

**Vietnam Dairy Products Joint Stock Company**

Separate financial statements  
for the year ended 31 December 2018



**Vietnam Dairy Products Joint Stock Company**

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## Vietnam Dairy Products Joint Stock Company Corporate Information

### Business Registration Certificate No.

4103001932  
0300588569

20 November 2003  
12 October 2018

The Company's business registration certificate has been amended several times, the most recent of which is by the Business Registration Certificate No. 0300588569 dated 12 October 2018. The business registration certification and its updates were issued by Ho Chi Minh City Planning and Investment Department.

### Board of Directors

Mdm. Le Thi Bang Tam	Chairwoman
Mdm. Mai Kieu Lien	Member
Mr. Lee Meng Tat	Member
Ms. Dang Thi Thu Ha	Member
Mr. Le Thanh Liem	Member
Mr. Michael Chye Hin Fah	Member
Mr. Nguyen Ba Duong	Member
Mr. Do Le Hung	Member
Mr. Nguyen Chi Thanh	Member (from 31 March 2018)
Mr. Alain Xavier Cany	Member (from 31 March 2018)
Mr. Nguyen Hong Hien	Member (until 31 March 2018)

### Board of Management

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 – International Sales (from 1 December 2018)
Mr. Le Thanh Liem	Executive Director – Finance
Mr. Phan Minh Tien	Executive Director – Marketing
Ms. Nguyen Thi Thanh Hoa	Executive Director – Supply chain
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
Ms. Ngo Thi Thu Trang	Executive Director – Projects (until 1 March 2018)

### Registered Office

10 Tan Trao, Tan Phu Ward  
District 7, Ho Chi Minh City  
Vietnam

### Auditor

KPMG Limited  
Vietnam

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

**STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF MANAGEMENT IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS**

The Board of Management is responsible for the separate financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) which give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2018 and of the unconsolidated results of operations and unconsolidated cash flows for the year then ended. In preparing these separate financial statements, the Board of Management is required to:

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

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

**APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS**

We hereby approve the accompanying separate financial statements set out on pages 4 to 58, which give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2018, and of the unconsolidated results of operations and unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Management



Mai Kieu Lien  
*Chief Executive Officer*

Ho Chi Minh City, 30 January 2019

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of financial position as at 31 December 2018**

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

	Code	Note	31/12/2018 VND	1/1/2018 VND
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>18,505,885,806,390</b>	<b>19,002,943,395,528</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>1,011,235,212,807</b>	<b>733,003,539,943</b>
Cash	111		661,235,212,807	653,003,539,943
Cash equivalents	112		350,000,000,000	80,000,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>8,576,023,488,016</b>	<b>10,515,000,831,849</b>
Trading securities	121	V.4(a)	442,023,488,016	442,023,488,016
Held-to-maturity investments	123	V.4(b)	8,134,000,000,000	10,072,977,343,833
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>4,240,430,117,730</b>	<b>4,177,896,085,300</b>
Accounts receivable from customers	131	V.2(a)	3,167,242,749,247	3,346,014,740,184
Prepayments to suppliers	132		784,177,881,246	515,607,637,431
Other short-term receivables	136	V.3(a)	290,019,413,401	320,433,597,717
Allowance for doubtful debts	137	V.2(d)	(1,009,926,164)	(4,159,890,032)
<b>Inventories</b>	<b>140</b>	<b>V.5</b>	<b>4,531,768,842,734</b>	<b>3,447,759,303,261</b>
Inventories	141		4,537,109,343,892	3,452,574,058,435
Allowance for inventories	149		(5,340,501,158)	(4,814,755,174)
<b>Other current assets</b>	<b>150</b>		<b>146,428,145,103</b>	<b>129,283,635,175</b>
Short-term prepaid expenses	151	V.10(a)	29,661,330,846	30,082,217,988
Deductible value added tax	152		116,766,814,257	99,201,417,187



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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of financial position as at 31 December 2018 (continued)**

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

	Code	Note	31/12/2018 VND	1/1/2018 VND
<b>Long-term assets</b>				
<b>(200 = 210 + 220 + 230 + 240 + 250 + 260)</b>	<b>200</b>		<b>15,811,399,570,191</b>	<b>13,506,629,942,142</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>77,753,482,142</b>	<b>43,381,778,324</b>
Long-term receivables from customers	211	V.2(b)	67,658,410,631	29,973,948,684
Long-term loan receivables	215		3,143,509,548	5,373,558,222
Other long-term receivables	216	V.3(b)	6,951,561,963	8,034,271,418
<b>Fixed assets</b>	<b>220</b>		<b>8,667,870,641,168</b>	<b>6,578,193,561,054</b>
Tangible fixed assets	221	V.6	8,585,708,102,136	6,491,044,842,497
Cost	222		15,442,308,786,149	12,565,140,937,848
Accumulated depreciation	223		(6,856,600,684,013)	(6,074,096,095,351)
Intangible fixed assets	227	V.7	82,162,539,032	87,148,718,557
Cost	228		205,265,323,268	203,811,252,886
Accumulated amortisation	229		(123,102,784,236)	(116,662,534,329)
<b>Investment property</b>	<b>230</b>	<b>V.8</b>	<b>89,041,404,270</b>	<b>95,273,270,528</b>
Cost	231		143,340,838,168	143,340,838,168
Accumulated depreciation	232		(54,299,433,898)	(48,067,567,640)
<b>Long-term work in progress</b>	<b>240</b>		<b>275,020,774,555</b>	<b>970,605,001,566</b>
Construction in progress	242	V.9	275,020,774,555	970,605,001,566
<b>Long-term financial investments</b>	<b>250</b>		<b>6,308,420,157,396</b>	<b>5,358,856,346,187</b>
Investments in subsidiaries	251	V.4(c)	5,409,592,972,201	4,957,492,071,156
Investments in associates	252	V.4(c)	400,369,808,669	388,119,808,669
Equity investments in other entities	253	V.4(c)	18,300,000,000	28,570,276,240
Allowance for diminution in the value of long-term financial investments	254	V.4(c)	(19,842,623,474)	(15,325,809,878)
Held-to-maturity investments	255	V.4(b)	500,000,000,000	-
<b>Other non-current assets</b>	<b>260</b>		<b>393,293,110,660</b>	<b>460,319,984,483</b>
Long-term prepaid expenses	261	V.10(b)	360,934,839,588	429,925,215,603
Deferred tax assets	262	V.18	32,358,271,072	30,394,768,880
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>34,317,285,376,581</b>	<b>32,509,573,337,670</b>

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of financial position as at 31 December 2018 (continued)**

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

	Code	Note	31/12/2018 VND	1/1/2018 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>9,012,218,300,249</b>	<b>9,213,216,736,722</b>
<b>Current liabilities</b>	<b>310</b>		<b>9,011,802,452,031</b>	<b>9,111,522,890,254</b>
Accounts payable to suppliers	311	V.11	3,556,103,761,054	3,608,952,910,564
Advances from customers	312		34,467,084,432	58,920,681,881
Taxes payable to State Treasury	313	V.12	341,650,820,232	375,861,148,168
Payables to employees	314		172,973,089,482	173,777,657,984
Accrued expenses	315	V.13	1,145,195,886,900	1,188,457,780,365
Short-term unearned revenue	318		6,910,881,322	7,344,630,678
Other short-term payables	319	V.14	2,547,550,227,536	3,023,434,643,866
Short-term borrowings	320	V.15	700,000,000,000	-
Provision – short-term	321	V.17	4,502,303,315	603,744,795
Bonus and welfare fund	322	V.16	502,448,397,758	674,169,691,953
<b>Long-term liabilities</b>	<b>330</b>		<b>415,848,218</b>	<b>101,693,846,468</b>
Long-term unearned revenue	336		415,848,218	1,039,560,218
Provision – long-term	342	V.17	-	100,654,286,250
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>25,305,067,076,332</b>	<b>23,296,356,600,948</b>
<b>Owners' equity</b>	<b>410</b>	<b>V.19</b>	<b>25,305,067,076,332</b>	<b>23,296,356,600,948</b>
Share capital	411	V.20	17,416,877,930,000	14,514,534,290,000
Share premium	412		-	260,699,620,761
Treasury shares	415	V.20	(10,485,707,360)	(7,159,821,800)
Investment and development fund	418		1,189,241,088,198	2,849,474,124,833
Retained profits	421		6,709,433,765,494	5,678,808,387,154
- Retained profits brought forward	421a		3,501,938,263,654	2,322,232,146,596
- Profit for the current year	421b		3,207,495,501,840	3,356,576,240,558
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>34,317,285,376,581</b>	<b>32,509,573,337,670</b>

30 January 2019

Prepared by:



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

Approved by:



Mai Kieu Lien  
*Chief Executive Officer*

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of income for the year ended 31 December 2018**

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

	Code	Note	Three-month period ended		Year ended	
			31/12/2018	31/12/2017	31/12/2018	31/12/2017
			VND	VND	VND	VND
Revenue from sales of goods and provision of services	01	VI.1	11,562,869,819,626	11,228,202,740,605	46,924,852,782,669	47,506,683,942,486
Revenue deductions	02	VI.1	2,410,907,351	5,884,226,771	31,642,748,795	47,904,322,982
Net revenue (10 = 01 - 02)	10	VI.1	11,560,458,912,275	11,222,318,513,834	46,893,210,033,874	47,458,779,619,504
Cost of sales	11	VI.2	5,790,008,975,923	5,849,537,452,721	23,675,568,949,025	24,244,098,117,020
Gross profit (20 = 10 - 11)	20		5,770,449,936,352	5,372,781,061,113	23,217,641,084,849	23,214,681,502,484
Financial income	21	VI.3	190,662,210,210	220,683,754,850	748,301,178,948	1,282,827,726,909
Financial expenses	22	VI.4	(4,689,810,130)	13,127,264,678	72,236,242,417	25,579,936,980
<i>In which: Interest expense</i>	23		4,707,123,285	-	20,506,388,664	12,869,222,222
Selling expenses	25	VI.7	3,217,028,066,148	3,065,151,253,092	11,705,280,893,448	11,018,891,006,864
General and administration expenses	26	VI.8	232,952,977,731	433,077,724,125	746,894,438,209	983,689,268,088
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		2,515,820,912,813	2,082,108,574,068	11,441,530,689,723	12,469,349,017,461
Other income	31	VI.5	78,290,079,863	44,953,516,713	365,230,910,992	153,645,065,764
Other expenses	32	VI.6	(554,372,280)	33,203,440,031	111,608,899,140	126,142,348,003
Results of other activities (40 = 31 - 32)	40		78,844,452,143	11,750,076,682	253,622,011,852	27,502,717,761

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



**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of income for the year ended 31 December 2018 (continued)**

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

Code	Note	Three-month period ended		Year ended	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
		VND	VND	VND	VND
50		2,594,665,364,956	2,093,858,650,750	11,695,152,701,575	12,496,851,735,222
51	VI.10	428,297,237,895	349,575,850,126	1,883,006,377,719	1,947,433,818,896
52	VI.10	(31,730,902,710)	(1,615,413,441)	(1,963,502,192)	4,256,043,872
60		2,198,099,029,771	1,745,898,214,065	9,814,109,826,048	10,545,161,872,454

Prepared by:



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

30 January 2019

Approved by:



Mai Kieu Lien  
*Chief Executive Officer*

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of cash flows for year ended 31 December 2018**  
**(Indirect method)**

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

	Code Note	2018 VND	2017 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>	<b>01</b>	<b>11,695,152,701,575</b>	<b>12,496,851,735,222</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	1,115,294,783,821	981,369,357,048
Allowances and provisions	03	(78,278,724,619)	(7,551,241,220)
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(1,320,065,859)	3,716,375,078
Losses from disposals of investments	05	1,982,981,082	-
Gains on disposals of fixed assets and construction in progress	05	(23,375,886,473)	(23,733,472,800)
Gain from merger of a subsidiary	05	-	(430,894,168,467)
Dividends and interest income	05	(691,871,437,826)	(816,164,715,469)
Interest expense	06 VI.4	20,506,388,664	12,869,222,222
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>12,038,090,740,365</b>	<b>12,216,463,091,614</b>
Change in receivables	09	(157,643,960,173)	(1,437,501,533,771)
Change in inventories	10	(1,093,390,158,073)	763,205,299,949
Change in payables and other liabilities	11	(227,843,759,410)	1,272,472,244,120
Change in prepaid expenses	12	73,215,093,227	(29,259,752,165)
Interest paid	14	(20,012,553,049)	(33,925,611,111)
Income tax paid	15 V.12	(1,877,825,025,085)	(1,872,584,222,416)
Other receipts from operating activities	16	149,174,000	-
Other payments for operating activities	17	(1,148,426,598,556)	(837,362,208,372)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>7,586,312,953,246</b>	<b>10,041,507,307,848</b>

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2018**  
**(Indirect method – continued)**

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

	Code Note	2018 VND	2017 VND
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(2,550,259,508,007)	(1,978,535,358,735)
Collections on disposals of fixed assets and other long-term assets	22	34,778,296,697	75,424,552,703
Collections from/(payments for) time deposits	23	1,248,977,343,833	(256,477,343,833)
Collections of loans	24	2,230,048,674	1,872,350,540
Receipts from sales of debt instruments of other entities	24	190,785,778,116	300,000,000,000
Payments for investments in other entities	25	(464,350,901,045)	(2,002,311,248,034)
Collections from investments in other entities	26	-	273,192,164,317
Receipts of interest and dividends	27	790,484,436,208	804,985,283,910
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(747,354,505,524)</b>	<b>(2,781,849,599,132)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for repurchase of treasury shares	32	(3,325,885,560)	(5,983,485,880)
Proceeds from borrowings	33	1,750,000,000,000	-
Payments to settle loan principals	34	(1,050,000,000,000)	(1,200,000,000,000)
Payments of dividends	36	(7,256,172,407,500)	(5,805,321,901,400)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(6,559,498,293,060)</b>	<b>(7,011,305,387,280)</b>

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2018**  
**(Indirect method – continued)**

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

	Code	Note	2018 VND	2017 VND
Net cash flows during the year (50 = 20 + 30 + 40)	50		279,460,154,662	248,352,321,436
Cash and cash equivalents at the beginning of the year	60		733,003,539,943	485,358,843,152
Effect of exchange rate fluctuations on cash and cash equivalents	61		(1,228,481,798)	(707,624,645)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	V.1	1,011,235,212,807	733,003,539,943

30 January 2019

Prepared by:



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

Approved by:



Mai Kieu Lien  
*Chief Executive Officer*

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

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2018**

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

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

**I. CORPORATE INFORMATION**

**1. Ownership structure**

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

The major milestones related to the establishment and development of Vietnam Dairy Products Joint Stock Company (“the Company”) are achieved 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 Planning and Investment Department.
- 28 December 2005: The State Securities Commission of Vietnam issued Listed Licence No. 42/UBCK-GPNY.
- 19 January 2006: The Company’s shares were listed on Ho Chi Minh City Stock Exchange.

**2. Principal activities**

The principal activities of the Company are to:

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



**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2018**  
**(continued)**

**Form B 09 – DN**  
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**3. Normal operating cycle**

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

**4. Group structure**

As at 31 December 2018, the Company had 7 subsidiaries and 3 associates (1 January 2018: 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 Holding 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 posechey, Phnom Penh, Kingdom of Cambodia	Milk production	100.00%
▪ Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Ul, Gwiazdzista 7a/401-651 Warszawa, Poland	Dairy raw materials and animal trading	100.00%
▪ Vietnam Sugar Joint Stock Company	Thuy Xuong Village, Suoi Hiep Commune, Dien Khanh District, Khanh Hoa Province	Sugar producing and refining	65.00%
▪ Lao-Jagro Development Xiengkhouang Co., Ltd. (*)	Boungvene Village, Paek District, Xiengkhouang Province, Lao PDR	Dairy cow raising and agricultural products trading	51.00%

(\*) In November 2018, the Company completed its acquisition of 51% equity interest of Lao-Jagro Development Xiengkhouang Co., Ltd.

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**(b) Associates**

Name	Location	Principal activities	% of ownership/ voting rights
▪ Miraka Holding 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	20.00%
▪ 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%

**(c) Dependent units:**

***Sales branches:***

- 1/ Vietnam Dairy Products Joint Stock Company's Branch in Ha Noi – 11th Floor, Tower B, Handi Resco Building, 521 Kim Ma, Ngoc Khanh Ward, Ba Dinh District, Ha Noi City.
- 2/ Vietnam Dairy Products Joint Stock Company's Branch in Da Nang – 7th Floor, Danang Post Office Tower, 271 Nguyen Van Linh, Vinh Trung Ward, Thanh Khe District, Da Nang City.
- 3/ Vietnam Dairy Products Joint Stock Company's Branch in Can Tho – 77-77B Vo Van Tan, Tan An Ward, Ninh Kieu District, Can Tho City.

***Manufacturing factories:***

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



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- 10/ Da Nang Dairy Factory – Hoa Khanh Industrial Park, Da Nang City.
- 11/ Vietnam Powdered Milk Factory – 9 Tu Do Boulevard - Vietnam-Singapore Industrial Park, Thuan An District, Binh Duong Province.
- 12/ Vietnam Dairy Factory – My Phuoc II Industrial Park, Binh Duong Province.
- 13/ Lam Son Dairy Factory – Le Mon Industrial Zone, Thanh Hoa City, Thanh Hoa Province.

***Warehouses:***

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

***Clinic:***

- 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 2018, the Company had 5,706 employees (1/1/2018: 5,669 employees).

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

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

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

### **2. Accounting and presentation currency**

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



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**III. ACCOUNTING STANDARDS AND SYSTEM**

**1. Statement of compliance**

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

**2. Basis of measurement**

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

**3. Accounting form**

The Company applies computerised accounting form.

**IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**1. Foreign currency transactions**

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

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

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



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**2. Cash and cash equivalents**

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

**3. Investments**

**(a) Trading securities**

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

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

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

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

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

Held-to-maturity investments are those that the Company's Board of 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.

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

**(c) Loans receivable**

Loan receivables are loan granted 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 debt based on overdue days in payment of principals according to initial debt commitment (exclusive of the debt rescheduling between contractors), or based on the estimated possible loss that may arise.

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

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

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

For the purpose of these separate financial statements, investments in subsidiaries and associates are initially recognised at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss, except where such a loss was anticipated by the Company's Board of 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 would have been determined if no allowance had been recognised.

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

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

Investment in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Company's Board of 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.

**4. Accounts receivable**

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

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

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

**5. Inventories**

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

The Company applies the perpetual method of accounting for inventories.

**6. Tangible fixed assets**

**(a) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use, and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the separate statement of income in the 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 |

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**7. Intangible fixed assets**

**(a) Land use rights**

Land use rights comprise:

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

Definite life 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 life land use rights are stated at cost and not amortised.

**(b) Software**

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

**8. Investment property**

**(a) Cost**

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditure of bringing the property to the condition necessary for it to be capable of operating in the manner intended by the Board of 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 separate 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.



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**(b) Depreciation**

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

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

**9. Construction in progress**

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

**10. Prepaid expenses**

**(a) Prepaid land costs**

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

**(b) Tools and instruments**

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

**(c) Others**

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



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**11. Trade and other payables**

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

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

**12. Accrued expenses**

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

**13. Provisions**

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

***Severance allowance***

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more ("the eligible employees") voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee's compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company are excluded.

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**14. Share capital**

**(a) Ordinary shares**

Ordinary shares are stated at par value. Excess of cash received from share issues over par value is recorded as share premium. 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 reissued subsequently, the cost of shares reissued are calculated on weighted average basis, any surplus or deficit of proceed over cost is recorded in share premium.

**15. Taxation**

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

Current tax is the expected tax payable on the taxable income for the 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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**16. Revenue and other income**

**(a) Goods sold**

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

**(b) Services rendered**

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

**(c) Rental income**

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

**(d) Interest income**

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

**(e) Dividend income**

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

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

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



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**17. Revenue deductions**

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

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

**18. Cost of sales**

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

**19. Operating lease payments**

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

**20. Borrowing costs**

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

**21. Dividend distribution**

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

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

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**22. Funds**

Appropriation to 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.

**23. Segment reporting**

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

**24. Related parties**

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

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

**1. Cash and cash equivalents**

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	934,233,487	730,005,123
Cash in banks	660,300,979,320	652,273,534,820
Cash equivalents	350,000,000,000	80,000,000,000
	<b>1,011,235,212,807</b>	<b>733,003,539,943</b>

**2. Accounts receivable from customers**

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

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Receivables from customers	3,167,242,749,247	3,346,014,740,184

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

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
SIG Combibloc Ltd	67,658,410,631	29,973,948,684

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

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
<b>Subsidiaries</b>		
Angkor Dairy Products Co., Ltd.	11,039,828,442	22,027,476,285
Vietnam Dairy Cow One Member Limited Company	2,494,473,975	48,390,000
Vietnam Sugar Joint Stock Company	292,480,000	-
Thong Nhat Thanh Hoa Dairy Cow Limited Company	72,871,737	31,324,879
<b>Associate</b>		
APIS Corporation	-	136,184,400
	<b>13,899,654,154</b>	<b>22,243,375,564</b>

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

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

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

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Opening balance	(4,159,890,032)	(475,005,167)
Increase in allowance during the year	(80,917,219)	(3,684,884,865)
Allowance written back	21,001,389	-
Allowance used during the year	3,209,879,698	-
<b>Closing balance</b>	<b>(1,009,926,164)</b>	<b>(4,159,890,032)</b>

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**3. Other receivables**

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

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	202,954,989,056	296,972,069,630
Interest income from bonds	-	4,595,917,808
Receivables from employees	849,160,331	790,358,223
Advances to employees	1,441,402,945	2,007,687,112
Short-term deposits	145,000,000	212,140,600
Import tax refundable	6,487,398,794	11,286,997,201
Rebate income receivable from suppliers	66,460,934,080	-
Others	11,680,528,195	4,568,427,143
	<b>290,019,413,401</b>	<b>320,433,597,717</b>

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

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits	1,951,561,963	1,786,586,592
Others	5,000,000,000	6,247,684,826
	<b>6,951,561,963</b>	<b>8,034,271,418</b>

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4. Investments	31/12/2018		1/1/2018	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
(a) Trading securities				
				Allowance for diminution in value VND
Short-term investments in shares:				
▪ Bao Viet Joint Stock Commercial Bank (*)	442,000,000,000	442,000,000,000	442,000,000,000	442,000,000,000
▪ Others	23,488,016	23,497,556	23,488,016	23,542,016
	<b>442,023,488,016</b>	<b>442,023,497,556</b>	<b>442,023,488,016</b>	<b>442,023,542,016</b>

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

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

	Note	31/12/2018 VND	1/1/2018 VND
Held-to-maturity investments – short-term			
▪ term deposits	(*)	8,134,000,000,000	9,882,977,343,833
▪ corporate bonds		-	190,000,000,000
		<b>8,134,000,000,000</b>	<b>10,072,977,343,833</b>
Held-to-maturity investments – long-term			
▪ term deposits	(**)	500,000,000,000	-
		<b>500,000,000,000</b>	-

(\*) The amounts represented term deposits at banks with the remaining term to maturity of 1 to 12 months and earned interest at rates ranging from 3.80% to 8.00% per annum (for the year ended 31 December 2017: from 4.20% to 7.35% per annum).

(\*\*) The amounts represented term deposits at banks with the remaining term to maturity of over 12 months and earned interest at 7.30% per annum.



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	% of equity owned and voting rights	31 December 2018			1 January 2018			Allowance for diminution in value VND
		Cost VND	Fair value VND	Allowance for diminution in value VND	% of equity owned and voting rights	Cost VND	Fair value VND	
<b>(c) Long-term financial investments</b>								
<b>Investment in subsidiaries</b>								
▪ Vietnam Dairy Cow One Member Limited Company	100.00%	2,250,780,000,000 (*)	(*)	-	100.00%	2,250,780,000,000 (*)	(*)	-
▪ Driftwood Dairy Holding Corporation	100.00%	225,895,918,429 (*)	(*)	-	100.00%	225,895,918,429 (*)	(*)	-
▪ Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	100.00%	66,463,150,000 (*)	(*)	-	100.00%	66,463,150,000 (*)	(*)	-
▪ Angkor Dairy Products Co., Ltd.	100.00%	464,289,241,751 (*)	(*)	-	100.00%	464,289,241,751 (*)	(*)	-
▪ Thong Nhat Thanh Hoa Dairy Cow Company Limited	100.00%	856,682,699,703 (*)	(*)	(19,842,623,474)	100.00%	621,682,699,703 (*)	(*)	(7,824,292,836)
▪ Vietnam Sugar Joint Stock Company	65.00%	1,328,381,061,273 (*)	(*)	-	65.00%	1,328,381,061,273 (*)	(*)	-
▪ Lao-Jagro Development XiengKhouang Co., Ltd. (**)	51.00%	217,100,901,045 (*)	(*)	-	-	-	-	-
		5,409,592,972,201		(19,842,623,474)		4,957,492,071,156		(7,824,292,836)



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- (\*) At the reporting date, the Company has not determined fair values of these financial instruments for disclosure in the separate financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these financial instruments may differ from their carrying amounts.
- (\*\*) On 28 December 2018, the Company invested VND82,098,270,000 according to percentage of its equity interest into this entity following the shareholders' decision.
- (\*\*\*) The Board of Management assessed that the Company had significant influence over this entity because the Company has the right to appoint members in the Board of Directors of this entity. In 2018, the Company purchased additional shares to increase equity interest in this entity from 18% to 20%.
- (\*\*\*\*) On 31 January 2018, the Company completed dissolution of its investment in Vietnam Growth Investment Fund.

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

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Opening balance	(15,325,809,878)	(30,251,623,753)
Increase in allowance during the year	(29,360,958,574)	(7,835,508,109)
Written back	17,342,627,936	22,761,321,984
Allowance utilised during the year	7,501,517,042	-
<b>Closing balance</b>	<b>(19,842,623,474)</b>	<b>(15,325,809,878)</b>

**5. Inventories**

	<b>31/12/2018</b>		<b>1/1/2018</b>	
	<b>Cost</b>	<b>Allowance</b>	<b>Cost</b>	<b>Allowance</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Goods in transit	863,478,108,627	-	345,659,646,367	-
Raw materials	2,362,269,915,764	(2,492,438,168)	2,072,265,020,702	(2,135,991,214)
Tools and supplies	311,995,640	-	320,137,985	-
Work in progress	14,827,114,886	-	14,553,283,556	-
Finished goods	1,275,852,464,005	(2,848,062,990)	973,822,488,810	(2,678,763,960)
Merchandise inventories	19,009,876,453	-	21,274,690,772	-
Goods on consignment	1,359,868,517	-	24,678,790,243	-
	<b>4,537,109,343,892</b>	<b>(5,340,501,158)</b>	<b>3,452,574,058,435</b>	<b>(4,814,755,174)</b>

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

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Opening balance	(4,814,755,174)	(16,673,491,246)
Increase in allowance during the year	(15,179,714,443)	(6,450,494,585)
Written back	11,936,960,793	9,695,591,461
Allowance utilised during the year	2,717,007,666	8,613,639,196
<b>Closing balance</b>	<b>(5,340,501,158)</b>	<b>(4,814,755,174)</b>

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<b>6. Tangible fixed assets</b>	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	2,069,197,735,254	9,211,741,341,596	789,524,484,354	494,677,376,644	12,565,140,937,848
Additions	20,225,716,495	523,909,234,788	36,986,272,850	64,639,102,363	645,760,326,496
Transfer from construction in progress	56,936,200,043	2,494,659,625,088	62,521,099,761	31,856,871,404	2,645,973,796,296
Reclassification	564,942,316	4,449,022,410	571,933,621	(5,585,898,347)	-
Disposals	(13,465,345,545)	(378,692,316,157)	(12,607,232,228)	(9,801,380,561)	(414,566,274,491)
<b>Closing balance</b>	<b>2,133,459,248,563</b>	<b>11,856,066,907,725</b>	<b>876,996,558,358</b>	<b>575,786,071,503</b>	<b>15,442,308,786,149</b>
<b>Accumulated depreciation</b>					
Opening balance	623,666,258,668	4,712,232,909,380	362,691,428,047	375,505,499,256	6,074,096,095,351
Charge for the year	93,615,217,162	877,518,632,888	74,245,646,768	48,125,703,055	1,093,505,199,873
Reclassification	3,387,506,883	(127,341,613)	16,620,323	(3,276,785,593)	-
Disposals	(5,014,719,078)	(285,277,279,235)	(10,955,214,046)	(9,753,398,852)	(311,000,611,211)
<b>Closing balance</b>	<b>715,654,263,635</b>	<b>5,304,346,921,420</b>	<b>425,998,481,092</b>	<b>410,601,017,866</b>	<b>6,856,600,684,013</b>
<b>Net book value</b>					
Opening balance	1,445,531,476,586	4,499,508,432,216	426,833,056,307	119,171,877,388	6,491,044,842,497
Closing balance	1,417,804,984,928	6,551,719,986,305	450,998,077,266	165,185,053,637	8,585,708,102,136

Included in the cost of tangible fixed assets were assets costing VND1,914,794,762,623 which were fully depreciated as at 31 December 2018 (1/1/2018: VND1,508,970,280,173), but which are still in active use.



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**7. Intangible fixed assets**

	<b>Land use rights VND</b>	<b>Software VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening balance	57,582,565,109	146,228,687,777	203,811,252,886
Additions	-	1,146,206,000	1,146,206,000
Transfer from construction in progress	-	9,493,334,500	9,493,334,500
Disposals/written off	-	(9,185,470,118)	(9,185,470,118)
<b>Closing balance</b>	<b>57,582,565,109</b>	<b>147,682,758,159</b>	<b>205,265,323,268</b>
<b>Accumulated amortisation</b>			
Opening balance	11,608,069,186	105,054,465,143	116,662,534,329
Charge for the year	-	15,557,717,690	15,557,717,690
Disposals/written off	-	(9,117,467,783)	(9,117,467,783)
<b>Closing balance</b>	<b>11,608,069,186</b>	<b>111,494,715,050</b>	<b>123,102,784,236</b>
<b>Net book value</b>			
Opening balance	45,974,495,923	41,174,222,634	87,148,718,557
Closing balance	45,974,495,923	36,188,043,109	82,162,539,032

Included in the cost of intangible fixed assets were assets costing VND54,117,931,295 which were fully amortised as at 31 December 2018 (1/1/2018: VND57,672,610,675), but which are still in use.

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**8. Investment property**

	<b>Land use rights VND</b>	<b>Infrastructure VND</b>	<b>Buildings VND</b>	<b>Total VND</b>
<b>Cost</b>				
<b>Opening balance and closing balance</b>	<b>38,884,288,170</b>	<b>6,464,218,561</b>	<b>97,992,331,437</b>	<b>143,340,838,168</b>
<b>Accumulated depreciation</b>				
Opening balance	3,438,746,575	5,186,933,954	39,441,887,111	48,067,567,640
Charge for the year	793,556,904	611,363,990	4,826,945,364	6,231,866,258
<b>Closing balance</b>	<b>4,232,303,479</b>	<b>5,798,297,944</b>	<b>44,268,832,475</b>	<b>54,299,433,898</b>
<b>Net book value</b>				
Opening balance	35,445,541,595	1,277,284,607	58,550,444,326	95,273,270,528
Closing balance	34,651,984,691	665,920,617	53,723,498,962	89,041,404,270

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

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

Included in the cost of investment property held to earn rental was assets costing VND7,892,173,774 which were fully depreciated as at 31 December 2018 (1/1/2018: VND7,892,173,774), but which are still in active use.

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**9. Construction in progress**

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Opening balance	970,605,001,566	430,308,443,075
Additions	1,966,215,704,548	1,820,002,459,383
Increase from merger of a subsidiary	-	295,492,565
Transfer to tangible fixed assets	(2,645,973,796,296)	(1,258,329,337,668)
Transfer to intangible fixed assets	(9,493,334,500)	(11,957,912,736)
Transfer to investment property	-	(6,954,545,455)
Transfer to short-term prepaid expenses	(1,439,256,572)	(1,558,153,710)
Transfer to long-term prepaid expenses	(2,364,573,498)	(513,490,250)
Transfer to inventories	(1,269,245,491)	(822,538,824)
Other (decreases)/increase	(1,259,725,202)	134,585,186
<b>Closing balance</b>	<b>275,020,774,555</b>	<b>970,605,001,566</b>

Major constructions in progress were as follows:

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Tien Son Dairy Factory	118,287,279,593	7,647,715,001
Can Tho Dairy Branch	52,079,729,352	52,079,729,352
Truong Tho Dairy Factory	51,328,530,484	81,969,744,403
Others	53,325,235,126	828,907,812,810
	<b>275,020,774,555</b>	<b>970,605,001,566</b>



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**10. Prepaid expenses**

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

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Software deployment and networks maintenance expenses	5,495,262,566	4,659,874,251
Advertising expenses	1,760,281,563	3,141,628,217
Maintenance expenses	181,380,023	1,282,268,280
Operating lease expenses	1,604,474,481	4,400,080,539
Tools and supplies expenses	4,913,534,229	8,977,569,573
Renovation and repair expenses	11,759,637,267	4,166,496,897
Other short-term expenses	3,946,760,717	3,454,300,231
	<b>29,661,330,846</b>	<b>30,082,217,988</b>

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

	<b>Prepaid land</b>	<b>Tools and</b>	<b>Other prepaid</b>	<b>Total</b>
	<b>costs</b>	<b>instruments</b>	<b>expenses</b>	<b>VND</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Opening balance	214,142,433,691	171,256,710,124	44,526,071,788	429,925,215,603
Additions	256,036,800	36,327,207,113	11,671,556,190	48,254,800,103
Transfer from construction in progress	1,343,676,077	334,945,352	685,952,069	2,364,573,498
Amortisation for the year	(6,675,262,488)	(84,968,426,924)	(27,966,060,204)	(119,609,749,616)
<b>Closing balance</b>	<b>209,066,884,080</b>	<b>122,950,435,665</b>	<b>28,917,519,843</b>	<b>360,934,839,588</b>



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**11. Accounts payable to suppliers**

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

	31/12/2018		1/1/2018	
	Carrying amount VND	Repayable amount VND	Carrying amount VND	Repayable amount VND
Dai Tan Viet Joint Stock Company	691,822,724,098	691,822,724,098	811,664,433,728	811,664,433,728
Other suppliers	2,864,281,036,956	2,864,281,036,956	2,797,288,476,836	2,797,288,476,836
	<b>3,556,103,761,054</b>	<b>3,556,103,761,054</b>	<b>3,608,952,910,564</b>	<b>3,608,952,910,564</b>

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

	31/12/2018 VND	1/1/2018 VND
<b>Subsidiaries</b>		
Vietnam Dairy Cow One Member Limited Company	78,117,528,636	52,377,507,535
Thong Nhat Thanh Hoa Dairy Cow Company Limited	10,139,040,800	2,024,384,700
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	39,223,584,375	-
Vietnam Sugar Joint Stock Company	1,016,631,000	-
<b>Associate</b>		
APIS Corporation	17,295,725,739	40,890,765,724

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

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**12. Taxes payable to State Treasury**

	<b>1/1/2018 VND</b>	<b>Incurred VND</b>	<b>Paid VND</b>	<b>31/12/2018 VND</b>
Value added tax	78,785,202,795	1,929,401,143,303	(1,943,870,023,182)	64,316,322,916
Import tax	637,603,312	150,914,577,803	(140,205,720,114)	11,346,461,001
Corporate income tax	247,160,749,868	1,883,006,377,719	(1,877,825,025,085)	252,342,102,502
Personal income tax	44,215,680,297	202,979,959,532	(234,045,959,788)	13,149,680,041
Other taxes	5,061,911,896	56,468,019,859	(61,033,677,983)	496,253,772
	<b>375,861,148,168</b>	<b>4,222,770,078,216</b>	<b>(4,256,980,406,152)</b>	<b>341,650,820,232</b>

**13. Accrued expenses**

	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
Sale incentives, promotion	768,997,882,507	805,458,522,183
Rental fees	4,735,827,809	4,302,136,374
Advertising expenses	92,277,105,546	152,576,702,207
Transportation expenses	79,971,625,109	63,804,058,530
Repair and maintenance expenses	25,842,430,706	26,287,942,358
Interest expense	493,835,613	-
Fuel expenses	12,959,585,875	13,567,383,974
Expenses for outsourced employees	102,360,840,273	60,880,431,816
Others	57,556,753,462	61,580,602,923
	<b>1,145,195,886,900</b>	<b>1,188,457,780,365</b>

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**14. Other short-term payables**

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Insurance and trade union fees	2,192,617,485	104,748,571
Short-term deposits received	33,677,698,730	79,876,865,431
Other payables relating to financial investments (*)	748,487,474,055	734,007,419,155
Dividend payables	1,741,407,855,000	2,176,917,780,000
Import duty payables	13,862,123,850	22,482,594,509
Others	7,922,458,416	10,045,236,200
	<b>2,547,550,227,536</b>	<b>3,023,434,643,866</b>

- (\*) Other payables relating to financial investments included an advance payment of VND447,822,000,000 received from a third party in respect of the future transfer of the Company's investment in Bao Viet Joint Stock Commercial Bank (Note V.4(a)). At the reporting date, the transfer has not completed. The remaining balance represented the amount payable for the acquisition of Vietnam Sugar Joint Stock Company's equity in 2017.

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**15. Borrowings**

	1 January 2018		Movements during the year		31 December 2018		
	Currency	Carrying value	Repayable amount	Increase	Decrease	Carrying value	Repayable amount
<b>Short-term borrowings</b>							
▪ The Bank of Tokyo - Mitsubishi UFJ Ltd., Ho Chi Minh City Branch (i)	VND	-	-	1,300,000,000,000	(600,000,000,000)	700,000,000,000	700,000,000,000
▪ Sumitomo Mitsui Banking Corporation, Ho Chi Minh City Branch (ii)	VND	-	-	1,150,000,000,000	(1,150,000,000,000)	-	-
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam (iii)	USD	-	-	497,438,500,000	(497,438,500,000)	-	-
<b>Total</b>		-	-	<b>2,947,438,500,000</b>	<b>(2,247,438,500,000)</b>	<b>700,000,000,000</b>	<b>700,000,000,000</b>

(i) These loans had term of 1 – 12 months, were unsecured and bore interest ranging from 2.70% to 5.15% per annum.

(ii) These loans had term of 3 – 6 months, were unsecured and bore interest ranging from 2.70% to 4.30% per annum.

(iii) These loans had term of 2 months, was unsecured and bore interest ranging from 2.30% to 2.40% per annum.



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**16. Bonus and welfare fund**

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

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

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Opening balance	674,169,691,953	454,979,489,181
Appropriation (Note V.19)	981,410,982,604	1,054,516,187,248
Other increase	149,174,000	-
Utilisation	(1,153,281,450,799)	(835,325,984,476)
<b>Closing balance</b>	<b>502,448,397,758</b>	<b>674,169,691,953</b>

**17. Provision – short-term**

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Provision for severance allowance (*)	4,502,303,315	-
Provision for regular fixed assets maintenance	-	603,744,795
<b>Closing balance</b>	<b>4,502,303,315</b>	<b>603,744,795</b>

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(\*) Movement of provision for severance allowance during the year were as follows:

	<b>Provision for severance allowance</b>	
	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Opening balance	100,654,286,250	95,736,043,500
Provision reversed during the year	(95,155,903,798)	-
Provision used during the year	(2,552,258,198)	(2,241,083,583)
Increases from merger of a subsidiary	-	224,541,667
Increase in provision during the year	1,556,179,061	6,934,784,666
<b>Closing balance</b>	<b>4,502,303,315</b>	<b>100,654,286,250</b>
Provision – short-term	4,502,303,315	-
Provision – long-term	-	100,654,286,250

**18. Deferred tax assets**

	<b>Tax rate</b>	<b>31/12/2018</b>	<b>1/1/2018</b>
		<b>VND</b>	<b>VND</b>
Deferred tax assets			
Foreign exchange differences	20%	403,671,673	327,773,815
Accrued expenses and provisions	20%	31,954,599,399	30,067,817,400
		<b>32,358,271,072</b>	<b>30,395,591,215</b>
Deferred tax liabilities			
Foreign exchange differences	20%	-	(822,335)
<b>Net deferred tax assets</b>		<b>32,358,271,072</b>	<b>30,394,768,880</b>

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**19. Changes in owners' equity**

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Retained profits VND	Total VND
<b>Balance at 1 January 2017</b>	14,514,534,290,000	260,699,620,761	(1,176,335,920)	1,794,957,937,585	5,224,918,570,596	21,793,934,083,022
Purchase treasury shares	-	-	(5,983,485,880)	-	-	(5,983,485,880)
Net profit for the year	-	-	-	-	10,545,161,872,454	10,545,161,872,454
Appropriation to equity funds	-	-	-	1,054,516,187,248	(1,054,516,187,248)	-
Appropriation to bonus and welfare fund (Note V.16)	-	-	-	-	(1,054,516,187,248)	(1,054,516,187,248)
Dividends (Note V.21)	-	-	-	-	(7,982,239,681,400)	(7,982,239,681,400)
<b>Balance at 1 January 2018</b>	14,514,534,290,000	260,699,620,761	(7,159,821,800)	2,849,474,124,833	5,678,808,387,154	23,296,356,600,948
Capital increase from bonus shares	2,902,343,640,000	(260,699,620,761)	-	(2,641,644,019,239)	-	-
Purchase treasury shares	-	-	(3,325,885,560)	-	-	(3,325,885,560)
Net profit for the year	-	-	-	-	9,814,109,826,048	9,814,109,826,048
Appropriation to equity funds	-	-	-	981,410,982,604	(981,410,982,604)	-
Appropriation to bonus and welfare fund (Note V.16)	-	-	-	-	(981,410,982,604)	(981,410,982,604)
Dividends (Note V.21)	-	-	-	-	(6,820,662,482,500)	(6,820,662,482,500)
<b>Balance at 31 December 2018</b>	17,416,877,930,000	-	(10,485,707,360)	1,189,241,088,198	6,709,433,765,494	25,305,067,076,332



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**20. Share capital**

The Company's authorised and issued share capital are:

	31/12/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
<b>Authorised share capital</b>	1,741,687,793	17,416,877,930,000	1,451,453,429	14,514,534,290,000
<b>Issued shares</b>				
Ordinary shares	1,741,687,793	17,416,877,930,000	1,451,453,429	14,514,534,290,000
<b>Treasury shares</b>				
Ordinary shares	(276,210)	(10,485,707,360)	(174,909)	(7,159,821,800)
<b>Shares currently in circulation</b>				
Ordinary shares	1,741,411,583	17,406,392,222,640	1,451,278,520	14,507,374,468,200

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:

	31/12/2018		1/1/2018	
	VND	%	VND	%
The State's capital	6,270,638,350,000	36.00%	5,225,531,960,000	36.00%
Other shareholders' capital	11,146,239,580,000	64.00%	9,289,002,330,000	64.00%
	<b>17,416,877,930,000</b>	<b>100.00%</b>	<b>14,514,534,290,000</b>	<b>100.00%</b>



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Movements in share capital during the year were as follows:

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Opening balance	14,514,534,290,000	14,514,534,290,000
Capital increase from bonus shares	2,902,343,640,000	-
<b>Closing balance</b>	<b>17,416,877,930,000</b>	<b>14,514,534,290,000</b>

On 13 September 2018, there were 290,234,364 of bonus shares issued to existing shareholders at the ratio of 1 new share for each 5 existing ordinary shares held.

**21. Dividends**

Pursuant to the Resolution of Annual General Meeting of Shareholders, the Board of Management of the Company on 22 May 2018, 11 May 2018 and 30 November 2018, resolved to distribute dividends in relation to 2017 and 2018 profits, respectively, amounting to VND6,821 billion (VND1,500 per share for remaining dividends for the fiscal year 2017, VND2,000 per share for the first distribution for the fiscal year 2018 and VND1,000 per share for the second advance distribution for the fiscal year 2018) (for the year ended 31 December 2017: 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)).

**22. Off balance sheet items**

**(a) Leases**

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

	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	27,518,752,196	29,851,574,923
From 2 to 5 years	69,860,923,353	79,225,909,746
Over 5 years	424,888,438,029	438,884,831,390
	<b>522,268,113,578</b>	<b>547,962,316,059</b>

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**(b) Foreign currencies**

	31/12/2018		1/1/2018	
	Original currency	VND equivalent	Original currency	VND equivalent
Foreign currencies				
▪ USD	5,782,180.81	133,828,574,801	6,619,036.79	150,020,468,801
▪ EUR	2,910.73	76,697,736	5,372.56	145,075,238
		<b>133,905,272,537</b>		<b>150,165,544,039</b>

**(c) Capital commitments**

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

	31/12/2018 VND	31/12/2017 VND
Approved and contracted	853,686,643,826	1,698,887,965,468
	<b>853,686,643,826      1,698,887,965,468</b>	

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

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

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

Net revenue comprised:

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Total revenue		
▪ Sales of merchandise goods	523,560,074,925	741,990,478,901
▪ Sales of finished goods	46,264,766,466,705	46,629,566,301,700
▪ Other services	41,478,251,736	42,414,110,994
▪ Rental income from investment property	16,785,591,588	17,093,150,991
▪ Others	78,262,397,715	75,619,899,900
	<hr/>	<hr/>
	46,924,852,782,669	47,506,683,942,486
Less revenue deductions		
▪ Sale discounts	24,025,382,670	16,816,382,012
▪ Sale returns	7,617,366,125	31,087,940,970
	<hr/>	<hr/>
	31,642,748,795	47,904,322,982
	<hr/>	<hr/>
<b>Net revenue</b>	<b>46,893,210,033,874</b>	<b>47,458,779,619,504</b>

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

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
<b>Subsidiaries</b>		
Vietnam Dairy Cow One Member Limited Company	7,079,191,500	153,724,866,990
Lamson Dairy Products One Member Limited Company (until 1 March 2017)	-	66,055,114,812
Thong Nhat Thanh Hoa Dairy Cow Limited Company	2,752,724,610	113,264,870,700
Angkor Dairy Products Co., Ltd.	194,609,277,864	144,816,779,331
Driftwood Dairy Holding Corporation	2,585,744,760	370,760,400
<b>Total revenue from sales to subsidiaries</b>	<b>207,026,938,734</b>	<b>478,232,392,233</b>
<b>Associates</b>		
Asia Saigon Food Ingredients Joint Stock Company (until 11 November 2017)	-	3,338,193,979
APIS Corporation	300,586,875	724,272,400
<b>Total revenue from sales to associates</b>	<b>300,586,875</b>	<b>4,062,466,379</b>

**2. Cost of sales**

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Merchandise goods sold	424,765,139,166	655,403,728,815
▪ Finished goods sold	22,976,816,147,456	22,982,046,419,652
▪ Promotional goods sold	256,520,352,313	594,166,234,679
▪ Other services	5,912,158,188	7,241,931,793
▪ Operating costs of investment property	8,312,398,252	8,484,898,957
▪ Increase/(decrease) of allowance for inventories	3,242,753,650	(3,245,096,876)
	<b>23,675,568,949,025</b>	<b>24,244,098,117,020</b>



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**3. Financial income**

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	660,667,152,126	738,115,088,985
Interest income from corporate bonds	10,936,582,192	27,292,691,779
Dividends	20,267,703,508	50,756,934,705
Foreign exchange gains	35,333,003,763	35,768,842,973
Gain from merger of a subsidiary	-	430,894,168,467
Others	21,096,737,359	-
	<b>748,301,178,948</b>	<b>1,282,827,726,909</b>

**4. Financial expenses**

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Foreign exchange losses	31,316,501,553	23,883,655,633
Interest expense on borrowings	20,506,388,664	12,869,222,222
Increase/(decrease) in allowance for diminution in value of financial investments – net	12,018,330,638	(14,925,813,875)
Payment discounts for customers	5,102,194,900	-
Losses from disposals of investments	1,982,981,082	-
Interest expense on deposits received	1,309,845,580	3,752,873,000
	<b>72,236,242,417</b>	<b>25,579,936,980</b>

**5. Other income**

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Rebate income from suppliers	127,151,102,534	16,782,902,629
Proceeds from disposals of fixed assets	129,220,843,906	124,358,812,571
Compensations received from other parties	6,713,533,550	7,575,581,641
Others	102,145,431,002	4,927,768,923
	<b>365,230,910,992</b>	<b>153,645,065,764</b>

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**6. Other expenses**

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Book value of fixed assets disposed	103,633,665,615	98,568,393,861
Others	7,975,233,525	27,573,954,142
	<b>111,608,899,140</b>	<b>126,142,348,003</b>

**7. Selling expenses**

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Promotion, product display expenses and sale support expenses	8,454,949,199,222	7,630,859,048,339
Advertising and marketing research expenses	1,738,399,072,758	1,974,531,744,528
Transportation expenses	533,976,344,217	506,822,108,030
Outside service expenses	483,371,861,806	392,710,718,951
Staff costs	284,977,111,186	303,629,803,770
Tools and supplies expenses	88,615,914,989	99,972,838,228
Materials expenses	61,059,116,260	50,920,823,698
Warranty expenses	33,050,342,422	30,912,244,936
Depreciation expenses	26,881,930,588	28,531,676,384
	<b>11,705,280,893,448</b>	<b>11,018,891,006,864</b>

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**8. General and administration expenses**

	<b>2018</b> <b>VND</b>	<b>2017</b> <b>VND</b>
Staff costs	253,401,807,167	469,936,596,459
Outside service expenses	208,316,159,047	217,140,330,470
Depreciation expenses	65,321,625,200	63,417,903,638
Per-diem allowances	46,159,290,847	49,118,220,880
Transportation expenses	38,420,172,356	35,408,633,387
Materials expenses	28,701,092,727	23,185,405,936
Loading expenses	28,000,035,605	17,619,203,907
Fees and duties	11,751,085,020	12,667,892,823
Office supplies	7,758,050,054	7,235,907,560
Allowance for doubtful debts and provision for severance allowance	1,616,094,891	10,619,669,531
Bank charges	5,197,455,196	4,294,476,498
Others	52,251,570,099	73,045,026,999
	<b>746,894,438,209</b>	<b>983,689,268,088</b>

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

	<b>2018</b> <b>VND</b>	<b>2017</b> <b>VND</b>
Raw material costs included in production costs	21,175,737,752,522	20,800,812,073,196
Labour costs and staff costs	1,215,579,368,273	1,508,333,601,543
Depreciation and amortisation	1,107,925,963,153	969,932,847,292
Outside services	2,049,877,494,667	1,922,751,255,423
Other expenses	10,786,387,980,607	10,570,650,606,477



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**10. Income tax**

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

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
<b>Current tax expense</b>		
Current year	1,856,073,320,275	1,971,655,165,843
Under/(over) provision in prior years	26,933,057,444	(24,221,346,947)
	<b>1,883,006,377,719</b>	<b>1,947,433,818,896</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(1,963,502,192)	4,256,043,872
	<b>1,881,042,875,527</b>	<b>1,951,689,862,768</b>

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

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Accounting profit before tax	11,695,152,701,575	12,496,851,735,222
Tax at the Company's tax rate	2,339,030,540,315	2,499,370,347,044
Tax rate differential applied to Company's branches and factories	(25,687,525,570)	(27,235,835,984)
Tax exempt income	(4,053,540,702)	(96,330,220,634)
Non-deductible expenses	8,670,144,450	6,857,771,039
Tax incentives	(465,030,645,337)	(405,743,299,786)
Deferred tax liabilities not previously recognised	1,180,844,927	-
Deferred tax assets not previously recognised	-	(1,007,551,964)
Under/(over) provision in prior years	26,933,057,444	(24,221,346,947)
	<b>1,881,042,875,527</b>	<b>1,951,689,862,768</b>

**(c) Applicable tax rates**

The Company is required to pay income tax at rates ranging from 15% to 20% (for the year ended 31 December 2017: from 15% to 20%), depending on principal activities of its factories, on taxable profits.

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**VII. OTHER INFORMATION**

**1. Significant transactions with related parties**

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

<b>Related party</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>2018 VND</b>	<b>2017 VND</b>
Vietnam Dairy Cow One Member Limited Company	Subsidiary	Sales of fixed assets	232,909,092	215,433,822
		Purchases of goods	1,323,893,517,444	1,000,181,585,527
		Capital contribution	-	140,000,000,000
Thong Nhat Thanh Hoa Dairy Cow Company Limited	Subsidiary	Sales of fixed assets	27,000,000	48,225,106
		Purchases of goods	129,853,625,640	5,387,089,729
		Capital contribution	235,000,000,000	456,682,699,703
Vietnam Sugar Joint Stock Company	Subsidiary	Purchases of goods	26,672,407,200	-
		Purchases of shares	-	1,328,381,061,273
Angkor Dairy Products Co., Ltd.	Subsidiary	Sales of fixed assets	1,046,871,844	758,666,818
		Purchases of goods	222,878,019,209	13,771,676,190
		Sales of tools and supplies	174,296,810	-
		Purchases of shares	-	246,417,487,058
Lao-Jagro Development Xieng Khouang Co., Ltd	Subsidiary	Purchases of shares	133,538,261,445	-
		Capital contribution	82,098,270,000	-
Vinamilk Europe Spółstka Z Ograniczona Odpowiedzialnoscia	Subsidiary	Purchases of goods	677,759,883,287	667,667,642,446
Miraka Holding Limited	Associate	Purchases of goods	92,116,872,865	-
APIS Corporation	Associate	Purchases of goods	368,669,693,195	129,049,535,690
		Capital contribution	12,250,000,000	-
Asia Coconuts Processing Joint Stock Company	Associate	Purchases of goods	41,201,750	-
		Purchases of shares	-	86,830,000,000
Members of Board of Management and Board of Directors		Compensation	105,156,020,454	123,523,671,767
The State Capital Investment Corporation	Shareholder	Dividends	2,612,765,980,000	2,283,546,384,000

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*dated 22 December 2014 of the Ministry of Finance)*

**2. Segment information**

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

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

**Geographical segments**

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

	Domestic (Customers located in Vietnam)		Overseas (Customers located in countries other than Vietnam)		Total	
	2018 VND	2017 VND	2018 VND	2017 VND	2018 VND	2017 VND
Net revenue	42,383,251,043,057	43,051,260,948,315	4,509,958,990,817	4,407,518,671,189	46,893,210,033,874	47,458,779,619,504
Cost of sales	(21,909,089,820,779)	(22,727,244,630,910)	(1,766,479,128,246)	(1,516,853,486,110)	(23,675,568,949,025)	(24,244,098,117,020)
<b>Segment income</b>	<b>20,474,161,222,278</b>	<b>20,324,016,317,405</b>	<b>2,743,479,862,571</b>	<b>2,890,665,185,079</b>	<b>23,217,641,084,849</b>	<b>23,214,681,502,484</b>

30 January 2019

Prepared by:

*(Signature)*

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

Approved by:



Mai Kieu Lien

*Chief Executive Officer*

