareholders' meeting must be accurately and completely recorded in a timely manner as required by law and disclosed together with the AGM resolution to the HOSE, SSC and posted on Vinamilk's website within 24 hours after the AGM.

The 2017 AGM was held on 15 April 2017. All documents related to the AGM not only in 2017 but also from the previous years are kept on Vinamilk's website in both Vietnamese and English to ease the shareholders to access at any time.

E. Other Matters of the Corporate Governance Report

Stock trading of the insiders

Insiders	Position at Vinamilk	Ownership at the beginning of the year		Ownership at the end of the year		Description	
		Number of shares	%	Number of shares	%	Buy	Sell
Mai Kieu Lien	BOD member, CEO	4,111,420	0.28%	4,111,420	0.28%	-	-
Le Thanh Liem	BOD member, Executive Director	298,718	0.02%	298,718	0.02%	-	-
Mai Hoai Anh	Executive Director	355,911	0.02%	355,911	0.02%	-	-
Trinh Quoc Dung	Executive Director	209,688	0.01%	209,688	0.01%	-	-
Nguyen Thi Thanh Hoa	Executive Director	752,906	0.05%	752,906	0.05%	-	-
Bui Thi Huong	Executive Director	59,846	0.00%	59,846	0.00%	-	-
Nguyen Quoc Khanh	Executive Director	20,664	0.00%	20,664	0.00%	-	-
Phan Minh Tien	Executive Director	80,359	0.01%	80,359	0.01%	-	-
Ngo Thi Thu Trang	Executive Director	1,080,075	0.07%	9,453	0.00%	-	1,070,622
Tran Minh Van	Executive Director	616,137	0.04%	616,137	0.04%	-	-

Stock trading of the related parties

Related parties	Relationship with the insiders	Ownership at the beginning of the year		Ownership at the end of the year		Description	
		Number of shares	%	Number of shares	%	Buy	Sell
State Capital Investment Corporation	Nguyen Hong Hien, Dang Thi Thu Ha, Le Thanh Liem	570,886,596	39.33%	522,553,196	36.00%	-	48,333,400
F&N Dairy Investments Pte. Ltd.	Michael Chye and Lee Meng Tat	198,178,083	13.65%	239,463,148	16.04%	41,285,065	-
F&Nbev Manufacturing Pte. Ltd.	Michael Chye Hin Fah and Lee Meng Tat	39,189,150	2.70%	39,189,150	2.70%	-	-
SCIC	Le Song Lai (*)	336,070	0.02%	-	0.00%	-	336,070
Mai Quang Liem	Mai Kieu Lien's brother	86,896	0.01%	25,066	0.01%	-	61,830
Nguyen Minh An	Nguyen Thi Thanh Hoa's brother	174,807	0.01%	174,807	0.01%	-	-
Duong Thi Ngoc Trinh	Mr. Mai Hoai Anh's mother	212,284	0.01%	191,650	0.01%	-	20,634

Remark: (*) Mr. Le Song Lai was no longer Vinamilk's BOD since 15 April 2017.

Business transactions between Vinamilk and its insiders and insiders' related parties

For the year ended 2017, Vinamilk did not have any business transaction with both the insiders and the related parties above.

RISK MANAGEMENT REPORT



2017 marked the start of the Company's new development period directed by the Strategy for 2017 - 2021 tenure. It was also the first year that the Company adopted the new management model with the new Audit Committee established under the BOD in replacement of the Inspection Committee. Risk management thus has also changed to fit the new model and increasingly integrated into specific activities, particularly the integration of risk management into the whole Company's quality management system, in which it would play a critical role.

Changes in Risk Management Structure

In the new model, the Audit Committee was set up to replace the former Risk Management Committee and Inspection Committee, with the duties including management of internal audit, internal control and risk management systems. The risk management structure was altered in response to the changes in the Company's management model in which the Inspection Committee was dismissed and the the BOD held the main directing and monitoring authority.

This mechanism helps to coordinate the three functions of Internal audit, Internal control and Risk management systems more closely and effectively when the performance of risk management activities is an important basis for developing internal audit plans, addressing key risks and critical issues. Conversely, the results of internal audits will be an important input for risk management to focus on critical points that need to be improved. The Audit Committee receives quarterly reports from the Risk Management Department to provide timely directions, requests and feedback.

Change and Integration of Procedures and Processes

Following the development trend of corporate governance and operational processes, management systems will be increasingly integrated, standardized and unified throughout the company. The risk management system is no exception. The requirements of the ISO 9001:2015 system also require risk-based thinking, so the risk management system in accordance with ISO 31000 standards applied by Vinamilk has been reviewed and integrated into the common system in planning, implementation and monitoring.

More specifically:

- Target planning is considered based on assumptions and risks to ensure that the targets are challenging but feasible and effective. Risks are then identified at the same time for timely management, and appropriate managers are assigned to increase the ability to accomplish the targets.
- Processes of controls, when established and changed, are considered based on the risk factors and the risk level to be managed.
- The self-assessment and review of controls are carried out periodically by the control owners themselves, to ensure the risks are monitored and the controls are effective.



Implementation of the risk management system for subsidiaries

In 2017, Vinamilk's subsidiaries also set up an integrated risk management system in accordance with risk-based thinking ISO 9001:2015. In addition to periodically reported risks in Vinamilk's risk portfolio, subsidiaries also monitor their own specialized risks. These risks are monitored and managed to lower levels, from the Company to Farms and Teams.

Managing key risks

In 2017, Vinamilk continued to manage the list of 13 key risks that were in the BOD's concerns. Events and management measures were reviewed and updated continuously to ensure effectiveness.

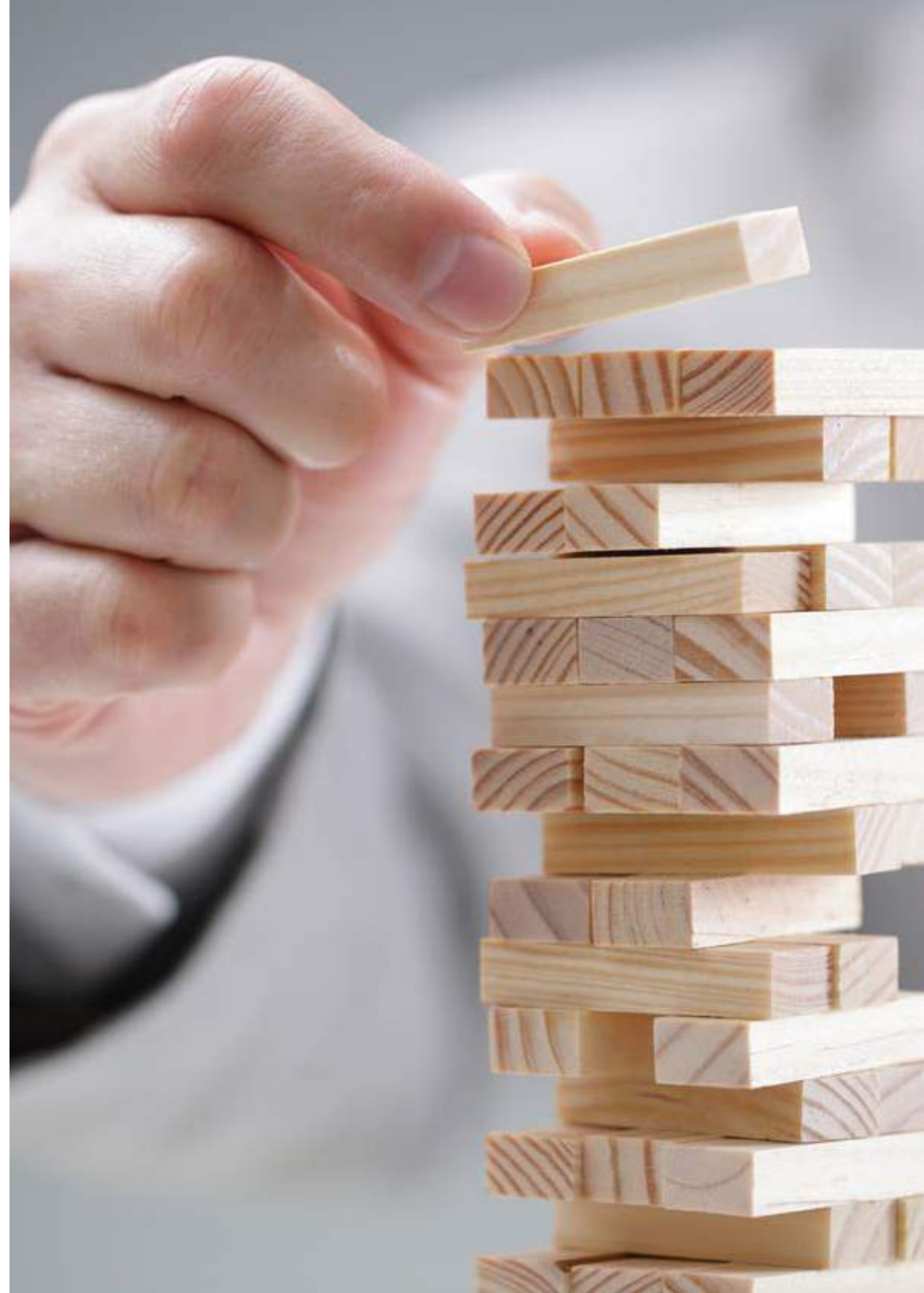
No.	Name of risk	Risk description	Controls
Strategic Risks			
1.	Strategic Planning Risk	Inadequate strategic planning resulting in an inability to meet long-term strategic objectives.	The strategic plan has been established and communicated to parties involved and assigned to the Strategic Planning Department. A list of strategic projects has also been approved, executed and monitored.
2.	Competition Risk	The loss in corporate competitive advantage happens when the industry growth decreases and when there are more players improving their differentiations.	Continue to promote strategies to maintain competitive advantage and increase market share. Timely identify changes in the market to respond appropriately.
3.	Global Economic conditions	Failure to quickly adapt to changes in the economy and global society that lead the company to have unexpected effects in the implementation of the business plan.	Regularly update changes in the economic environment and assess their impacts on the Company in order to make timely action plans.
4.	Political Risk	Risk of unexpected or sudden unfavorable changes in the regulatory and political environment in invested countries, possibly hindering operations or decision-making.	Make pre-investment assessments, monitor and supervise when in operation. Regularly update information and have appropriate evaluations.
5.	Social Media Risk	Unable to handle the unfavorable information from being distributed on the mass media.	Track and report promptly negative information through monitor network and professional crisis management team.
6.	Succession Risk	A vacancy in a critical role cannot be filled satisfactorily within an acceptable timeframe.	Continue the succession planning at lower levels to ensure sufficient human resources for all levels. Maintain the management trainee and talent management programs.
7.	Loss of Key Customers	Breakdown of relationship with key customers, resulting in a loss of revenue.	Manage customer relationships, regularly evaluate sales and have appropriate policies for key customers.

No.	Name of risk	Risk description	Controls
Operational Risks			
8.	Input materials supply risk	The insufficient supply of input materials for the production process.	Maintain secure inventory management, perform supplier assessment and management, and make reasonable purchase planning.
9.	Product Contamination	Any characteristic of a product which hinders its usability for the purpose for which it was designed and manufactured, then request to return a product to avoid endangering the consumer or putting the maker/seller at risk of legal action.	Set up and regularly check the controls as required standards. Set up separate evaluation standards for the control system to ensure efficiency and optimization. An alert system is set up to promptly identify events and to address them.
10.	Cow disease risk	Unexpected diseases on cows that lead to cow death or reduce milk quality.	Apply biological safety for the farm, health care, apply appropriate medical treatment for cases arisen.
11.	Strategy/Business Plan Execution Risk	Failure to execute business strategies as assessed through portfolio management and specific projects.	The Project Coordination Team shall carry out investment projects, monitor and supervise the execution in terms of budget and schedule. Project leaders periodically report and take appropriate action in response to changes.
12.	Risk of IT Security Breach	The probability or likelihood of occurrence of losses relative to the interruption of IT system, data breach, cyber attack.	Maintain the ISO 27000 information security system and computer and user protection systems. Regularly perform internal and external information security evaluation for the whole system.
Financial Risks			
13.	Foreign Exchange Risk	Currency volatility, changes in exchange rates have a substantial influence on companies' operations and profitability.	Estimate foreign currency needs, prepare reserves, forecast, monitor and analyze exchange rate fluctuations to balance needs and adjust plan accordingly.

Risk management in 2018

In 2018, Risk Management will focus on execution after the structure and system have been completed. The biggest goal is to run effectively together with the ISO 9001:2015 quality management system. In that spirit, risk evaluations, measurements, and action plans are always reviewed by the Owners on a number of factors, especially from stakeholders' feedbacks, to ensure a multidimensional view of risks in the relationships of chains of operations.

At the same time, the risk management activities at subsidiaries will be further developed. The risk reporting system from subsidiaries will be unified to appropriately identify integration approaches to the Group's risks. The monitoring of risk warning indicators is carried out more and more closely to ensure that any changes or unusual factors are detected in time.



SUSTAINABLE DEVELOPMENT REPORT



SUSTAINABLE DEVELOPMENT IN THE CONTEXT OF GLOBAL CHANGE

- What is a sustainable world?
- How can we do it?
- What role does an enterprise play in making progress towards such a world?

These are the three main issues raised by the 2050 Vision, an agenda set out by the World Business Council for Sustainable Development ("WBCSD") set out to envision the future of a sustainable world by 2050, as well as the business opportunities that this vision opens.

Challenge from the green opportunity

Along with economic developments, marvelous advances in science and technology and fierce changes in politics, economy, culture and society, sustainable development, especially "green economy" is increasingly the focus of forums and countries all over the world.

To illustrate how a sustainable world is and how to create it, the first action is probably to identify the opportunities and challenges that such a world could bring.

Opportunity

According to the Business and Sustainable Development Committee's Report, "Better Business, Better World Sustainable Business Opportunities in Asia", by 2030, apart from the remarkable social and environmental benefits, sustainable development can create a USD 5 trillion dollar market for the region and bring in 230 million new jobs, equivalent to 12% of the total workforce there.

The world's population will increase by 30%, or around 9 billion by 2050. For companies, this growth will create billions of new consumers.

The continuous development of science and technology, especially the industrial revolution 4.0.

Challenge

New opportunities always tag along with new challenges, specifically:

- Political instability in many countries.
- Population booms are also putting the global food security at risk.
- Climate change, the exhaustion of natural resources and extreme climatic events.
- Environmental pollution of water, air and land due to wastes from production and business activities.
- The pressure to reducing carbon emissions.

Facing these challenges and opportunities, responsibilities of all parties involved are increasingly clear and urgent. As for countries, it is about drawing a picture of a sustainable world through strategic programs, directions and goals that bring resources together to create global sustainable development. As for corporates, it is to accompany Sustainable Development in the context of global change and to support countries in making quick progress towards a sustainable world.

As for Vinamilk, leading in the execution of national strategies and targets and on the roadmap for Sustainable Development is always the focus and strategic goal of the Company.

Green strategy and goal

Vietnam - green strategy and goal

Along with the general movement of the world, in Vietnam, sustainable development has been identified as a strategic and long-term goal. 30 years of renovation have changed the face of Vietnam's economy with the country reaching high economic growth rates, improving people's living standards and attaining its middle-income status.

- To promote prosperous growth together with environmental sustainability on the platform of the fourth technology revolution, six key solutions that Vietnam focuses on include:
- To establish the appropriate legal infrastructure, mechanisms, policies and environment;
- To create favorable conditions for the market economy to operate fully, smoothly, effectively and to integrate into the international market;
- To create a fair business environment and to speed up the restructuring of state enterprises;
- To strongly develop the private sector and selectively attract foreign direct investment; to promote innovation and creativity; to utilize growth poles and to improve the economic efficiency at the region and city levels;
- To ensure equity and social inclusion as well as sustainable development of the environment and adaptation to climate change.

According to Minister Nguyen Chi Dung - Ministry of Planning and Investment, in order to give guidance on key solutions, decision No.622/QĐ-TTg on the issuance of National action plan on the execution of the 2030 Program for sustainable development was issued on 10 May 2017, providing detailed objectives in line with 17 SDGs of the United Nations. Accordingly, a road map with specific plans and objectives and action programs has been set up as a clear premise and direction for businesses, organizations and individuals to implement sustainable development.



Vinamilk - Strategy and orientation for sustainable development in the 2017-2020 period

More than ever, Vinamilk understands that the role of a leading firm for sustainable development is attached to three aspects, or three main objectives: economic growth, environmental protection and social equity.

Integrating sustainable development at a strategic scale, Vinamilk is determined to maintain and execute successfully the sustainable development strategy for the 2017-2020 period:

- Complete the management and execution framework for sustainable development.
- Perform comprehensive assessments of the status of sustainable development throughout the Company.
- Integrate more thoroughly the content of sustainable development into production and business activities, supplement / modify the process of investment, suppliers...).
- Develop a roadmap based on GRI indicators for reporting that relate closely to key areas and achievements over time.
- Develop a 03-year plan to finalize all relevant content (including "boundaries"). In particular, in 2017, Vinamilk would conduct a survey of reasonable expectations and benefits from stakeholders such as: (i) employees, (ii) major suppliers / partners and (iii) major shareholders.



Green marks of 2017

Value brought to stakeholders

Stakeholders	2017 (billion dong)	2016 (billion dong)
Shareholders	7,982	7,238
Government - Taxes paid into the state budget	4,231	4,358
Suppliers	29,979	28,361

Vinamilk pioneers together with vietnam in realizing 17 SDGs

Leading sustainable development enterprises demonstrate the efforts to create a favorable environment for realizing Vietnam's 17 Sustainable Development Goals. These are also the "green seeds" to execute the Vietnam Agenda 2030 and 17 Global Goals, showing that economic development should be linked to social service while burdens are lifted up from the next generations' shoulders.

In 2017, Vinamilk was proud of the achievements that have created the green marks on the roadmap of sustainable development, joining hands with the national execution of 17 SDGs in accordance with the Decision No.622/QĐ-TTg.

Table: Summary of Key Achievements in 2017

Vietnam's goals	Vinamilk's goals	Achievements in 2017
<p>UN 1: Poverty eradication</p> <p>End poverty in all its forms everywhere.</p> <p>Ensure that the per capita income of poor households in the whole country in 2020 will increase by 1.5 times compared to the end of 2015.</p> <p>Improve social security.</p>	<p>Create stable jobs, improve employee income.</p> <p>Promote local economic development.</p>	<p>Average income in Vinamilk was 4.72 times higher than the regional minimum wage.</p> <p>In 2017, the total wage fund has increased 1.25 times compared to 2016.</p> <p>Invested in and created jobs for more than 6,000 employees.</p> <p>100% of employees were covered by health and occupational accident insurance policies.</p>
<p>UN 2: Hunger eradication</p> <p>Eradicate hunger, secure food security, improve nutrition and promote sustainable agriculture.</p> <p>Ensure safe, nutritious and sufficient food all year round.</p> <p>Execute the National Strategy for Food Safety 2011-2020 and Vision 2030.</p> <p>Enhance competency and scientific research on nutrition and food.</p> <p>Establish epidemic-free production zones, hi-tech production zones and good production practices (GAP) production zones, develop garden economy and farm economy.</p> <p>By 2030, ensure sustainable food production.</p>	<p>Develop sustainable livestock.</p> <p>Improve production capacity, take lead in modern production technology.</p> <p>Develop products to meet diversified nutritional needs.</p> <p>Enhance competency and scientific research on nutrition and food.</p>	<p>Over 50% of the product portfolio were food supplements.</p> <p>The Stand Tall Vietnam Milk Fund awarded 1.4 million glasses of milk, worth 9 billion dong, to 16,000 children.</p> <p>Created a budget of nearly 100 billion dong for the School milk program.</p> <p>Eight (out of nine) Global Gap qualified farms and one organic farm.</p> <p>FSSC 22000 certified for 13/13 factories.</p>
<p>UN 3: Good health and well-being</p> <p>Ensure healthy lives and promote the well-beings for everyone at all ages.</p> <p>Achieve nation-wide health care coverage, including financial risk protection, access to essential health care, medicines and vaccines that are safe, effective, high quality and affordable for everyone.</p>	<p>Constantly improve the material and spiritual life.</p> <p>Improve the physical life of employees.</p>	<p>Health insurance for 100% of employees.</p> <p>100% of staff received periodic medical examinations.</p> <p>Equipped with gymnasiums, swimming pool, etc.</p> <p>Held many nutrition counseling programs for the elderly.</p>
<p>UN 4: Quality education</p> <p>Ensure equitable and inclusive quality education and promote lifelong learning opportunities for all.</p> <p>By 2030, there will be a significant increase in the number of workers with appropriate skills that meet the labor market in order to attain good employment and enterprise ownership.</p>	<p>Build up staffs that have complete skills and competence and meet cultural principles.</p>	<p>Organized 601 training courses with a budget of more than VND 11 billion.</p> <p>100% of the management has conducted capacity assessment and developed a capacity development action plan.</p>

<p>UN 5: Gender equality Achieve gender equality and empower all women and girls.</p>	<p>Achieve equality and no discrimination.</p>	<p>Women accounted for 40% of senior leaders. Women held more than 27% of management-level positions.</p>
<p>UN 6: Clean water and sanitation Ensure adequate and sustainable management of water resources and sanitation for all. By 2030, improve water quality, control of polluting sources. By 2030, increase significantly in water use efficiency in all areas, ensuring a sustainable supply of clean water.</p>	<p>Comply with regulatory requirements. Use water efficiently and responsibly. Ensure treatment of 100% hazardous wastewater; promote safe water recycling.</p>	<p>100% of hazardous waste water were treated. Water use was reduced by 8.57% compared to 2016. 100% wastewater in livestock was recycled after satisfactory treatment. 100% of units used water within permitted capacity.</p>
<p>UN 7: Affordable and clean energy Ensure access to sustainable, reliable and affordable energy sources for all. By 2030, increase substantially in the percentage of renewable energy in the country's primary energy consumption, at, in particular, 31% by 2020 and 32.3% by 2030. Vietnam's renewable energy development strategy to 2030 with a vision to 2050. By 2030, double the rate of improvement in energy efficiency; Reduce electricity consumption by 10% compared to base scenario.</p>	<p>Prioritize the use of renewable energy. Save and use electricity efficiently.</p>	<p>Renewable energy usage rate: 61.92% (KSX). Clean energy usage rate: 31.05% (KSX). Electricity savings of 5.67% compared to 2016 (KSX). Thong Nhat Factory won the Environment Award 2017 granted by the Ministry of Natural Resources and Environment.</p>
<p>UN 8: Decent Work and Economic Growth Ensure sustainable, comprehensive and continuous economic growth; Create sufficient, productive and decent work for all Maintain a GDP per capita growth of 4-4.5% per annum and annual GDP growth of 5-6% Develop agricultural and rural economy in association with mechanization and application of scientific and technological advances; develop farm-based, large-scale economy The framework of Vietnam's Sustainable Production and Consumption Program By 2030, create sufficient, productive and decent work for all men and women, including youth and disabled persons and ensure equal pay for equal work</p>	<p>Improve labor productivity and product quality. Develop local economy. Reduce, recycle and reuse waste. Improve management processes, apply and transfer to clean technologies. Increase the use of raw materials, renewable energy and environmentally friendly products. Protect labor rights; Ensure a safe working environment.</p>	<p>No recalled products. Created over 6000 jobs. No forced labor, no child labor. No labor accidents.</p>

<p>UN 9: Industry, innovation and infrastructure Build up high-resilience infrastructure, promote inclusive and sustainable industrialization, and enhance innovation. By 2030, accelerate industrialization and sustainable development; upgrade the infrastructure and supporting industries towards sustainability, increase efficiency in resources usage and in the application of clean, environmentally friendly technologies and processes; Accelerate the application of new technologies and modern technologies in order to create technological breakthroughs in production for key industries and supporting industries. Develop and promulgate environmental technical regulations and widely apply clean production processes.</p>	<p>Lead in the application of modern technology to create breakthrough in production technology. Apply information technology in management and performance of tasks. Give feedbacks and join force to develop technical regulations and legal documents.</p>	<p>More than 20 initiatives on energy saving, sustainable development have been implemented in production and livestock. 100% of infrastructure was reviewed and built. Won the Top 10 companies for sustainable development of the manufacturing sector. Gave feedbacks to the drafting and amendment of 16 legal documents. Executed the paperless process system. ISO 27001 Information Security certification for IT. Launched the Call Center system.</p>
<p>UN 10: Reduce inequalities Reduce inequalities in society. Ensure equal opportunities and reduce inequalities in enjoying benefits for all.</p>	<p>Ensure equality and no discrimination in all areas.</p>	<p>There were no complaints about inequalities in the Company. There were no complaints about discrimination in the Company.</p>
<p>UN 11: Sustainable Cities and Communities Develop sustainable, resilient urban and rural areas; Ensure safe living and working environments; Rationally allocate population and labor by region. Reduce the harmful impact of the environment on people in urban areas, enhance the management of air quality, urban waste and other sources of waste. Promote and closely monitor the implementation of the National Strategy on integrated management of solid waste until 2025 with a vision to 2050.</p>	<p>Promote clean production and green farming. Ensure effective waste and waste management and legal compliance.</p>	<p>100% of waste water was given with standard treatment. 100% of contractors involved in waste treatment had appropriate licenses.</p>



UN 12: Responsible consumption and production

Ensure sustainable production and consumption patterns.

Effectively implement the National Action Plan on sustainable production and consumption up to 2020 with a vision to 2030.

Change consumer behaviors, implement a sustainable lifestyle.

Improve access to markets and promote exports of Vietnam's key products in a sustainable manner.

By 2030, achieve sustainable management and effective use of natural resources; rationally exploit and economically, sustainably use mineral resources.

Encourage the business community to adopt sustainable practices, including cleaner production technologies, the efficient use of natural resources, and the protection of the environment; Carry out social responsibility for the poor and vulnerable groups; Integrate sustainability information into periodic reporting.

Promote the development and use of new and renewable energy, new materials, fuels and materials to replace traditional resources, especially fossil fuels.

Ensure effective waste management.

Comply with legal requirements.

Include sustainable development in strategy planning.

Issue the sustainable development report annually.

Launched organic milk and yogurt products from organic farms.

Exported products to more than 43 countries and constantly expanded the market.

ISO 14001, ISO 50001, OHSAS 18001 certified for 13/13 factories.

First prize in the sustainable development report 2016.

Top 10 Sustainable Businesses in 2017 awarded by Vietnam Business Council for Sustainable development in manufacturing industry.

Scored 91% of HOSE's Vietnam Sustainability Index (VNSI).

For details on sustainable development management, action plans and results, please refer to the Sustainable Development Report 2017.



DEVELOPMENT STRATEGY 2017 - 2021



DEVELOPMENT STRATEGY 2017 – 2021

In the context of volatile domestic and international economies, Vinamilk's Board of Directors, with fully and objective analysis and evaluation, identified the strategic objectives for the period 2017 - 2021 as follows:

LONG-TERM VISION

 Holding the leading position in Vietnamese dairy industry	 Becoming the dairy company creating the highest added value in Southeast Asia	 Leading in highly applicable innovation
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QUALITATIVE TARGETS

Continuing to maintain the No.1 position in the Vietnamese market and aiming to reach the Top 30 largest dairy companies in the world in terms of sales, Vinamilk has identified a development strategy with four main pillars to be implemented, including:

<p>Leading in highly applicable innovation</p> <p>Focus on dairy and dairy related products, which is the core business of the Vinamilk brand for more than 40 years.</p> <p>Maintain the research and development of new products with the purpose of innovating and diversifying the product portfolio to better meet the tastes and needs of consumers.</p>	<p>Holding the leading position in Vietnamese dairy industry</p> <p>Prioritize in exploiting the domestic market which still has great development potential.</p> <p>Focus on the rural market with the dairy product consumption being only half that of urban areas, while the current urban/ rural population structure is at 35%/65%.</p>	<p>Market segmentation and product positioning</p> <p>Focus on the segment of middle and high end, added value products in urban areas, continue to penetrate and cover the rural areas with popular product lines.</p>
<p>Becoming the dairy company creating the highest added value in Southeast Asia</p>	<p>Be ready for merger and acquisition (M&A) activities and broaden strong partnerships with partners in all three directions of horizontal, vertical and combined integration.</p> <p>Seek for M&A opportunities with dairy companies in other countries for the purpose of expanding the market and increasing sales.</p> <p>Actively build brand image by implementing promotional strategies through the media; also, commit to high investment in all stages, especially stages with advantages such as distribution network, marketing and human resources.</p>	

QUANTITATIVE TARGETS

Sales target in 2021

 **VND 80,000 BILLION EQUIVALENT TO USD 3.3 BILLION**

Total dairy market share growth

 **AVERAGE 1% PER YEAR**

BUSINESS ORIENTATION FOR 2018

Based on the domestic and international macroeconomic forecasts and the Company's development tendency and strategic orientation, the Board of Management has set out the business plan for 2018 as follows:

<p>Topic of the year Dare to change - Speed up to lead</p>	<p>Major objectives</p> <ul style="list-style-type: none"> • Grow steadily and sustainably • Continue in leading the dairy market, increasing total market share of 1% compared to 2017.
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2018



Specific directions and objectives for each operating function.

2018



RESEARCH AND DEVELOPMENT (R&D)

Continue to invest in R&D activities in line with global trends; Focus on developing organic food and applying biotechnology in order to become the top symbol of trust in Vietnam for human nutrition and health products.

Put the health criteria on top and focus on product development specifically for the elderly, patients and children.



MARKETING AND SALES

Domestic market

Continue to lead the way in product innovation and new product development in all major lines, maintain the No. 1 position and pioneer new trends.

Enhance marketing activities to create higher value.

Continue to execute the program to restructure and strengthen the capacity of the distributor system; timely conduct many activities with determination to increase the Company's competitive edges in the market.

Closely collaborate between sales and marketing to run effectively and productively the launching and re-launching programs.

Export

Continue to expand key potential markets.

Approach and promote flexible as well as diversify different types of business cooperation with international partners.

PRODUCTION, SUPPLY AND LOGISTICS

Execute projects to upgrade and expand existing factories and invest in new ones according to the approved strategic investment plan.

Encourage and implement widely applied efficiency improvement measures to optimize overall production costs and ensure sustainable development.

Continue to execute the planning and cooperation with strategic suppliers/partners. Establish a standard system in supplier assessment to ensure both efficiency and product safety towards sustainable development.

Optimize supply and distribution routes, increase on-time delivery rates, and bring satisfaction regarding to the service quality.



RAW MATERIALS DEVELOPMENT

Execute the upgrading and construction of new farms as planned, integrating sustainability and climate change adaptation requirements.

Standardize machinery and equipment in application of world-wide advanced technologies that are suitable with the climate conditions for farming in Vietnam.

Expand and upgrade the team of skilled veterinarians and engineers to be on a par with their counterparts in developed countries.



SUPPORTING ACTIVITIES

Finance

Enhance the diversity, usefulness and completeness of management reports, the forecasts and evaluations of new and expanded investment projects, and the assessments of post-investment efficiency.

Strengthen the cost control and management.

Continue to apply the ERP management system to overseas subsidiaries, aiming to synchronize data and information within the whole corporation.

Internal control

Continue to improve LEAN-oriented internal control system that incorporates information technology applications to automate/digitize manual operations in order to enhance competitive advantages.

Human Resources - Public Relations

Strengthen public relation activities towards the community to improve the Company's reputation in regards as a business and an employer, contributing to enhancing competitive edges and attracting talents.



FINANCIAL STATEMENTS (UNDER VAS)



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

Consolidated financial statements
for the year ended 31 December 2017

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Corporate Information

Business Registration	4103001932	20 November 2003
Certificate No.	0300588569	23 June 2017
	The Company's business registration certificate has been amended several times, the most recent of which is by business registration certificate No. 0300588569 dated 23 June 2017. The business registration certification was issued by Ho Chi Minh City Planning and Investment Department.	
Board of Management	Mdm Le Thi Bang Tam	Chairwoman
	Mdm Mai Kieu Lien	Member
	Mr Lee Meng Tat	Member
	Mr Nguyen Hong Hien	Member (from 15 April 2017)
	Ms Dang Thi Thu Ha	Member (from 15 April 2017)
	Mr Le Thanh Liem	Member (from 15 April 2017)
	Mr Michael Chye Hin Fah	Member (from 15 April 2017)
	Mr Nguyen Ba Duong	Member (from 15 April 2017)
	Mr Do Le Hung	Member (from 15 April 2017)
	Mr Le Song Lai	Member (until 14 April 2017)
	Ms Ngo Thi Thu Trang	Member (until 14 April 2017)
	Mr Le Anh Minh	Member (until 14 April 2017)
Board of Directors	Mdm Mai Kieu Lien	Chief Executive Officer
	Ms Bui Thi Huong	Executive Director – Human Resource – Administration and Public Relation
	Mr Mai Hoai Anh	Executive Director – Sales
	Mr Le Thanh Liem	Executive Director – Finance
	Mr Phan Minh Tien	Executive Director – Marketing
	Ms Nguyen Thi Thanh Hoa	Executive Director – Supply chain
	Ms Ngo Thi Thu Trang	Executive Director – Projects
	Mr Tran Minh Van	Executive Director – Production
	Mr Nguyen Quoc Khanh	Executive Director – Research and Development
	Mr Trinh Quoc Dung	Executive Director – Raw Materials Development
Registered Office	10 Tan Trao, Tan Phu Ward District 7, Ho Chi Minh City Vietnam	
Auditor	KPMG Limited Vietnam	

Statement of The board of Directors

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

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

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

The Board of Directors is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and which enable these consolidated financial statements to be prepared which complies with Vietnamese Accounting Standards, 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements set out on pages 130 to 189 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of the consolidated results of operations and 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.

On behalf of the Board of Directors



Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, 2 March 2018

Independent auditor's Report

To the Shareholders

Vietnam Dairy Products Joint Stock Company and its subsidiaries

We have audited the accompanying consolidated financial statements of Vietnam Dairy Products Joint Stock Company ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2017, the consolidated 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 130 to 189.

Management's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Vietnam Dairy Products Joint Stock Company and its subsidiaries as at 31 December 2017 and of their consolidated results of operations and their consolidated 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.: 17-01-749/C



Trần Thị Ngọc Hào
Practising Auditor Registration
Certificate No. 0863-2018-007-1
Deputy General Director

Ho Chi Minh City, 2 March 2018



Lam Thi Ngoc Hao
Practising Auditor Registration
Certificate No. 0866-2018-007-1

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of financial position as at 31 December 2017

Form B 01 – DN/HN

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		20,307,434,789,529	18,673,827,685,789
Cash and cash equivalents	110	V.2	963,335,914,164	655,423,095,436
Cash	111		834,435,914,164	599,923,095,436
Cash equivalents	112		128,900,000,000	55,500,000,000
Short-term financial investments	120		10,561,714,377,337	10,453,749,313,471
Trading securities	121	V.5(a)	443,130,811,523	443,132,521,486
Allowance for diminution in the value of trading securities	122	V.5(c)	(675,708,019)	(500,629,886)
Held-to-maturity investments	123	V.5(b)	10,119,259,273,833	10,011,117,421,871
Accounts receivable – short-term	130		4,591,702,853,157	2,866,683,958,798
Accounts receivable from customers	131	V.3(a)	3,613,981,838,047	2,191,348,458,582
Prepayments to suppliers	132		622,978,664,875	288,808,403,942
Other short-term receivables	136	V.4(a)	367,850,643,578	390,619,273,181
Allowance for doubtful debts	137	V.3(d)	(13,193,973,536)	(4,168,573,420)
Shortage of assets awaiting for resolution	139		85,680,193	76,396,513
Inventories	140	V.6	4,021,058,976,634	4,521,766,382,352
Inventories	141		4,041,302,638,611	4,538,439,873,598
Allowance for inventories	149		(20,243,661,977)	(16,673,491,246)
Other current assets	150		169,622,668,237	176,204,935,732
Short-term prepaid expenses	151	V.12(a)	51,933,181,113	59,288,353,847
Deductible value added tax	152		117,132,711,139	116,835,557,323
Taxes receivable from State Treasury	153		556,775,985	81,024,562

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of financial position as at 31 December 2017 (continued)

Form B 01 – DN/HN

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		14,359,884,047,968	10,704,828,639,675
Accounts receivable – long-term	210		53,774,889,824	21,855,008,176
Long-term receivables from customers	211	V.3(b)	29,973,948,684	-
Long-term loan receivables	215		5,373,558,222	7,245,908,762
Other long-term receivables	216	V.4(b)	18,427,382,918	14,609,099,414
Fixed assets	220		10,609,309,098,847	8,321,053,086,713
Tangible fixed assets	221	V.9	10,290,516,618,864	7,916,322,992,944
Cost	222		18,917,435,800,484	14,257,738,667,127
Accumulated depreciation	223		(8,626,919,181,620)	(6,341,415,674,183)
Intangible fixed assets	227	V.10	318,792,479,983	404,730,093,769
Cost	228		469,549,338,561	557,891,027,713
Accumulated amortisation	229		(150,756,858,578)	(153,160,933,944)
Investment property	230	V.11	95,273,270,528	136,973,382,326
Cost	231		143,340,838,168	179,678,050,557
Accumulated depreciation	232		(48,067,567,640)	(42,704,668,231)
Long-term work in progress	240		1,928,569,256,697	993,111,642,018
Long-term work in progress	241	V.7	181,678,288,317	127,671,589,409
Construction in progress	242	V.8	1,746,890,968,380	865,440,052,609
Long-term financial investments	250		555,497,854,952	613,806,560,199
Investments in associates	252	V.5(c)	481,282,722,569	419,909,385,728
Equity investments in other entities	253	V.5(c)	82,336,523,394	11,387,476,240
Allowance for diminution in the value of long-term financial investments	254	V.5(c)	(8,121,391,011)	(7,490,301,769)
Held-to-maturity investments	255	V.5(b)	-	190,000,000,000
Other non-current assets	260		1,117,459,677,120	618,028,960,243
Long-term prepaid expenses	261	V.12(b)	612,134,810,005	459,395,057,029
Deferred tax assets	262	V.13(a)	30,394,768,880	34,650,812,752
Goodwill	269	V.14	474,930,098,235	123,983,090,462
TOTAL ASSETS (270 = 100 + 200)	270		34,667,318,837,497	29,378,656,325,464

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of financial position as at 31 December 2017 (continued)

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2017 VND	1/1/2017 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		10,794,261,023,636	6,972,707,036,879
Current liabilities	310		10,195,562,827,092	6,457,497,982,894
Accounts payable to suppliers	311	V.15	3,965,691,123,157	2,561,910,262,979
Advances from customers	312		360,182,469,422	35,951,866,026
Taxes payable to State Treasury	313	V.17	383,314,082,997	255,510,130,860
Payables to employees	314		205,722,836,953	192,349,429,102
Accrued expenses	315	V.18	1,528,287,945,458	1,025,974,683,705
Short-term unearned revenue	318		7,344,630,678	3,360,079,979
Other short-term payables	319	V.19	2,783,824,177,984	592,099,957,922
Short-term borrowings	320	V.16(a)	268,102,046,087	1,332,666,200,200
Provision – short-term	321		603,744,795	889,995,571
Bonus and welfare fund	322	V.20	692,489,769,561	456,785,376,550
Long-term liabilities	330		598,698,196,544	515,209,053,985
Long-term unearned revenue	336		1,039,560,218	1,663,272,218
Other long-term payables	337		16,567,661,700	589,208,918
Long-term borrowings	338	V.16(b)	274,949,439,387	326,970,398,182
Deferred tax liabilities	341	V.13(b)	203,618,107,064	90,025,589,500
Provision – long-term	342	V.21	102,523,428,175	95,960,585,167

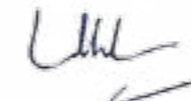
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Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of financial position as at 31 December 2017 (continued)


Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2017 VND	1/1/2017 VND
EQUITY (400 = 410)	400		23,873,057,813,861	22,405,949,288,585
Owners' equity	410	V.22	23,873,057,813,861	22,405,949,288,585
Share capital	411	V.23	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)
Foreign exchange differences	417		18,367,457,133	5,654,693,453
Investment and development fund	418		2,851,905,410,228	1,797,019,925,588
Retained profits	420		5,736,920,629,462	5,591,831,510,779
Retained profits brought forward	421a		2,646,643,972,283	2,928,776,175,324
Profit for the current year	421b		3,090,276,657,179	2,663,055,335,455
Non-controlling interest	429		497,790,228,077	237,385,583,924
TOTAL RESOURCES (440 = 300 + 400)	440		34,667,318,837,497	29,378,656,325,464

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 consolidated financial statements

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of income for the year ended 31 December 2017

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

	Code	Note	2017 VND	2016 VND
Revenue from sales of goods and provision of services	01	VI.1	51,134,899,765,079	46,965,003,101,825
Revenue deductions	02	VI.1	93,823,879,970	170,663,701,551
Net revenue (10 = 01 - 02)	10	VI.1	51,041,075,885,109	46,794,339,400,274
Cost of sales	11	VI.2	26,806,931,066,476	24,458,633,395,995
Gross profit (20 = 10 - 11)	20		24,234,144,818,633	22,335,706,004,279
Financial income	21	VI.3	816,316,778,535	722,560,775,263
Financial expenses	22	VI.4	87,037,548,276	102,450,313,571
In which: Interest expense	23		29,438,568,563	46,499,350,049
Share of profit in associates	24	V.5(c)	67,133,981,642	16,478,714,797
Selling expenses	25	VI.7	11,536,533,571,799	10,758,752,992,255
General and administration expenses	26	VI.8	1,267,606,271,090	1,053,251,528,978
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		12,226,418,187,645	11,160,290,659,535
Other income	31	VI.5	213,080,586,430	182,321,601,244
Other expenses	32	VI.6	210,553,389,939	104,985,689,883
Results of other activities (40 = 31 - 32)	40		2,527,196,491	77,335,911,361
Profit before tax (50 = 30 + 40)	50		12,228,945,384,136	11,237,626,570,896
Income tax expense – current	51	VI.10	1,967,066,705,229	1,883,267,418,844
Income tax benefit – deferred	52	VI.10	(16,295,874,259)	(9,470,625,438)
Net profit after tax (60 = 50 - 51 - 52)	60		10,278,174,553,166	9,363,829,777,490

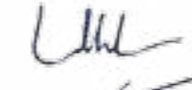
The accompanying notes are an integral part of these consolidated financial statements


Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of income for the year ended 31 December 2017
(continued)


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

	Code	Note	2017 VND	2016 VND
Net profit after tax (60 = 50 - 51 - 52)	60		10,278,174,553,166	9,363,829,777,490
Attributable to:				
Equity holders of the Company	61		10,295,665,148,846	9,350,329,130,383
Non-controlling interest	62		(17,490,595,680)	13,500,647,107
Basic earnings per share	70	VI.11	6,355	5,831

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 consolidated financial statements

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2017
(Indirect method)

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

	Code	Note	2017 VND	2016 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Profit before tax	01		12,228,945,384,136	11,237,626,570,896
Adjustments for				
Depreciation and amortisation	02		1,299,870,153,900	1,190,837,007,934
Allocation of goodwill	02		24,621,398,026	18,361,924,596
Allowances and provisions	03		9,211,986,688	24,851,964,200
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		3,716,375,078	(1,318,867,186)
Losses on disposals of fixed assets, investment properties and construction in progress	05		11,626,288,383	23,313,975,174
Dividends and interest income	05		(770,127,530,460)	(660,177,839,434)
Share of profit in associates	05		(67,133,981,642)	(16,478,714,797)
Interest expense	06	VI.4	29,438,568,563	46,499,350,049
Operating profit before changes in working capital	08		12,770,168,642,672	11,863,515,371,432
Change in receivables	09		(1,599,146,216,641)	(183,074,482,860)
Change in inventories	10		318,469,641,939	(1,036,885,160,204)
Change in payables and other liabilities	11		958,729,788,071	330,394,544,447
Change in prepaid expenses	12		(9,999,654,740)	84,053,128,168
Change in trading securities	13		-	11,421,007,510
Interest paid	14		(65,131,015,206)	(34,203,620,310)
Income tax paid	15	V.17	(1,933,509,580,614)	(1,771,242,504,991)
Other payments for operating activities	17		(837,987,080,389)	(874,196,976,859)
Net cash flows from operating activities	20		9,601,594,525,092	8,389,781,306,333

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2017
(Indirect method - continued)

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

	Code	Note	2017 VND	2016 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(2,672,989,490,186)	(1,141,612,752,349)
Collections on disposals of fixed assets and other long-term assets	22		120,711,406,540	50,326,954,998
Payments for time deposits	23		(218,248,720,396)	(1,448,667,704,487)
Payments for granting loans	23		-	(1,672,208,413)
Receipts from collecting loans	24		1,872,350,540	-
Proceeds from sales of debt instruments of other entities	24	V.5(b)	300,000,000,000	-
Payments for investments in other entities	25		(86,830,000,000)	(8,100,000,000)
Collections from investments in other entities	26		23,329,037,647	1,800,000,000
Receipts of interest and dividends	27		754,960,073,066	602,139,063,443
Increase from business acquisition	28	V.1	6,206,321,842	-
Net cash flows from investing activities	30		(1,770,989,020,947)	(1,945,786,646,808)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from equity issued	31		-	354,965,040,720
Payments for repurchase of treasury shares	32		(5,983,485,880)	(1,176,335,920)
Payments to acquire additional interests in a subsidiary from non-controlling interest	32		(276,417,487,058)	(68,145,358,428)
Proceeds from borrowings	33	V.16	2,777,050,122,470	4,071,885,136,592
Payments to settle loan principals	34	V.16	(4,224,186,861,900)	(4,260,046,315,599)
Payments of dividends	36		(5,805,807,717,105)	(7,238,478,492,000)
Net cash flows from financing activities	40		(7,535,345,429,473)	(7,140,996,324,635)

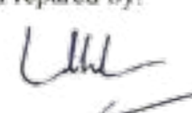
The accompanying notes are an integral part of these consolidated financial statements



Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2017
(Indirect method - continued)

Form B 03 – DN/HN
 (Issued under Circular No. 202/2014/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		295,260,074,672	(697,001,665,110)
Cash and cash equivalents at the beginning of the year	60		655,423,095,436	1,358,682,600,684
Effect of exchange rate fluctuations on cash and cash equivalents	61		(707,624,645)	(35,888,530)
Currency translation differences	62		13,360,368,701	(6,221,951,608)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61 + 62)	70	V.2	963,335,914,164	655,423,095,436

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 consolidated financial statements

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2017

Form B 09 – DN/HN
 (Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

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

I. CORPORATE INFORMATION

1. Ownership structure

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

The major milestones related to the establishment and development of the Company and its subsidiaries (collectively referred to as “the Group”) are recognised as follows:

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2017 (continued)

Form B 09 – DN/HH

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

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2017 (continued)

Form B 09 – DN/HH

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

- 31 July 2017 On 23 March 2017, the Company received its first revised offshore investment registration certificate dated 10 March 2017 issued by the Ministry of Planning and Investment of Vietnam, in relation to Angkor Dairy Products Co., Ltd. ("Angkormilk"). Accordingly, the Company's total investment capital increased from USD10,210,000 to USD20,995,390. The reason of capital increase was to purchase the entire capital contribution of the local partner in Angkormilk. As at 31 July 2017, the Company completed the transfer of its investment, bringing the total investment of USD20.9 million and increased ownership percentage in Angkormilk from 51% to 100%.
- 20 October 2017 On 30 September 2017, the Company entered into an agreement to acquire the remaining 3.89% of its equity interest in Thong Nhat Thanh Hoa Limited Company from non-controlling interest shareholders. The transaction has been completed on 21 October 2017.
- 1 November 2017 In October 25, 2017, the Company has entered into an agreement to purchase newly issued shares of Khanh Hoa Sugar Joint Stock Company and then took 65% equity interest. The transaction has been completed on 1 November 2017. From 14 November 2017, Khanh Hoa Sugar Joint Stock Company changed its name to Viet Nam Sugar Joint Stock Company.

2. Principal activities

The principal activities of the Company are to:

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2017 (continued)

Form B 09 – DN/HH

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

3. Normal operating cycle

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

4. Group structure

As at 31 December 2017, the Group had 6 subsidiaries and 3 associates (1 January 2017: 6 subsidiaries and 3 associates) and dependent units as follows:

(a) Subsidiaries

Name	Location	Principal activities	% of ownership/voting rights
Vietnam Dairy Cow One Member Limited Company	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City	Dairy cow raising	100.00%
Thong Nhat Thanh Hoa Dairy Cow Limited Company (*)	Ward 1, Thong Nhat Town, Yen Dinh District, Thanh Hoa Province	Milk production and cattle raising	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	Trading Dairy raw materials and animal	100.00%
Vietnam Sugar Jointstock 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 remaining 49% equity interest in Angkor Dairy Products Co., Ltd. to have 100% ownership in this subsidiary.

(***) In October 2017, the Company purchased newly issued shares of Khanh Hoa Sugar Joint Stock Company, amounting to its 65% equity interest. From 14 November 2017, Khanh Hoa Sugar Joint Stock Company changed its name to Vietnam Sugar Joint Stock Company.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2017 (continued)

Form B 09 – DN/HH

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

(b) Associates

Name	Location	Principal activities	% of ownership/voting rights
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.

(c) Dependent units

Sales branches

- Vietnam Dairy Products Joint Stock Company's Branch in Ha Noi – 11th Floor, Tower B, Handi Resco Building, 521 Kim Ma, Ngoc Khanh Ward, Ba Dinh District, Ha Noi City.
- 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.
- 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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December
2017 (continued)

Form B 09 – DN/HH

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

Manufacturing factories

1. Thong Nhat Dairy Factory – 12 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
2. Truong Tho Dairy Factory – 32 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
3. Dielac Dairy Factory – Bien Hoa I Industrial Park, Dong Nai Province.
4. Can Tho Dairy Factory – Tra Noc Industrial Park, Can Tho City.
5. Sai Gon Dairy Factory – Tan Thoi Hiep Industrial Park, District 12, Ho Chi Minh City.
6. Nghe An Dairy Factory – Sao Nam Street, Nghi Thu Commune, Cua Lo Town, Nghe An Province.
7. Binh Dinh Dairy Factory – 87 Hoang Van Thu, Quang Trung Ward, Quy Nhon City, Binh Dinh Province.
8. Vietnam Beverage Factory – My Phuoc II Industrial Park, Binh Duong Province.
9. Tien Son Dairy Factory – Tien Son Industrial Park, Bac Ninh Province.
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 Group had 7,845 employees (1/1/2017: 6,981 employees).

Vietnam Dairy Products Joint Stock Company and its subsidiaries
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II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY**1. Annual accounting period**

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

2. Accounting currency

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

III. ACCOUNTING STANDARDS AND SYSTEM**1. Statement of compliance**

The consolidated 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.

2. Basis of measurement

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

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Basis of consolidation**(a) Subsidiaries**

Subsidiaries are those entities in which the Group has control over the financial and operating policies, generally evidenced by holding more than half of voting rights. In assessing control, exercisable potential voting rights are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(b) Non-controlling interests

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

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

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(c) Loss of control

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

(d) Associates

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

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

(e) Transactions eliminated on consolidation

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

(f) Business combination

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

2. Foreign currency**(a) Foreign currency transactions**

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

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the annual accounting period quoted by the commercial bank where the Company and its subsidiaries most frequently conduct transactions and has the largest outstanding balance of foreign currencies at the reporting date

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

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(b) Foreign operations

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

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

3. Cash and cash equivalents

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

4. Investments**(a) Trading securities**

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

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

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

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

(b) Held-to-maturity investments

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

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

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(c) Loans receivable

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

(d) Investment in equity instruments of other entities

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

5. Accounts receivable

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

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

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

6. Inventories

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

The Group applies the perpetual method of accounting for inventories.

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7. Tangible fixed assets**(a) Cost**

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

(b) Depreciation

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

· buildings and structures	5 – 50 years
· machinery and equipment	2 – 15 years
· motor vehicles	6 – 10 years
· office equipment	3 – 10 years
· livestock	6 years
· others	3 years

8. Intangible fixed assets**(a) Land use rights**

Land use rights comprise

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

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

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

(b) Software

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

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(c) Others

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

9. Investment property**(a) Cost**

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

(b) Depreciation

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

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

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

10. Construction in progress

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

11. Prepaid expenses**(a) Prepaid land costs**

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

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(b) Tools and instruments

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

(c) Others

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

12. Goodwill

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

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

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

13. Trade and other payables

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

14. Accrued expenses

Accrued expenses include those made for goods, services received from suppliers in the annual 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 year based on the term stated in the respective contracts.

15. Provisions

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

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Severance allowance

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

16. Share capital**(a) Ordinary shares**

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

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

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

17. Taxation

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

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

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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18. Revenue and other income**(a) Goods sold**

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

(b) Services rendered

Revenue from services rendered is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction at the end of the 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 consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(d) Interest income

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

(e) Dividend income

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

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

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

19. Revenue deductions

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

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

20. Cost of sales

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

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21. Operating lease payments

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

22. Borrowing costs

Borrowing costs are recognised as an expense in the year 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 year of construction are capitalised as part of the cost of the assets concerned.

23. Dividend distribution

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

Dividends are declared and paid based on the estimated earnings of the 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.

24. Funds

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

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

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

25. Earnings per share

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

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26. Segment reporting

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

27. Related parties

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

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

1. Business combination

In November 2017, the Company completed the acquisition of 65% equity interest of Khanh Hoa Sugar Joint Stock Company ("KSC"), by subscribing new issued shares, for a total consideration of VND1,328,381,061,273, including transaction costs.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

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	Pre-acquisition carrying amounts VND	Fair value adjustments VND	Recognised value on acquisition VND
Cash and cash equivalents	8,587,383,115	-	8,587,383,115
Accounts receivable – short-term	110,282,100,955	-	110,282,100,955
Allowance for doubtful debts	(4,587,629,312)	-	(4,587,629,312)
Inventories	174,462,199,838	-	174,462,199,838
Allowance for inventories	(16,052,083,010)	-	(16,052,083,010)
Other current assets	1,756,233,865	-	1,756,233,865
Tangible fixed assets	937,631,439,709	667,660,285,205	1,605,291,724,914
Cost	2,328,795,917,892	573,173,352,481	2,901,969,270,373
Accumulated depreciation	(1,391,164,478,183)	94,486,932,724	(1,296,677,545,459)
Intangible fixed assets	2,170,298,294	3,697,854,856	5,868,153,150
Cost	2,464,771,095	3,403,382,055	5,868,153,150
Accumulated depreciation	(294,472,801)	294,472,801	-
Construction in progress	44,275,267,976	-	44,275,267,976
Equity investments in other entities	1,688,700,000	-	1,688,700,000
Allowance for diminution in the value of long-term financial investments	(527,076,663)	-	(527,076,663)
Taxes payable to State Treasury	(37,063,003,015)	-	(37,063,003,015)
Other current liabilities	(1,617,993,212,595)	-	(1,617,993,212,595)
Deferred tax liabilities	-	(134,271,628,012)	(134,271,628,012)
Provision – long-term	(1,851,507,401)	-	(1,851,507,401)
Newly issued shares purchased by the Company	1,326,000,000,000	-	1,326,000,000,000
Net identifiable assets and liabilities	928,779,111,756	537,086,512,049	1,465,865,623,805
Share of net assets acquired (65%)			952,812,655,474
Goodwill on acquisition (Note V.14)			375,568,405,799
Total considerations			1,328,381,061,273
Cash acquired			8,587,383,115
Directly attributable transaction cost paid			(2,381,061,273)
Net cash inflow			6,206,321,842

Goodwill recognised on the acquisition is attributable mainly to synergies which management expect to realise by integrating KSC into the Group's existing business.

The acquisition was on 1 November 2017. Therefore the contribution of revenue and net profit after tax of acquired business to the Group's results during the period from acquisition date to 31 December 2017 is insignificant.

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2. Cash and cash equivalents

	31/12/2017 VND	1/1/2017 VND
Cash on hand	2,451,074,646	1,355,443,244
Cash in bank	831,957,513,762	598,566,823,415
Cash in transit	27,325,756	828,777
Cash equivalents	128,900,000,000	55,500,000,000
	963,335,914,164	655,423,095,436

3. Accounts receivable from customers

(a) Short-term accounts receivables

	31/12/2017 VND	1/1/2017 VND
Receivables from customers	3,613,981,838,047	2,191,348,458,582

(b) Long-term accounts receivables

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

(c) Accounts receivable from related parties

	31/12/2017 VND	1/1/2017 VND
Associate		
APIS Corporation	136,184,400	136,184,400

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

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(d) Allowance for doubtful debts

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

	31/12/2017 VND	1/1/2017 VND
Opening balance	(4,168,573,420)	(3,211,964,123)
Increase in allowance during the year	(5,847,869,352)	(2,503,289,567)
Increase from business acquisition (Note V.1)	(4,587,629,312)	-
Allowance utilised during the year	1,404,130,066	1,588,624,041
Currency translation differences	5,968,482	(41,943,771)
Closing balance	(13,193,973,536)	(4,168,573,420)

4. Other receivables**(a) Other short – term receivables**

	31/12/2017 VND	1/1/2017 VND
Interest income from deposits	297,901,556,067	269,061,980,250
Interest income from bonds	4,595,917,808	17,595,726,029
Receivables from employees	3,361,739,097	809,687,030
Advances to employees	2,791,137,549	3,185,564,959
Short-term deposits	29,053,532,031	9,449,358,271
Rebates receivable from suppliers	-	54,797,825,720
Import tax refundable	11,286,997,201	27,796,047,217
Others	18,859,763,825	7,923,083,705
	367,850,643,578	390,619,273,181

(b) Other long – term receivables

	31/12/2017 VND	1/1/2017 VND
Collateral, deposits	12,179,698,092	8,361,414,588
Others	6,247,684,826	6,247,684,826
	18,427,382,918	14,609,099,414

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5. Investments
(a) Trading securities

	1/1/2017			31/12/2017		
	Carrying amount VND	Fair value VND	Allowance for diminution in value VND	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Short-term investments in shares:						
Bao Viet Joint Stock Commercial Bank (*)	442,000,000,000	442,000,000,000	-	442,000,000,000	442,000,000,000	-
Others	1,132,521,486	631,935,400	(500,629,886)	1,132,521,486	455,157,504	(675,708,019)
	443,132,521,486	442,631,935,400	(500,629,886)	443,132,521,486	442,455,157,504	(675,708,019)

(*) As at the reporting date, the Group has entered into a share purchase agreement to transfer its securities of Bao Viet Joint Stock Commercial Bank, the transaction has not completed (Note V.19). The carrying amount 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	(i)	9,929,259,273,833	9,711,117,421,871
Corporate bonds	(ii)	190,000,000,000	300,000,000,000
		10,119,259,273,833	10,011,117,421,871
Held-to-maturity investments – long-term			
Corporate bonds	(ii)	-	190,000,000,000

(i) At 31 December 2017 term deposits with a carrying amount of VND82,977 million (1/1/2017: VND76,500 million) were pledged with banks as security for loans granted to the Group (Note V.16(b)(i)).

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 the year ended at 31 December 2016: from 7.500% to 8.075%) and are matured in September 2018.

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

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(c) Investments in other entities

	1/1/2017					31/12/2017				
	Carrying amount VND	Fair value VND	Allowance for diminution in value VND	% of equity owned/ voting rights	Allowance for diminution in value VND	Carrying amount VND	Fair value VND	Allowance for diminution in value VND	% of equity owned/ voting rights	Allowance for diminution in value VND
Associates										
Miraka Limited	338,642,990,088	(*)	-	22.81%	-	383,002,013,497	(*)	-	22.81%	-
Asia Saigon Food Ingredients Joint Stock Company (***)	72,902,360,632	(*)	-	14.71%	-	-	-	-	-	-
Asia Coconuts Processing Joint Stock Company	-	-	-	-	-	86,858,993,107	(*)	-	25.00%	-
APIS Corporation (**)	8,364,035,008	(*)	-	18.00%	-	11,421,715,965	(*)	-	18.00%	-
	419,909,385,728					481,282,722,569				
Others										
Asia Saigon Food Ingredients Joint Stock Company (***)	-	-	-	-	-	69,261,607,154	(*)	(7,501,517,042)	-	(8,121,391,011)
Vietnam Growth Investment Fund (VF2)	10,270,276,240	(*)	(7,490,301,769)	-	10,270,276,240	10,270,276,240	(*)	-	-	-
An Khang Clinic – Pharmacy	300,000,000	(*)	-	-	300,000,000	300,000,000	(*)	-	-	-
Mien Trung Bovine Breeding JSC	-	-	(619,873,969)	-	1,688,700,000	1,688,700,000	(*)	(619,873,969)	-	-
Others	817,200,000	(*)	-	-	815,940,000	815,940,000	(*)	-	-	-
	11,387,476,240		(7,490,301,769)		82,336,523,394		(8,121,391,011)		(7,490,301,769)	
	431,296,861,968		(7,490,301,769)		563,619,245,963		(8,121,391,011)		(7,490,301,769)	

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(*) At the reporting date, the Group has not determined fair values of these financial instruments for disclosure in the consolidated 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 assessed that the Group had significant influence over this entity because the Group has the right to appoint members in 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 of equity investments in associates during the year were as follows:

	2017 VND	2016 VND
Opening balance	419,909,385,728	397,130,670,931
Investments	86,830,000,000	8,100,000,000
Reclassification to investment in other entities	(69,261,607,154)	-
Dividends received	(23,329,037,647)	(1,800,000,000)
Share of profit in associates	67,133,981,642	16,478,714,797
Closing balance	481,282,722,569	419,909,385,728

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

	2017 VND	2016 VND
Opening balance	(500,629,886)	(72,195,440,247)
Increase in allowance during the year	(175,958,650)	-
Written back	-	260,762,300
Allowance utilised during the year	-	71,439,561,606
Currency translation differences	880,517	(5,513,545)
Closing balance	(675,708,019)	(500,629,886)

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

	2017 VND	2016 VND
Opening balance	(7,490,301,769)	(4,740,126,948)
Increase in allowance during the year	(104,012,579)	(2,750,174,821)
Increase from business acquisition (Note V.1)	(527,076,663)	-
Closing balance	(8,121,391,011)	(7,490,301,769)

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6. Inventories

	31/12/2017		1/1/2017	
	Carrying amount VND	Allowance VND	Carrying amount VND	Allowance VND
Goods in transit	380,503,277,233	-	634,956,689,982	-
Raw materials	2,439,272,049,098	(2,135,991,214)	2,533,783,474,836	(7,137,697,729)
Tools and supplies	26,711,030,133	-	17,581,053,761	-
Work in progress	77,589,988,406	-	54,226,522,481	-
Finished goods	1,041,691,837,644	(14,547,884,445)	1,202,995,232,465	(9,535,793,517)
Merchandise inventories	41,020,467,002	(2,709,989,802)	90,105,103,241	-
Goods on consignment	34,513,989,095	(849,796,516)	4,791,796,832	-
	4,041,302,638,611	(20,243,661,977)	4,538,439,873,598	(16,673,491,246)

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

	2017 VND	2016 VND
Opening balance	(16,673,491,246)	(17,274,104,181)
Increase in allowance during the year	(9,160,484,387)	(20,495,989,783)
Increase from business acquisition (Note V.1)	(16,052,083,010)	-
Written back	13,028,757,470	10,690,570,501
Allowance utilised during the year	8,613,639,196	10,406,032,217
Closing balance	(20,243,661,977)	(16,673,491,246)

7. Long-term work in progress

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

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8. Construction in progress

	2017 VND	2016 VND
Opening balance	865,440,052,609	761,285,112,786
Additions	2,437,605,929,161	1,044,519,335,770
Increase from business acquisition (Note V.1)	44,275,267,976	-
Transfer to tangible fixed assets	(1,505,861,968,991)	(887,220,752,420)
Transfer to intangible fixed assets	(11,957,912,736)	-
Transfer to investment properties	(6,954,545,455)	-
Transfer to inventories	(2,929,898,206)	(1,374,735,454)
Transfer to short-term prepaid expenses	(4,439,398,575)	-
Transfer to long-term prepaid expenses	(27,956,225,152)	(28,951,779,818)
Disposals	(1,419,928,274)	(3,270,493,241)
Other decreases	(38,897,739,866)	(19,493,943,201)
Currency translation differences	(12,664,111)	(52,691,813)
Closing balance	1,746,890,968,380	865,440,052,609

Major constructions in progress were as follows:

	31/12/2017 VND	1/1/2017 VND
Machinery and equipment – Beverage Factory	340,171,668,253	-
Tay Ninh Dairy Cow Farm	306,796,059,332	233,475,427,576
Others	1,099,923,240,795	631,964,625,033
	1,746,890,968,380	865,440,052,609

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	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Livestock VND	Others VND	Total VND
Cost							
Opening balance	3,007,241,465,794	9,191,877,230,900	846,918,883,799	517,689,874,335	605,814,584,799	88,196,627,500	14,257,738,667,127
Additions	15,337,522,870	170,727,726,652	71,124,919,833	23,014,852,296	115,248,346,800	385,543,000	395,838,911,451
Transfer from construction in progress	191,744,211,362	1,243,092,575,537	49,458,829,345	14,620,939,113	-	6,945,413,634	1,505,861,968,991
Transfer from long-term work-in-progress	-	-	-	-	293,011,609,924	-	293,011,609,924
Increase from business acquisition (Note V.1)	736,946,558,473	2,134,697,881,572	29,692,118,139	632,712,189	-	-	2,901,969,270,373
Reclassification	-	15,653,375,737	-	(15,031,927,867)	-	(621,447,870)	-
Disposals	(7,845,473,766)	(185,328,897,569)	(15,909,758,301)	(3,078,066,918)	(141,918,193,486)	-	(354,080,390,040)
Transfer to long-term prepaid expenses	-	-	-	-	(1,099,317,678)	(80,330,318,414)	(81,429,636,092)
Currency translation differences	(188,187,379)	(1,061,123,735)	(161,071,644)	(10,421,410)	-	(53,797,082)	(1,474,601,250)
Closing balance	3,943,236,097,354	12,569,658,769,094	981,123,921,171	537,837,961,738	871,057,030,359	14,522,020,768	18,917,435,800,484
Accumulated depreciation							
Opening balance	741,036,482,817	4,616,175,131,644	380,716,907,457	361,670,334,825	171,989,165,477	69,827,651,963	6,341,415,674,183
Charge for the year	168,997,474,952	856,654,986,027	85,016,308,745	54,460,696,395	112,639,223,097	457,460,957	1,278,226,150,173
Increase from business acquisition (Note V.1)	332,065,552,294	949,765,946,545	14,383,716,869	462,329,751	-	-	1,296,677,545,459
Reclassification	36,372,757	8,690,125,121	-	(8,473,957,511)	-	(252,540,367)	-
Disposals	(3,156,988,465)	(133,136,988,354)	(13,699,520,079)	(3,072,379,418)	(66,634,742,988)	-	(219,700,629,304)
Transfer to long-term prepaid expenses	-	-	-	-	(34,107,731)	(68,891,440,397)	(68,925,548,128)
Currency translation differences	(55,625,143)	(579,121,907)	(82,283,113)	(14,000,315)	-	(42,980,285)	(774,010,763)
Closing balance	1,238,923,259,212	6,297,570,079,076	466,335,129,879	405,033,023,727	217,959,537,855	1,098,151,871	8,626,919,181,620
Net book value							
Opening balance	2,266,204,982,977	4,575,702,099,256	466,201,976,342	156,019,539,510	433,825,419,322	18,368,975,537	7,916,322,992,944
Closing balance	2,704,312,838,142	6,272,088,690,018	514,788,791,292	132,804,938,011	653,097,492,504	13,423,868,897	10,290,516,618,864

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Included in the cost of tangible fixed assets were assets costing VND2,223,577,746,238 which were fully depreciated as at 31 December 2017 (1/1/2017: VND1,666,304,535,994), but which are still in active use.
At 31 December 2017 tangible fixed assets with a net book value of VND164,947 million (1/1/2017: VND199,863 million) were pledged with banks as security for loans granted to the Group (Note V.16(b)(i)).

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10. Intangible fixed assets

	Land use rights VND	Software VND	Others VND	Total VND
Cost				
Opening balance	375,681,235,405	132,950,792,308	49,259,000,000	557,891,027,713
Additions	-	3,158,228,733	-	3,158,228,733
Increase from business acquisition (Note V.1)	5,868,153,150	-	-	5,868,153,150
Transfer from construction in progress	-	11,957,912,736	-	11,957,912,736
Transfer to prepaid expenses	(108,924,684,515)	-	-	(108,924,684,515)
Currency translation differences	(322,514,956)	(2,834,300)	(75,950,000)	(401,299,256)
Closing balance	272,302,189,084	148,064,099,477	49,183,050,000	469,549,338,561
Accumulated amortisation				
Opening balance	28,721,931,735	91,070,002,209	33,369,000,000	153,160,933,944
Charge for the year	1,464,348,426	14,750,058,727	-	16,214,407,153
Transfer to prepaid expenses	(18,566,191,677)	-	-	(18,566,191,677)
Currency translation differences	-	(840,842)	(51,450,000)	(52,290,842)
Closing balance	11,620,088,484	105,819,220,094	33,317,550,000	150,756,858,578
Net book value				
Opening balance	346,959,303,670	41,880,790,099	15,890,000,000	404,730,093,769
Closing balance	260,682,100,600	42,244,879,383	15,865,500,000	318,792,479,983

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.

At 31 December 2017 intangible fixed assets with a net book value of VND224,717 million (1/1/2017: VND225,064 million) were pledged with banks as security for loans granted to the Group (Note V.16(b)(i)).

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11. Investment property

	Land use rights VND	Infrastructure VND	Buildings VND	Total VND
Cost				
Opening balance	82,224,238,170	6,464,218,561	90,989,593,826	179,678,050,557
Addition	-	-	131,563,636	131,563,636
Transfer from construction in progress	-	-	6,954,545,455	6,954,545,455
Disposals	(43,339,950,000)	-	(83,371,480)	(43,423,321,480)
Closing balance	38,884,288,170	6,464,218,561	97,992,331,437	143,340,838,168
Accumulated amortisation				
Opening balance	2,645,189,674	4,575,569,937	35,483,908,620	42,704,668,231
Charge for the year	793,556,901	611,364,017	4,024,675,673	5,429,596,591
Disposals	-	-	(66,697,182)	(66,697,182)
Closing balance	3,438,746,575	5,186,933,954	5,186,933,954	48,067,567,640
Net book value				
Opening balance	79,579,048,496	1,888,648,624	55,505,685,206	136,973,382,326
Closing balance	35,445,541,595	1,277,284,607	58,550,444,326	95,273,270,528

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

At the reporting date, the Group has not determined fair values of investment property held to earn rental for disclosure in the consolidated 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 active use.

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12. Prepaid expenses**(a) Short-term prepaid expenses**

	31/12/2017 VND	1/1/2017 VND
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	14,812,192,425	22,178,505,168
Prepaid renovation and repair expenses	4,166,496,897	2,809,598,781
Other short-term prepaid expenses	19,470,640,504	13,750,933,104
	51,933,181,113	59,288,353,847

(b) Long-term prepaid expenses

	Prepaid land costs VND	Tools and instruments VND	Other prepaid expenses VND	Total VND
Opening balance	233,057,352,676	183,921,289,004	42,416,415,349	459,395,057,029
Additions	2,502,746,703	143,962,341,959	38,394,417,544	184,859,506,206
Transfer from tangible fixed assets	-	11,438,878,017	1,065,209,947	12,504,087,964
Transfer from intangible fixed assets	90,358,492,838	-	-	90,358,492,838
Transfer from construction in progress	-	27,600,305,080	355,920,072	27,956,225,152
Amortisation for the year	(8,539,448,097)	(119,819,667,502)	(33,792,484,562)	(162,151,600,161)
Other (decreases)/increases	-	(807,705,606)	82,650,524	(725,055,082)
Reclassification	(86,350,498)	276,831,095	(190,480,597)	-
Currency translation differences	(51,480,416)	(7,865,504)	(2,558,021)	(61,903,941)
Closing balance	317,241,313,206	246,564,406,543	48,329,090,256	612,134,810,005

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13. Deferred tax assets and liabilities**(a) Deferred tax assets**

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

(b) Deferred tax liabilities

	31/12/2017 VND	31/12/2017 VND
Deferred tax assets		
Accounts receivable	1,442,785,905	2,354,816,280
Inventories	1,332,520,680	1,170,465,209
Tax losses carry forwards	50,205,264,165	45,796,087,384
Accrued expenses	6,978,394,845	6,138,857,752
Others	5,335,318,335	503,308,941
	65,294,283,930	55,963,535,566
Valuation allowance	-	(42,225,681,578)
Total deferred tax assets	65,294,283,930	13,737,853,988
Deferred tax liabilities		
Fixed assets	(245,562,341,369)	(103,616,162,711)
Others	(23,350,049,625)	(147,280,777)
Total deferred tax liabilities	(268,912,390,994)	(103,763,443,488)
Net deferred tax liabilities	(203,618,107,064)	(90,025,589,500)

Deferred tax liabilities have been recognised on deductible temporary differences and tax losses using the effective tax rate of Driftwood Dairy Holdings Corporation, Angkor Dairy Products Co., Ltd and Vietnam Sugar Joint Stock Company, subsidiaries incorporated and operating in the United States of America, Cambodia and Vietnam, respectively.

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Movement in temporary differences during the year

	1/1/2017 VND	Acquisition on business combination (Note V.1) VND	Recognised in statement of income VND	Translation differences VND	31/12/2017 VND
Foreign exchange differences	(422,067,654)	-	749,019,134	-	326,951,480
Accrued expenses and provisions	35,072,880,406	-	(5,005,063,006)	-	30,067,817,400
Net deferred tax assets	34,650,812,752	-	(4,256,043,872)	-	30,394,768,880
Accounts receivable	1,261,870,300	-	182,974,172	(2,058,567)	1,442,785,905
Inventories	1,063,222,600	-	271,104,766	(1,806,686)	1,332,520,680
Tax losses carry forwards	55,978,245,400	-	(5,690,183,779)	(82,797,456)	50,205,264,165
Accrued expenses	6,550,039,600	-	438,725,255	(10,370,010)	6,978,394,845
Others	2,122,450,000	-	(20,146,345,354)	9,164,064	(18,014,731,290)
Valuation allowance	(50,164,094,400)	-	50,117,687,088	46,407,312	-
Fixed assets	(106,837,323,000)	(134,271,628,012)	(4,622,044,017)	168,653,660	(245,562,341,369)
Net deferred tax liabilities	(90,025,589,500)	(134,271,628,012)	20,551,918,131	127,192,317	(203,618,107,064)
	(55,374,776,748)	(134,271,628,012)	16,295,874,259	127,192,317	(173,223,338,184)

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14. Goodwill

	2017 VND	2016 VND
Opening balance	123,983,090,462	142,345,015,058
Additions (Note V.1)	375,568,405,799	-
Charge for the year	(24,621,398,026)	(18,361,924,596)
Closing balance	474,930,098,235	123,983,090,462

15. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	31/12/2017		1/1/2017	
	Carrying amount VND	Repayable amount VND	Carrying amount VND	Repayable amount VND
Dai Tan Viet JSC	811,664,433,728	811,664,433,728	150,053,638,178	150,053,638,178
Other suppliers	3,154,026,689,429	3,154,026,689,429	2,411,856,624,801	2,411,856,624,801
	3,965,691,123,157	3,965,691,123,157	2,561,910,262,979	2,561,910,262,979

(b) Accounts payable to related parties

	31/12/2017 VND	1/1/2017 VND
Associate		
APIS Corporation	40,890,765,724	8,760,950,000

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

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16. Borrowings
(a) Short-term borrowings

	1/1/2017 VND	Incurred VND	Paid VND	Currency translation differences VND	31/12/2017 VND
Short-term borrowings	1,287,266,200,200	3,976,828,160,105	(5,055,741,996,084)	(147,568,134)	208,204,796,087
Current portion of long-term borrowings	45,400,000,000	128,110,452,002	(113,539,702,002)	(73,500,000)	59,897,250,000
	1,332,666,200,200	4,104,938,612,107	(5,169,281,698,086)	(221,068,134)	268,102,046,087

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

Lenders	Note	Currency	Annual interest rate	31/12/2017 VND	31/12/2017 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch		VND	4.90%	-	1,100,000,000,000
The Bank of Tokyo-Mitsubishi UFJ Ltd. – Ho Chi Minh City Branch		VND	4.90%	-	100,000,000,000
Wells Fargo	(i)	USD	3.94%	108,204,796,087	87,266,200,200
Vietnam Bank for Agriculture and Rural Development	(ii)	VND	6.00%	100,000,000,000	-
				208,204,796,087	1,287,266,200,200

(i) This loan was secured by accounts receivable from customers with carrying amount of VND211,976 million as at 31 December 2017 (1/1/2017: VND169,897 million).

(ii) This loan was unsecured.

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(b) Long-term borrowings

	1/1/2017 VND	Incurred VND	Paid VND	Currency translation differences VND	31/12/2017 VND
Long-term borrowings	372,370,398,182	77,304,664,365	(114,296,373,160)	(532,000,000)	334,846,689,387
Current portion of long-term borrowings	(45,400,000,000)	(128,110,452,002)	113,539,702,002	73,500,000	(59,897,250,000)
	326,970,398,182	(50,805,787,637)	(756,671,158)	(458,500,000)	274,949,439,387

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

Lenders	Note	Currency	Annual interest rate	Year of maturity	31/12/2017 VND	31/12/2017 VND
Sumitomo Mitsui Banking Corporation	(i)	USD	3.04%	2020	317,310,000,000	363,200,000,000
Individuals	(ii)	VND	Nil	2039	17,536,689,387	9,170,398,182
					334,846,689,387	372,370,398,182

(i) This loan was secured by deposits and fixed assets with carrying amount of VND82,977 million (1/1/2017: VND76,500 million) and VND389,664 million (1/1/2017: VND424,927 million), respectively, as at 31 December 2017.

(ii) These loans were unsecured.

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	1/1/2017 VND	Incurred VND	Increase from business acquisi- tion (Note V.1) VND	Paid VND	Currency translation differences VND	31/12/2017 VND
Value added tax	60,756,044,852	2,133,651,600,372	-	(2,109,545,036,039)	(4,996,124)	84,857,613,061
Corporate income tax	174,771,741,111	1,967,066,705,229	37,047,784,048	(1,933,509,580,614)	4,455,870	245,381,105,644
Personal income tax	14,917,198,239	247,122,006,971	15,218,967	(216,478,227,158)	(220,822)	45,575,976,197
Import tax	1,974,408,062	134,064,164,095	-	(134,726,900,763)	(640,616)	1,311,030,778
Other taxes	3,090,738,596	41,352,290,980	-	(38,252,708,310)	(1,963,949)	6,188,357,317
	255,510,130,860	4,523,256,767,647	37,063,003,015	(4,432,512,452,884)	(3,365,641)	383,314,082,997

17. Taxes payable to State Treasury

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18. Accrued expenses

	31/12/2017 VND	1/1/2017 VND
Sale incentives, promotion	809,759,170,326	584,298,882,216
Advertising expenses	155,863,127,207	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
Fuel expenses	13,794,033,974	13,959,796,579
Expenses for outsourced employees	61,056,856,176	62,494,315,062
Rental fees	4,302,136,374	922,786,364
Interest expense	290,197,560,228	21,082,620,101
Others	103,223,060,285	83,219,710,854
	1,528,287,945,458	1,025,974,683,705

19. Short-term other payables

	31/12/2017 VND	1/1/2017 VND
Insurance and trade union fees	1,399,249,266	728,779,914
Short-term deposits received	80,343,110,431	71,249,658,216
Outstanding cheques in exceed of bank balance	41,036,115,977	8,189,608,390
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Dividend payables	2,176,917,780,000	4,003,285,748
Import duty payables	22,482,594,509	42,613,702,494
Others	13,637,908,646	17,307,504,005
	2,783,824,177,984	592,099,957,922

(*) Other payables relating to financial investments included an advance payment of VND447,822,000,000 received from a third party in respect of the future transfer of the Group's investment in Bao Viet Joint Stock Commercial Bank (Note V.5(a)).

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20. 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:

	2017 VND	2016 VND
Opening balance	456,785,376,550	405,464,362,576
Appropriation	1,071,655,246,780	924,744,180,232
Utilisation	(835,950,853,769)	(873,423,166,258)
Closing balance	692,489,769,561	456,785,376,550

21. Long-term provisions

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

	Provision for severance allowance	
	2017 VND	2016 VND
Opening balance	95,960,585,167	87,325,705,000
Increase in provision during the year	6,952,419,190	10,053,842,830
Increase from business acquisition (Note V.1)	1,851,507,401	-
Provision used during the year	(2,241,083,583)	(1,418,962,663)
Closing balance	102,523,428,175	95,960,585,167

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22. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Foreignex change differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
As at 1 January 2016	12,006,621,930,000	-	(5,388,109,959)	8,329,599,322	3,291,207,229,973	5,391,795,573,082	231,349,525,167	20,923,915,747,585
Share capital issued	2,507,912,360,000	260,699,620,761	5,388,109,959	-	(2,419,035,050,000)	-	-	354,965,040,720
Purchase of treasury shares	-	-	(1,176,335,920)	-	-	-	-	(1,176,335,920)
Purchase of non-controlling interest	-	-	-	-	-	(62,222,774,839)	(5,922,583,589)	(68,145,358,428)
Net profit for the year	-	-	-	-	-	9,350,329,130,383	13,500,647,107	9,363,829,777,490
Appropriation to investment and development fund	-	-	-	-	924,847,745,615	(924,847,745,615)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(924,744,180,232)	-	(924,744,180,232)
Dividends (Note V.24)	-	-	-	-	-	(7,238,478,492,000)	(4,003,285,748)	(7,242,481,777,748)
Currency translation differences	-	-	-	(2,674,905,869)	-	-	2,461,280,987	(213,624,882)
As at 1 January 2017	14,514,534,290,000	260,699,620,761	(1,176,335,920)	5,654,693,453	1,797,019,925,588	5,591,831,510,779	237,385,583,924	22,405,949,288,585
Purchase of treasury shares	-	-	(5,983,485,880)	-	-	-	-	(5,983,485,880)
Purchase of non-controlling interest	-	-	-	-	-	(41,762,522,713)	(234,654,964,345)	(276,417,487,058)
Net profit for the year	-	-	-	-	-	10,295,665,148,846	(17,490,595,680)	10,278,174,553,166
Appropriation to equity funds	-	-	-	-	1,054,885,484,640	(1,054,885,484,640)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(1,071,655,246,780)	-	(1,071,655,246,780)
Other increase from business acquisition (Note V.1)	-	-	-	-	-	-	513,052,965,331	513,052,965,331
Dividends (Note V.24)	-	-	-	-	-	(7,982,272,776,030)	(452,720,796)	(7,982,725,496,826)
Currency translation differences	-	-	-	12,712,763,680	-	-	(50,040,357)	12,662,723,323
As at 31 December 2017	14,514,534,290,000	260,699,620,761	(7,159,821,800)	18,367,457,133	2,851,905,410,228	5,736,920,629,462	497,790,228,077	23,873,057,813,861

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23. Share capital

The Company's authorised and issued share capital is:

	31/12/2017		1/1/2017	
	Number of shares	VND	Number of shares	VND
Authorised share capital	1,451,453,429	14,514,534,290,000	1,451,453,429	14,514,534,290,000
Issued shares				
Ordinary shares	1,451,453,429	14,514,534,290,000	1,451,453,429	14,514,534,290,000
Treasury shares				
Ordinary shares	(174,909)	(7,159,821,800)	(27,100)	(1,176,335,920)
Shares currently in circulation				
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:

	31/12/2017		1/1/2017	
	VND	%	VND	%
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%
	14,514,534,290,000	100.00%	14,514,534,290,000	100.00%

24. 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)).

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25. Off balance sheet items

(a) Foreign currencies

	31/12/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	6,619,329.09	150,027,087,935	793,766.71	18,018,504,317
EUR	5,372.56	145,075,238	797.30	19,013,213
		150,172,163,173		18,037,517,530

(b) Lease

The future minimum lease payments under non-cancellable operating leases were:

	2017 VND	2016 VND
Within one year	30,244,538,695	29,027,143,771
Within two to five years	80,477,328,608	64,918,173,271
More than five years	448,114,634,886	315,191,823,980
	558,836,502,189	409,137,141,022

(c) Capital expenditure commitments

As at 31 December 2017, the Group had the following outstanding capital commitments approved but not provided for in the balance sheet:

	2017 VND	2016 VND
Approved and contracted	3,485,831,940,766	1,792,241,136,588

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VI. SUPPLEMENT INFORMATION TO ITEMS DISCLOSED IN THE CONSOLIDATED
STATEMENTS OF INCOME

1. Revenue from sales of goods and provision of services

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

Net revenue comprised:

	2017 VND	2016 VND
Total revenue		
Sales of finished goods	49,526,103,800,509	45,088,795,081,554
Sales of merchandise goods	1,446,258,338,101	1,724,189,208,675
Other services	62,526,876,757	58,757,721,588
Rental income from investment property	17,187,652,809	15,348,087,988
Others	82,823,096,903	77,913,002,020
	51,134,899,765,079	46,965,003,101,825
Less revenue deductions		
Sale discounts	17,388,158,838	648,096,440
Sale returns	76,435,721,132	123,038,511,216
Sales allowances	-	46,977,093,895
	93,823,879,970	170,663,701,551
Net revenue	51,041,075,885,109	46,794,339,400,274

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

	2017 VND	2016 VND
Associates		
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
Total revenue from sales to associates	4,062,466,379	6,358,270,807

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2. Cost of sales

	2017 VND	2016 VND
Total cost of sales		
Finished goods sold	24,916,638,222,738	21,872,624,507,790
Merchandise goods sold	1,256,346,586,241	1,418,989,239,429
Promotional goods sold	594,166,234,679	1,138,195,464,367
Operating cost of investment property	8,579,497,255	9,386,311,293
Other services	11,151,600,462	9,148,398,155
Inventories losses	645,547,529	-
Under-capacity costs	23,271,650,655	484,055,679
(Reversal)/increase of allowance for inventories	(3,868,273,083)	9,805,419,282
	26,806,931,066,476	24,458,633,395,995

3. Financial income

	2017 VND	2016 VND
Interest income from deposits	742,774,443,564	620,334,192,891
Interest income from corporate bonds	27,292,691,779	38,593,671,250
Foreign exchange gains	46,014,816,848	62,198,403,527
Dividends	25,820,495	980,729,583
Others	209,005,849	453,778,012
	816,316,778,535	722,560,775,263

4. Financial expenses

	2017 VND	2016 VND
Interest expense on borrowings	29,438,568,563	46,499,350,049
Interest expense on deposits received	3,752,873,000	2,389,947,521
Foreign exchange losses	53,391,517,007	49,553,805,011
Allowance for diminution in value of financial investments	279,971,229	2,489,412,521
Others	174,618,477	1,517,798,469
	87,037,548,276	102,450,313,571

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5. Other income

	2017 VND	2016 VND
Proceeds from disposals of fixed assets and investment property	167,762,208,469	51,095,907,908
Proceeds from disposals of construction in progress	1,202,551,910	2,785,368,565
Compensations received from other parties	7,585,177,670	4,356,970,526
Rebate income	16,782,902,629	100,525,060,680
Others	19,747,745,752	23,558,293,565
	213,080,586,430	182,321,601,244

6. Other expenses

	2017 VND	2016 VND
Book value of fixed assets and investment property disposed	177,736,385,034	73,837,614,727
Book value of construction in progress disposed	1,419,928,274	3,270,493,241
Others	31,397,076,631	27,877,581,915
	210,553,389,939	104,985,689,883

7. Selling expenses

	2017 VND	2016 VND
Staff costs	622,545,208,483	585,790,673,617
Materials expenses	51,352,255,139	37,395,046,161
Tools and supplies expenses	133,205,268,966	109,854,577,568
Depreciation expenses	42,122,483,249	38,765,880,497
Expenses of damaged goods	41,497,531,083	37,765,793,197
Transportation expenses	589,183,894,539	599,832,336,441
Outside service expenses	392,945,241,788	327,632,222,918
Advertising and market research expenses	1,990,534,713,776	2,074,503,973,229
Promotion, product display expenses and, support and commission expenses for distributors	7,673,146,974,776	6,947,212,488,627
	11,536,533,571,799	10,758,752,992,255

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8. General and administration expenses

	2017 VND	2016 VND
Staff costs	627,079,060,927	373,210,670,759
Materials expenses	24,434,850,707	13,243,885,262
Office supplies	18,731,423,006	15,927,230,346
Depreciation expenses	83,657,032,630	87,997,049,942
Fees and duties	14,834,558,600	19,815,382,621
Allowance for doubtful debts and provision for severance allowance	12,800,288,542	12,533,717,997
Transportation expenses	35,446,080,045	42,113,499,607
Outside service expenses	245,962,504,815	279,820,861,164
Loading expenses	17,619,203,907	22,111,996,989
Per-diem allowances	53,553,837,915	47,244,388,376
Bank charges	11,023,101,136	10,354,479,579
Others	122,464,328,860	128,878,366,336
	1,267,606,271,090	1,053,251,528,978

9. Production and business costs by element

	2017 VND	2016 VND
Raw material costs included in production costs	21,119,545,561,711	18,628,772,456,134
Labour costs and staff costs	2,321,877,650,601	1,996,826,287,370
Depreciation and amortisation	1,288,433,647,949	1,190,109,115,617
Outside services	2,230,092,134,374	2,092,594,477,113
Other expenses	10,884,691,278,695	10,746,432,440,371

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10. Income tax**(a) Recognised in the consolidated statement of income**

	2017 VND	2016 VND
Current tax expense		
Current year	1,967,746,432,342	1,878,787,864,681
(Over)/under provision in prior years	(679,727,113)	4,479,554,163
	1,967,066,705,229	1,883,267,418,844
Deferred tax benefit		
Origination and reversal of temporary differences	(16,295,874,259)	(9,470,625,438)
Income tax expense	1,950,770,830,970	1,873,796,793,406

(b) Reconciliation of effective tax rate

	2017 VND	2016 VND
Accounting profit before tax	12,228,945,384,136	11,237,626,570,896
Tax at the Company's tax rate	2,445,789,076,827	2,247,525,314,179
Tax rate differential applied to Company's subsidiaries and factories	(26,624,013,176)	(45,822,933,682)
Tax exempt income	(5,164,099)	(16,024,352,262)
Non-deductible expenses	6,857,771,039	9,321,355,251
Tax incentives	(405,743,299,786)	(339,788,398,372)
Deferred tax assets (not previously recognised) / not recognised	(68,823,812,722)	14,106,254,129
(Over)/under provision in prior years	(679,727,113)	4,479,554,163
	1,950,770,830,970	1,873,796,793,406

(c) Applicable tax rates

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December
2017 (continued)

Form B 09 – DN/HH

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

11. Basic earnings per share

The calculation of earnings per share for the year ended 31 December 2017 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund and a weighted average number of ordinary shares outstanding, calculated as follows:

(a) Net profit attributable to ordinary shareholders

	2017 VND	2016 VND
Net profit for the year – attributable to ordinary shareholders before appropriation to bonus and welfare fund	10,295,665,148,846	9,350,329,130,383
Appropriation to bonus and welfare fund	(1,071,655,246,780)	(924,744,180,232)
Net profit for the year attributable to ordinary shareholders after appropriation to bonus and welfare fund	9,224,009,902,066	8,425,584,950,151

(b) Weighted average number of ordinary shares

	2017 Number of shares	2016 Number of shares
Issued ordinary shares at the beginning of the year	1,451,426,329	1,200,139,398
Effect of shares issued under ESOP	-	4,813,253
Effect of bonus shares issued during the year	-	240,025,825
Effect of treasury shares repurchased during the year	(76,336)	(1,978)
Weighted average number of ordinary shares for the year ended 31 December	1,451,349,993	1,444,976,498

As at 31 December 2017, the Group did not have potentially dilutive ordinary shares.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December
2017 (continued)

Form B 09 – DN/HN

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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 consolidated financial statements, the Group had the following significant transactions with related parties during the year:

Related Party	Relationship	Nature of transaction	2017 VND	2016 VND
Miraka Limited	Associate	Purchases of goods	-	24,586,164,960
APIS Corporation	Associate	Purchases of goods	129,049,535,690	21,767,504,800
		Sales of goods and services	724,272,400	445,512,000
		Capital contribution	-	8,100,000,000
Asia Coconuts Processing Joint Stock Company	Associate	Purchases of shares	86,830,000,000	-
Board of Management's and Board of Directors' members		Compensation	123,523,671,767	91,004,863,749

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December
2017 (continued)

Form B 09 – DN/HN

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

2. Segment reporting

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

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

Geographical segments

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

	Domestic (Customers located in Vietnam)		Overseas (Customers located in countries other than Vietnam)		Total	
	2017 VND	2016 VND	2017 VND	2016 VND	2017 VND	2016 VND
Net revenue	43,572,091,099,815	38,098,772,683,879	7,468,984,785,294	8,695,566,716,395	51,041,075,885,109	46,794,339,400,274
Cost of sales	(22,916,806,416,790)	(20,065,856,588,756)	(3,890,124,649,686)	(4,392,776,807,239)	(26,806,931,066,476)	(24,458,633,395,995)
Segment income	20,655,284,683,025	18,032,916,095,123	3,578,860,135,608	4,302,789,909,156	24,234,144,818,633	22,335,706,004,279

2 March 2018

Prepared by:



Le Thanh Liem
Executive Director – Finance
cum Chief Accountant

Approved by:



Mai Kieu Lien
Chief Executive Officer

FINANCIAL STATEMENTS (UNDER IFRS)



Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of financial position as at 31 December 2017 prepared
in accordance with IFRS

	31/12/2017 VND million	1/1/2017 VND million
ASSETS		
Current assets	19,846,703	18,223,067
Cash and cash equivalents	963,336	655,423
Held-to-maturity investments	10,119,259	10,011,117
Trade and other receivables	4,761,326	3,042,889
Inventories	4,002,327	4,513,006
Available-for-sale financial assets	455	632
Non-current assets	14,653,294	11,358,555
Held-to-maturity investments	-	190,000
Trade and other receivables	344,609	248,193
Prepaid land costs	317,241	233,057
Available-for-sale financial assets	74,215	3,897
Property, plant and equipment	11,593,162	8,557,112
Biological assets	857,568	570,257
Intangible assets	588,749	319,539
Investment property	95,273	136,973
Investment in equity accounted investees	481,283	419,910
Deferred tax assets	28,399	34,651
Other non-current assets	272,795	644,966
TOTAL ASSETS	34,499,997	29,581,622

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of financial position as at 31 December 2017 prepared
in accordance with IFRS (continued)

	31/12/2017 VND million	1/1/2017 VND million
LIABILITIES AND EQUITY		
LIABILITIES	10,325,709	6,492,634
Current liabilities	9,749,285	6,009,675
Borrowings	268,102	1,332,666
Trade and other payables	8,737,687	4,385,547
Income tax payable	245,381	174,772
Other taxes payable	137,933	80,738
Advances from customers	360,182	35,952
Non-current liabilities	576,424	482,959
Trade and other payables	17,607	2,252
Borrowings	274,949	326,970
Retirement benefit obligations	80,250	63,711
Deferred tax liabilities	203,618	90,026
EQUITY	24,174,288	23,088,988
Equity attributable to equity holders of the Company	23,676,498	22,851,602
Share capital	14,514,534	14,514,534
Share premium	2,130,987	2,096,620
Treasury shares	(7,160)	(1,176)
Fair value reserve	(8,270)	(6,393)
Translation reserve	18,367	5,655
Other reserve	2,851,905	1,797,020
Retained earnings	4,176,135	4,445,342
Non-controlling interest	497,790	237,386
TOTAL LIABILITIES AND EQUITY	34,499,997	29,581,622

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of profit and loss and other comprehensive income for
the year ended 31 December 2017 prepared in accordance with IFRS

	2017 VND million	2016 VND million
I. Profit or loss		
Revenue	45,039,169	41,315,152
Cost of sales	(27,494,175)	(25,009,022)
Gross profit	17,544,994	16,306,130
Other income	44,142	74,623
Selling expenses	(5,933,637)	(5,621,158)
General and administration expenses	(1,665,644)	(1,267,857)
Other losses – net	(48,931)	(81,330)
Results from operating activities	9,940,924	9,410,408
Finance income	770,067	658,928
Finance cost	(34,734)	(78,506)
Net finance income	735,333	580,422
Share of profit of equity accounted investees	67,134	16,479
Profit before tax	10,743,391	10,007,309
Income tax	(1,951,168)	(1,858,564)
Net profit from continuing operations	8,792,223	8,148,745
Net loss from discontinued operations (net of income tax)	-	-
Net profit	8,792,223	8,148,745

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of profit and loss and other comprehensive income
for the year ended 31 December 2017 prepared in accordance with IFRS
(continued)

	2017 VND million	2016 VND million
II. Other comprehensive income		
Items that may be reclassified to profit and loss		
Net change in fair value of available-for-sale financial assets	(1,877)	53,711
Translation differences	12,662	(225)
Total comprehensive income	8,803,008	8,202,231
Net profit attributable to:		
Equity holders of the Company	8,809,714	8,135,244
Non-controlling interest	(17,491)	13,501
Net profit	8,792,223	8,148,745
Total comprehensive income attributable to:		
Equity holders of the Company	8,820,549	8,186,269
Non-controlling interest	(17,541)	15,962
Total comprehensive income	8,803,008	8,202,231
Earnings per share		
Basic earnings per share (in VND)	6,070	5,630
Basic earnings per share from continuing opera- tions (in VND)	6,070	5,630

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2017
prepared in accordance with IFRS

	2017 VND million	2016 VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,743,391	10,007,309
Adjustments for		
Depreciation and amortisation	1,308,495	1,198,289
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	3,716	(1,319)
Losses from disposals of property, plant and equipment and biological assets	10,191	23,314
Interest expense	29,439	46,499
Interest and dividend income	(770,093)	(659,909)
Share of profit of equity accounted investees	(67,134)	(16,479)
Loss from other investing activities	18,362	18,362
Impacts of shares issued under Employees Stock Option Plan ("ESOP")	406,538	292,928
Operating profit before changes in working capital	11,682,905	10,908,994
Change in receivables	(1,565,788)	(107)
Change in inventories	671,796	(982,106)
Change in payables and other liabilities	1,085,822	331,892
	11,874,735	10,258,673
Interest paid	(65,131)	(34,203)
Income tax paid	(1,933,510)	(1,771,243)
Net cash generated from operating activities	9,876,094	8,453,227

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2017
prepared in accordance with IFRS (continued)

	2017 VND million	2016 VND million
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(2,468,504)	(1,140,273)
Purchases of intangible assets	(3,158)	(1,340)
Purchases of biological assets	(476,298)	(48,396)
Payments for prepaid land costs	(2,503)	(14,781)
Purchases of investment property	(132)	-
Proceeds from disposals of property, plant and equipment	68,761	18,886
Proceeds from disposals of biological assets	53,385	31,441
Investments in equity accounted investees	(86,830)	(8,100)
Payments for granting loans	-	(1,672)
Receipts from collecting loans	1,872	-
Collections from investments in other entities	23,329	1,800
Proceeds from sales of debt instruments of other entities	300,000	-
Payments for time deposits	(218,249)	(1,448,668)
Receipts of interest and dividends	754,254	601,870
Increase from business combination	8,587	-
Net cash used in investing activities	(2,045,486)	(2,009,233)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share capital issued	-	354,965
Payments to acquire additional interests in a subsidiary from non-controlling interest	(276,418)	(68,145)
Payments for repurchase of treasury shares	(5,984)	(1,176)
Proceeds from borrowings	2,777,050	4,071,885
Payments to settle loan principals	(4,224,187)	(4,260,047)
Payments of dividends	(5,805,808)	(7,238,478)
Net cash used in financing activities	(7,535,347)	(7,140,996)
Net cash flows during the year	295,261	(697,002)
Cash and cash equivalents at the beginning of the year	655,423	1,358,683
Effect of exchange rate fluctuations on cash and cash equivalents	(708)	(36)
Currency translation differences	13,360	(6,222)
Cash and cash equivalents at the end of the year	963,336	655,423

ABBREVIATIONS

Company	Vietnam Dairy Products Joint Stock Company
Vinamilk	Vietnam Dairy Products Joint Stock Company
AGM	Annual General Meeting
BOD	Board of Directors
BOM	Board of Management
SC	Strategy Committee
AC	Audit Committee
RC	Remuneration Committee
NC	Nomination Committee
APEC	Asia-Pacific Economic Cooperation
CAGR	Compound annual growth rate
CG	Corporate Governance
ESOP	Employee Share Ownership Plan
GRI	Global Reporting Initiative
HCM	Ho Chi Minh
HOSE	Ho Chi Minh Stock Exchange
IA	Internal Audit
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IR	Investor Relations
JSC	Joint Stock Company
Ltd	Limited
M&A	Merger & Acquisition
ODA	Official Development Aid
ROA	Return on Assets
ROE	Return on Equity
SCIC	State Capital Investment Corporation
SDGs	Sustainable Development Goals
SSC	State Securities Commission Of Vietnam
TNTH	Thong Nhat Thanh Hoa
VAS	Vietnam Accounting Standards

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