



**Vietnam Dairy Products Joint Stock Company**

Separate interim financial statements  
for the nine-month period ended  
30 September 2019



**Vietnam Dairy Products Joint Stock Company**

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## Vietnam Dairy Products Joint Stock Company Corporate Information

### Business Registration

<b>Certificate No.</b>	4103001932	20 November 2003
	0300588569	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 (until 15 August 2019)
Mr. Alain Xavier Cany	Member

### 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
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

### 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 INTERIM FINANCIAL STATEMENTS**

The Board of Management is responsible for the separate interim financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) which give a true and fair view of the unconsolidated financial position of the Company as at 30 September 2019 and of the unconsolidated results of operations and unconsolidated cash flows for the nine-month period then ended. In preparing these separate interim financial statements, the Board of 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 interim 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 interim financial statements to be prepared which comply with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. The Board of 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 INTERIM FINANCIAL STATEMENTS**

We hereby approve the accompanying separate interim financial statements set out on pages 6 to 57 which give a true and fair view of the unconsolidated financial position of the Company as at 30 September 2019, and of the unconsolidated results of operations and unconsolidated cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

On behalf of the Board of Management



Mai Kieu Lien  
*Chief Executive Officer*

Ho Chi Minh City, 30 October 2019



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## **INTERIM FINANCIAL STATEMENTS REVIEW REPORT**

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

We have reviewed the accompanying separate interim financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”), which comprise the separate statement of financial position as at 30 September 2019, the separate statements of income and cash flows for the nine-month period then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Management on 30 October 2019, as set out on pages 6 to 57.

### **Management’s Responsibility**

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

### **Auditor’s Responsibility**

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

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



### Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial position of Vietnam Dairy Products Joint Stock Company as at 30 September 2019 and of its unconsolidated results of operations and its unconsolidated cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

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

Vietnam

Review Report No. 18-01-00231-19-8



Chang Hung Chun  
Practicing Auditor Registration  
Certificate No. 0863-2018-007-1  
Deputy General Director

Nguyen Thanh Nghi  
Practicing Auditor Registration  
Certificate No. 0304-2018-007-1

Ho Chi Minh City, 30 October 2019

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of financial position as at 30 September 2019**

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

	Code	Note	30/9/2019 VND	1/1/2019 VND
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>19,459,480,227,371</b>	<b>18,505,885,806,390</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>799,350,007,118</b>	<b>1,011,235,212,807</b>
Cash	111		799,350,007,118	661,235,212,807
Cash equivalents	112		-	350,000,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>9,726,023,488,016</b>	<b>8,576,023,488,016</b>
Trading securities	121	V.4(a)	442,023,488,016	442,023,488,016
Held-to-maturity investments	123	V.4(b)	9,284,000,000,000	8,134,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>4,926,634,946,935</b>	<b>4,240,430,117,730</b>
Accounts receivable from customers	131	V.2(a)	3,832,378,147,165	3,167,242,749,247
Prepayments to suppliers	132		586,169,889,428	784,177,881,246
Other short-term receivables	136	V.3(a)	508,186,770,058	290,019,413,401
Allowance for doubtful debts	137	V.2(d)	(99,859,716)	(1,009,926,164)
<b>Inventories</b>	<b>140</b>	<b>V.5</b>	<b>3,869,456,027,311</b>	<b>4,531,768,842,734</b>
Inventories	141		3,876,366,317,164	4,537,109,343,892
Allowance for inventories	149		(6,910,289,853)	(5,340,501,158)
<b>Other current assets</b>	<b>150</b>		<b>138,015,757,991</b>	<b>146,428,145,103</b>
Short-term prepaid expenses	151	V.10(a)	87,345,544,030	29,661,330,846
Deductible value added tax	152		50,670,213,961	116,766,814,257

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

**Vietnam Dairy Products Joint Stock Company**

**Separate statement of financial position as at 30 September 2019 (continued)**

**Form B 01a – DN**

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

	Code	Note	30/9/2019 VND	1/1/2019 VND
<b>Long-term assets</b>				
<b>(200 = 210 + 220 + 230 + 240 + 250 + 260)</b>	<b>200</b>		<b>17,242,080,683,320</b>	<b>15,811,399,570,191</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>7,911,967,106</b>	<b>77,753,482,142</b>
Long-term receivables from customer	211	V.2(b)	-	67,658,410,631
Long-term loan receivables	215		1,148,421,511	3,143,509,548
Other long-term receivables	216	V.3(b)	6,763,545,595	6,951,561,963
<b>Fixed assets</b>	<b>220</b>		<b>8,403,922,819,850</b>	<b>8,667,870,641,168</b>
Tangible fixed assets	221	V.6	8,330,465,278,811	8,585,708,102,136
Cost	222		16,164,918,998,674	15,442,308,786,149
Accumulated depreciation	223		(7,834,453,719,863)	(6,856,600,684,013)
Intangible fixed assets	227	V.7	73,457,541,039	82,162,539,032
Cost	228		207,840,371,508	205,265,323,268
Accumulated amortisation	229		(134,382,830,469)	(123,102,784,236)
<b>Investment property</b>	<b>230</b>	<b>V.8</b>	<b>61,483,599,501</b>	<b>89,041,404,270</b>
Cost	231		77,501,658,989	143,340,838,168
Accumulated depreciation	232		(16,018,059,488)	(54,299,433,898)
<b>Long-term work in progress</b>	<b>240</b>		<b>495,679,804,374</b>	<b>275,020,774,555</b>
Construction in progress	242	V.9	495,679,804,374	275,020,774,555
<b>Long-term financial investments</b>	<b>250</b>		<b>7,921,399,157,232</b>	<b>6,308,420,157,396</b>
Investments in subsidiaries	251	V.4(c)	6,032,955,320,301	5,409,592,972,201
Investments in associates	252	V.4(c)	1,878,560,390,409	400,369,808,669
Equity investments in other entities	253	V.4(c)	18,300,000,000	18,300,000,000
Allowance for diminution in the value of long-term financial investments	254	V.4(c)	(8,416,553,478)	(19,842,623,474)
Held-to-maturity investments	255	V.4(b)	-	500,000,000,000
<b>Other non-current assets</b>	<b>260</b>		<b>351,683,335,257</b>	<b>393,293,110,660</b>
Long-term prepaid expenses	261	V.10(b)	338,637,272,176	360,934,839,588
Deferred tax assets	262	V.11	13,046,063,081	32,358,271,072
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>36,701,560,910,691</b>	<b>34,317,285,376,581</b>

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



**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of financial position as at 30 September 2019 (continued)**

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

	Code	Note	30/9/2019 VND	1/1/2019 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>10,290,484,427,729</b>	<b>9,012,218,300,249</b>
<b>Current liabilities</b>	<b>310</b>		<b>10,290,068,579,511</b>	<b>9,011,802,452,031</b>
Accounts payable to suppliers	311	V.12	3,061,636,343,990	3,556,103,761,054
Advances from customers	312		38,867,365,699	34,467,084,432
Taxes payable to State Treasury	313	V.13	1,029,490,162,653	341,650,820,232
Payables to employees	314		154,130,654,543	172,973,089,482
Accrued expenses	315	V.14	1,417,031,426,326	1,145,195,886,900
Short-term unearned revenue	318		390,948,676	6,910,881,322
Other short-term payables	319	V.15	498,019,137,474	2,547,550,227,536
Short-term borrowings	320	V.16	3,719,020,000,000	700,000,000,000
Provisions	321	V.17	7,562,376,120	4,502,303,315
Bonus and welfare fund	322	V.18	363,920,164,030	502,448,397,758
<b>Long-term liabilities</b>	<b>330</b>		<b>415,848,218</b>	<b>415,848,218</b>
Long-term unearned revenue	336		415,848,218	415,848,218
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>26,411,076,482,962</b>	<b>25,305,067,076,332</b>
<b>Owners' equity</b>	<b>410</b>	<b>V.19</b>	<b>26,411,076,482,962</b>	<b>25,305,067,076,332</b>
Share capital	411	V.20	17,416,877,930,000	17,416,877,930,000
Treasury shares	415	V.20	(11,644,956,120)	(10,485,707,360)
Investment and development fund	418		1,989,464,596,074	1,189,241,088,198
Retained profits	421		7,016,378,913,008	6,709,433,765,494
- Retained profits brought forward	421a		4,097,346,237,994	3,501,938,263,654
- Profit for the current period	421b		2,919,032,675,014	3,207,495,501,840
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>36,701,560,910,691</b>	<b>34,317,285,376,581</b>

30 October 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 interim financial statements*

**Vietnam Dairy Products Joint Stock Company**

**Separate statement of income for the nine-month period ended 30 September 2019**

**Form B 02a – DN**

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

	Code	Note	Three-month period ended 30/9/2019 VND	30/9/2018 VND	Nine-month period ended 30/9/2019 VND	30/9/2018 VND
<b>Revenue from sales of goods and provision of services</b>	<b>01</b>	<b>VI.1</b>	<b>13,046,778,547,865</b>	<b>12,360,175,873,680</b>	<b>37,973,043,047,392</b>	<b>35,361,982,963,043</b>
<b>Revenue deductions</b>	<b>02</b>	<b>VI.1</b>	<b>3,784,056,955</b>	<b>1,096,803,996</b>	<b>41,681,471,399</b>	<b>29,231,841,444</b>
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>VI.1</b>	<b>13,042,994,490,910</b>	<b>12,359,079,069,684</b>	<b>37,931,361,575,993</b>	<b>35,332,751,121,599</b>
<b>Cost of sales</b>	<b>11</b>	<b>VI.2</b>	<b>6,591,713,950,061</b>	<b>6,179,017,647,355</b>	<b>19,227,275,602,099</b>	<b>17,885,559,973,102</b>
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>6,451,280,540,849</b>	<b>6,180,061,422,329</b>	<b>18,704,085,973,894</b>	<b>17,447,191,148,497</b>
Financial income	21	VI.3	196,705,672,232	182,811,320,590	551,069,836,091	557,638,968,738
Financial expenses	22	VI.4	44,256,684,384	27,730,447,162	72,819,073,767	76,926,052,547
<i>In which: Interest expense</i>	23		<i>18,512,891,785</i>	<i>4,009,422,127</i>	<i>44,230,392,221</i>	<i>15,799,265,379</i>
Selling expenses	25	VI.5	3,162,700,173,140	3,278,516,625,361	8,873,524,318,483	8,488,252,827,300
General and administration expenses	26	VI.6	209,994,489,802	194,773,957,042	596,230,722,881	513,941,460,478
<b>Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>3,231,034,865,755</b>	<b>2,861,851,713,354</b>	<b>9,712,581,694,854</b>	<b>8,925,709,776,910</b>
Other income	31	VI.7	42,555,162,010	120,107,734,831	100,687,488,504	286,940,831,129
Other expenses	32	VI.8	44,246,993,362	23,187,610,100	54,367,204,143	112,163,271,420
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(1,691,831,352)</b>	<b>96,920,124,731</b>	<b>46,320,284,361</b>	<b>174,777,559,709</b>
<b>Profit before tax (50 = 30 + 40) (carried forward to next page)</b>	<b>50</b>		<b>3,229,343,034,403</b>	<b>2,958,771,838,085</b>	<b>9,758,901,979,215</b>	<b>9,100,487,336,619</b>

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of income for the nine-month period ended 30 September 2019 (continued)**

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

	Code	Note	Three-month period ended		Nine-month period ended	
			30/9/2019 VND	30/9/2018 VND	30/9/2019 VND	30/9/2018 VND
Profit before tax (50 = 30 + 40) (brought forward from previous page)	50		3,229,343,034,403	2,958,771,838,085	9,758,901,979,215	9,100,487,336,619
Income tax expense – current	51	VI.10	576,685,291,412	459,031,127,466	1,737,354,692,458	1,454,709,139,824
Income tax expense – deferred	52	VI.10	174,847,897	17,097,028,942	19,312,207,991	29,767,400,518
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>2,652,482,895,094</b>	<b>2,482,643,681,677</b>	<b>8,002,235,078,766</b>	<b>7,616,010,796,277</b>

30 October 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 interim financial statements*

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of cash flows for nine-month period ended 30 September 2019**  
**(Indirect method)**

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

	Code Note	Nine-month period ended	
		30/9/2019 VND	30/9/2018 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>	<b>01</b>	<b>9,758,901,979,215</b>	<b>9,100,487,336,619</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	997,807,724,597	817,141,129,223
Allowances and provisions	03	(8,707,424,349)	(63,710,110,075)
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(1,281,174,018)	2,088,401,092
(Gains)/losses from disposals of investments	05	(1,513,217,384)	1,982,981,082
Losses/(gains) on disposals of fixed assets	05	4,282,483,919	(24,293,701,639)
Dividends and interest income	05	(502,519,628,925)	(519,740,490,716)
Interest expense	06	44,230,392,221	15,799,265,379
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>10,291,201,135,276</b>	<b>9,329,754,810,965</b>
Change in receivables	09	(339,890,579,960)	(675,960,249,593)
Change in inventories	10	654,818,808,232	(171,162,601,272)
Change in payables and other liabilities	11	(69,609,753,276)	(1,099,624,127,815)
Change in prepaid expenses	12	(35,190,599,552)	44,321,629,499
Interest paid	14	(31,859,577,826)	(15,136,251,679)
Income tax paid	15	(1,194,224,469,158)	(1,064,112,389,848)
Other receipts from operating activities	16	-	149,174,000
Other payments for operating activities	17	(934,889,077,926)	(1,059,140,974,819)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>8,340,355,885,810</b>	<b>5,289,089,019,438</b>

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of cash flows for the nine-month period ended 30 September 2019**  
**(Indirect method – continued)**

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

	Code Note	Nine-month period ended	
		30/9/2019 VND	30/9/2018 VND
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(1,178,682,474,192)	(1,997,698,034,147)
Collections on disposals of fixed assets (Payments for)/collections on term deposits	22	228,283,108	30,403,117,053
Receipts from collecting loans	23	(650,000,000,000)	2,548,977,343,833
Proceeds from sales of debt instruments of other entities	24	1,995,088,037	1,330,130,038
Payments for investments in other entities	24	-	190,785,778,116
Collections on investments in other entities	25	(2,181,722,537,329)	(180,250,000,000)
Receipts of interest and dividends	26	6,607,824,873	-
	27	268,145,028,943	449,035,778,225
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(3,733,428,786,560)</b>	<b>1,042,584,113,118</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for repurchase of treasury shares	32	(1,159,248,760)	(2,691,774,640)
Proceeds from borrowings	33	5,311,020,000,000	1,600,000,000,000
Payments to settle loan principals	34	(2,292,000,000,000)	(1,050,000,000,000)
Payments of dividends	36	(7,836,250,770,500)	(7,256,172,407,500)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(4,818,390,019,260)</b>	<b>(6,708,864,182,140)</b>

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

**Vietnam Dairy Products Joint Stock Company**

**Separate statement of cash flows for the nine-month period ended 30 September 2019  
(Indirect method – continued)**

**Form B 03a – DN**

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

	Code	Note	Nine-month period ended	
			30/9/2019 VND	30/9/2018 VND
Net cash flows during the period (50 = 20 + 30 + 40)	50		(211,462,920,010)	(377,191,049,584)
Cash and cash equivalents at the beginning of the period	60		1,011,235,212,807	733,003,539,943
Effect of exchange rate fluctuations on cash and cash equivalents	61		(422,285,679)	(113,028,706)
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	V.1	799,350,007,118	355,699,461,653

30 October 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 interim financial statements*

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate interim financial statements for the nine-month period ended**  
**30 September 2019**

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

## **I. CORPORATE INFORMATION**

### **1. Ownership structure**

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

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, own or lease 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 healthcare clinic services (not at the head office);
- Raise cattle, cultivation; and
- Retail sugar, milk and products from milk, bread, jam, candy and products processed from cereal, flour, starch and other food.



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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 30 September 2019, the Company had 7 subsidiaries and 4 associates (1/1/2019: 7 subsidiaries and 3 associates) and dependent units as follows:

**(a) Subsidiaries**

Name	Location	Principal activities	% of ownership/ voting rights	
			30/9/2019	1/1/2019
▪ Vietnam Dairy Cow One Member Limited Company	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City	Dairy cow raising	100.00%	100.00%
▪ Thong Nhat Thanh Hoa Dairy Cow One Member Limited Company	Ward 1, Thong Nhat Town, Yen Dinh District, Thanh Hoa Province	Milk production and cattle raising	100.00%	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%	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%	100.00%
▪ Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Ul, Gwiazdzista 7a/401-651 Warszawa, Poland	Dairy raw materials and animal trading	100.00%	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%	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%	51.00%



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**(b) Associates**

Name	Location	Principal activities	% of ownership/ voting rights	
			30/9/2019	1/1/2019
▪ Miraka Holdings Limited	108 Tuwharetoa, Taupo, New Zealand	Milk production	22.81%	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%	20.00%
▪ Asia Coconut 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%	25.00%
▪ GTNFoods Joint Stock Company	9 <sup>th</sup> floor, Vinatea Building, 92 Vo Thi Sau, Thanh Nhan Ward, Hai Ba Trung District, Ha Noi	Manufacturing and trading products from milk, tea and wine	40.53%	-

**(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.

**Vietnam Dairy Products Joint Stock Company**  
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- 5/ Sai Gon Dairy Factory – Tan Thoi Hiep Industrial Park, District 12, Ho Chi Minh City.
- 6/ Nghe An Dairy Factory – Sao Nam Street, Nghi Thu Commune, Cua Lo Town, Nghe An Province.
- 7/ Binh Dinh Dairy Factory – 87 Hoang Van Thu, Quang Trung Ward, Quy Nhon City, Binh Dinh Province.
- 8/ Vietnam Beverage Factory – My Phuoc II Industrial Park, Binh Duong Province.
- 9/ Tien Son Dairy Factory – Tien Son Industrial Park, Bac Ninh Province.
- 10/ Da Nang Dairy Factory – Hoa Khanh Industrial Park, Da Nang City.
- 11/ Vietnam Powdered Milk Factory – 9 Tu Do Boulevard - Vietnam-Singapore Industrial Park, Thuan An District, Binh Duong Province.
- 12/ Vietnam Dairy Factory – My Phuoc II Industrial Park, Binh Duong Province.
- 13/ Lam Son Dairy Factory – Le Mon Industrial Zone, Thanh Hoa City, Thanh Hoa Province.

***Warehouses:***

- 1/ Ho Chi Minh Logistic Enterprise – 32 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- 2/ Hanoi Logistic Enterprise – Km 10 Highway 5, Duong Xa Commune, Gia Lam District, 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 30 September 2019, the Company had 5,763 employees (1/1/2019: 5,706 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 interim financial statement presentation purpose.

**Vietnam Dairy Products Joint Stock Company**  
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**III. ACCOUNTING STANDARDS AND SYSTEM**

**1. Statement of compliance**

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

**2. Basis of measurement**

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

**3. Accounting form**

The Company applies computerised accounting form.

**IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**1. Foreign currency transactions**

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

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

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

**Vietnam Dairy Products Joint Stock Company**  
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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 and corporate bonds. These investments are stated at costs less allowance for diminution in the value.

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

**(c) Loans receivable**

Loans receivable are loans 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 interim financial statements, investments in subsidiaries and associates are initially recognised at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss, except where such a loss was anticipated by the Company's Board of 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 interim financial statement of the Company at fair value at the date of the merger. The difference between the cost of an investment in a subsidiary and the fair value of the asset and liability is recognised in financial income or expense.

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

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

The Company applies the perpetual method of accounting for inventories.

**6. Tangible fixed assets**

**(a) Cost**

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

**(b) Depreciation**

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

- |                            |              |
|----------------------------|--------------|
| ▪ buildings and structures | 5 – 50 years |
| ▪ machinery and equipment  | 2 – 15 years |
| ▪ motor vehicles           | 4 – 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 – 8 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 period in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

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**(b) Depreciation**

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

- definite life land use rights                      49 years
- infrastructure    8 – 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 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 – 5 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 nine-month period prior to the end of the 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 period comprises current and deferred tax. Income tax is recognised in the separate statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

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

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

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

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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 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) Income from disposal of short-term and long-term financial investments**

Income 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 the trading transaction (for listed securities) or the completion of the agreement on transfer of assets (for non-listed securities).

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**17. Revenue deductions**

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

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

**18. Cost of sales**

Cost of sales comprise the cost of products, goods and services provided during the period and is recognised corresponding to revenue. 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 period 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. SUPPLEMENTARY INFORMATION TO ITEMS DISCLOSED IN THE SEPARATE STATEMENT OF FINANCIAL POSITION**

**1. Cash and cash equivalents**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	519,137,209	934,233,487
Cash in banks	798,830,869,909	660,300,979,320
Cash equivalents	-	350,000,000,000
	<b>799,350,007,118</b>	<b>1,011,235,212,807</b>

**2. Accounts receivable from customers**

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

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Receivables from customers	3,832,378,147,165	3,167,242,749,247

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

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
SIG Combibloc Ltd	-	67,658,410,631

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

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
<b>Subsidiaries</b>		
Vietnam Dairy Cow One Member Limited Company	-	2,494,473,975
Thong Nhat Thanh Hoa Dairy Cow One Member Limited Company	104,424,674	72,871,737
Angkor Dairy Products Co., Ltd.	23,906,449,055	11,039,828,442
Driftwood Dairy Holding Corporation	1,474,547,584	-
Vietnam Sugar Joint Stock Company	-	292,480,000

The trade related amounts due from the related parties were unsecured, interest free and payable within 30 days from invoice date.

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

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

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Opening balance	(1,009,926,164)	(4,159,890,032)
Increase in allowance during the period	(39,943,886)	(21,001,389)
Allowance written back during the period	-	21,001,389
Allowance used during the period	950,010,334	3,209,879,698
	<hr/>	<hr/>
<b>Closing balance</b>	<b>(99,859,716)</b>	<b>(950,010,334)</b>
	<hr/>	<hr/>

**3. Other receivables**

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

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	437,329,589,038	202,954,989,056
Receivables from employees	618,664,262	849,160,331
Advances to employees	2,070,663,207	1,441,402,945
Short-term deposits	161,500,000	145,000,000
Import tax refundable	197,980,537	6,487,398,794
Rebate income receivable from suppliers	58,439,226,548	66,460,934,080
Payments on behalf	574,601,940	-
Others	8,794,544,526	11,680,528,195
	<hr/>	<hr/>
	<b>508,186,770,058</b>	<b>290,019,413,401</b>
	<hr/>	<hr/>

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

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits	1,763,545,595	1,951,561,963
Others	5,000,000,000	5,000,000,000
	<hr/>	<hr/>
	<b>6,763,545,595</b>	<b>6,951,561,963</b>
	<hr/>	<hr/>

**Vietnam Dairy Products Joint Stock Company**

Notes to the separate interim financial statements for the nine-month period ended 30 September 2019 (continued)

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**4. Investments**

**(a) Trading securities**

	30/9/2019			1/1/2019		
	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	23,488,016	23,488,016	-	23,488,016	23,497,556	-
	<b>442,023,488,016</b>	<b>442,023,488,016</b>	<b>-</b>	<b>442,023,488,016</b>	<b>442,023,497,556</b>	<b>-</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.15). The fair value of the securities represented the expected realisable amount.



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

	<b>Note</b>	<b>30/9/2019 VND</b>	<b>1/1/2019 VND</b>
Held-to-maturity investments – short-term			
▪ term deposits	(*)	9,284,000,000,000	8,134,000,000,000
Held-to-maturity investments – long-term			
▪ term deposits		-	500,000,000,000

(\*) 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 4.00% to 8.60% per annum (for the year ended 31 December 2018: from 3.80% to 8.00% per annum).

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

	% of equity owned and voting rights	30/9/2019			1/1/2019			
		Cost VND	Fair value VND	Allowance for diminution in value VND	Cost VND	Fair value VND	Allowance for diminution in value VND	
<b>Investment in subsidiaries</b>								
▪ Vietnam Dairy Cow One Member Limited Company	100.00%	2,250,780,000,000	(*)	-	100.00%	2,250,780,000,000	(*)	-
▪ Driftwood Dairy Holding Corporation (**)	100.00%	458,395,918,429	(*)	-	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 One Member Limited Company	100.00%	1,116,682,699,703	(*)	(8,416,553,478)	100.00%	856,682,699,703	(*)	(19,842,623,474)
▪ Vietnam Sugar Joint Stock Company	65.00%	1,253,306,061,273	(*)	-	65.00%	1,328,381,061,273	(*)	-
▪ Lao-Jagro Development Xiengkhouang Co., Ltd. (***)	51.00%	423,038,249,145	(*)	-	51.00%	217,100,901,045	(*)	-
		<u>6,032,955,320,301</u>		<u>(8,416,553,478)</u>		<u>5,409,592,972,201</u>		<u>(19,842,623,474)</u>

**Vietnam Dairy Products Joint Stock Company**

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	% of equity owned and voting rights	30/9/2019			1/1/2019			
		Cost VND	Fair value VND	Allowance for diminution in value VND	Cost VND	Fair value VND	Allowance for diminution in value VND	
<b>Investment in associates</b>								
▪ Miraka Holdings Limited	22.81%	293,189,808,669	(*)	-	22.81%	293,189,808,669	(*)	-
▪ APIS Corporation	20.00%	20,350,000,000	(*)	-	20.00%	20,350,000,000	(*)	-
▪ Asia Coconut Processing Joint Stock Company	25.00%	86,830,000,000	(*)	-	25.00%	86,830,000,000	(*)	-
▪ GTNFOODS Joint Stock Company	40.53%	1,478,190,581,740	(*)	-		-		-
		<u>1,878,560,390,409</u>		<u>-</u>		<u>400,369,808,669</u>		<u>-</u>
<b>Equity investment in other entities</b>								
▪ Asia Saigon Food Ingredients Joint Stock Company	14.71%	18,000,000,000	(*)	-	14.71%	18,000,000,000	(*)	-
▪ An Khang Clinic – Pharmacy		300,000,000	(*)	-		300,000,000	(*)	-
		<u>18,300,000,000</u>		<u>-</u>		<u>18,300,000,000</u>		<u>-</u>
		<u><b>7,929,815,710,710</b></u>		<u><b>(8,416,553,478)</b></u>		<u><b>5,828,262,780,870</b></u>		<u><b>(19,842,623,474)</b></u>

**Vietnam Dairy Products Joint Stock Company**  
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- (\*) At the reporting date, the Company has not determined fair values of these financial instruments for disclosure in the separate interim financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these financial instruments may differ from their carrying amounts.
- (\*\*) As at 12 September 2019, the Company invested additional USD10 million in this entity.
- (\*\*\*) On 29 January 2019 and 1 April 2019, the Company invested VND51,547 million representing its percentage of equity interest in this entity following the shareholders' decision and additional consideration of VND154,391 million to the former owners according to the Share Purchase Agreement, respectively.

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

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Opening balance	(19,842,623,474)	(15,325,809,878)
Increase in allowance during the period	(8,627,582,848)	(29,360,958,574)
Allowance written back during the period	20,053,652,844	184,071,000
Allowance utilised during the period	-	7,501,517,042
<b>Closing balance</b>	<b>(8,416,553,478)</b>	<b>(37,001,180,410)</b>

**5. Inventories**

	<b>30/9/2019</b>		<b>1/1/2019</b>	
	<b>Cost VND</b>	<b>Allowance VND</b>	<b>Cost VND</b>	<b>Allowance VND</b>
Goods in transit	672,292,011,011	-	863,478,108,627	-
Raw materials	2,192,999,217,754	(3,530,383,003)	2,362,269,915,764	(2,492,438,168)
Tools and supplies	681,689,668	-	311,995,640	-
Work in progress	26,128,731,315	-	14,827,114,886	-
Finished goods	960,125,024,689	(3,214,812,692)	1,275,852,464,005	(2,848,062,990)
Merchandise inventories	20,686,303,186	(165,094,158)	19,009,876,453	-
Goods on consignment	3,453,339,541	-	1,359,868,517	-
	<b>3,876,366,317,164</b>	<b>(6,910,289,853)</b>	<b>4,537,109,343,892</b>	<b>(5,340,501,158)</b>

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

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Opening balance	(5,340,501,158)	(4,814,755,174)
Increase in allowance during the period	(18,272,453,291)	(11,943,048,235)
Allowance written back during the period	16,660,859,053	9,674,142,086
Allowance utilised during the period	41,805,543	1,817,572,236
<b>Closing balance</b>	<b>(6,910,289,853)</b>	<b>(5,266,089,087)</b>

**Vietnam Dairy Products Joint Stock Company**

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**6. Tangible fixed assets**

	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	2,133,459,248,563	11,856,066,907,725	876,996,558,358	575,786,071,503	15,442,308,786,149
Additions	11,789,425,151	214,180,454,302	21,840,409,354	20,968,574,656	268,778,863,463
Transfer from construction in progress	36,775,380,026	393,977,179,664	8,480,232,827	226,161,317	439,458,953,834
Transfer from investment properties	63,784,035,554	2,055,143,625	-	-	65,839,179,179
Reclassification	(350,646,086)	350,646,086	(64,200,000)	64,200,000	-
Disposals	-	(46,201,911,568)	(2,589,681,395)	(2,675,190,988)	(51,466,783,951)
<b>Closing balance</b>	<b>2,245,457,443,208</b>	<b>12,420,428,419,834</b>	<b>904,663,319,144</b>	<b>594,369,816,488</b>	<b>16,164,918,998,674</b>
<b>Accumulated depreciation</b>					
Opening balance	715,654,263,635	5,304,346,921,420	425,998,481,092	410,601,017,866	6,856,600,684,013
Charge for the period	73,240,430,046	814,165,411,875	59,647,410,251	36,536,198,152	983,589,450,324
Transfer from investment properties	39,325,113,984	1,894,488,466	-	-	41,219,602,450
Reclassification	(5,844,100)	5,844,100	(52,965,000)	52,965,000	-
Disposals	-	(41,903,443,233)	(2,388,009,736)	(2,664,563,955)	(46,956,016,924)
<b>Closing balance</b>	<b>828,213,963,565</b>	<b>6,078,509,222,628</b>	<b>483,204,916,607</b>	<b>444,525,617,063</b>	<b>7,834,453,719,863</b>
<b>Net book value</b>					
Opening balance	1,417,804,984,928	6,551,719,986,305	450,998,077,266	165,185,053,637	8,585,708,102,136
Closing balance	1,417,243,479,643	6,341,919,197,206	421,458,402,537	149,844,199,425	8,330,465,278,811

Included in the cost of tangible fixed assets were assets costing VND2,009,221 million which were fully depreciated as at 30 September 2019 (1/1/2019: VND1,914,795 million), 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	147,682,758,159	205,265,323,268
Additions	-	778,078,240	778,078,240
Transfer from construction in progress	-	1,796,970,000	1,796,970,000
<b>Closing balance</b>	<b>57,582,565,109</b>	<b>150,257,806,399</b>	<b>207,840,371,508</b>
<b>Accumulated amortisation</b>			
Opening balance	11,608,069,186	111,494,715,050	123,102,784,236
Charge for the period	-	11,280,046,233	11,280,046,233
<b>Closing balance</b>	<b>11,608,069,186</b>	<b>122,774,761,283</b>	<b>134,382,830,469</b>
<b>Net book value</b>			
Opening balance	45,974,495,923	36,188,043,109	82,162,539,032
Closing balance	45,974,495,923	27,483,045,116	73,457,541,039

Included in the cost of intangible fixed assets were assets costing VND86,112 million which were fully amortised as at 30 September 2019 (1/1/2019: VND54,118 million), but which are still in use.

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**8. Investment property**

	<b>Land use rights VND</b>	<b>Infrastructure VND</b>	<b>Buildings VND</b>	<b>Total VND</b>
<b>Cost</b>				
Opening balance	38,884,288,170	6,464,218,561	97,992,331,437	143,340,838,168
Transfer to tangible fixed assets	-	(5,994,290,197)	(59,844,888,982)	(65,839,179,179)
<b>Closing balance</b>	<b>38,884,288,170</b>	<b>469,928,364</b>	<b>38,147,442,455</b>	<b>77,501,658,989</b>
<b>Accumulated depreciation</b>				
Opening balance	4,232,303,479	5,798,297,944	44,268,832,475	54,299,433,898
Charge for the period	595,167,675	208,760,946	2,134,299,419	2,938,228,040
Transfer to tangible fixed assets	-	(5,540,114,287)	(35,679,488,163)	(41,219,602,450)
<b>Closing balance</b>	<b>4,827,471,154</b>	<b>466,944,603</b>	<b>10,723,643,731</b>	<b>16,018,059,488</b>
<b>Net book value</b>				
Opening balance	34,651,984,691	665,920,617	53,723,498,962	89,041,404,270
Closing balance	34,056,817,016	2,983,761	27,423,798,724	61,483,599,501

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

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

Included in the cost of investment property held to earn rental was assets costing VND351 million which were fully depreciated as at 30 September 2019 (1/1/2019: VND7,892 million), but which are still in active use.



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**9. Construction in progress**

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Opening balance	275,020,774,555	970,605,001,566
Additions	663,965,077,374	1,792,291,502,588
Transfer to tangible fixed assets	(439,458,953,834)	(1,102,167,733,789)
Transfer to intangible fixed assets	(1,796,970,000)	(2,446,680,000)
Transfer to short-term prepaid expenses	(196,046,220)	(1,415,852,958)
Transfer to long-term prepaid expenses	-	(1,733,621,429)
Transfer to inventories	(1,430,250,727)	(1,269,245,491)
Other decreases	(423,826,774)	(1,086,756,777)
<b>Closing balance</b>	<b>495,679,804,374</b>	<b>1,652,776,613,710</b>

Major constructions in progress were as follows:

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Tien Son Dairy Factory	96,970,794,611	118,287,279,593
Vietnam Dairy Powder Factory	225,618,084,675	7,713,675
Can Tho Dairy Branch	52,079,729,352	52,079,729,352
Others	121,011,195,736	104,646,051,935
	<b>495,679,804,374</b>	<b>275,020,774,555</b>

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**10. Prepaid expenses**

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

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Software deployment and networks maintenance	14,169,531,748	5,495,262,566
Advertising	6,796,427,499	1,760,281,563
Maintenance	80,706,442	181,380,023
Operating lease	3,545,226,400	1,604,474,481
Tools and supplies	4,661,916,531	4,913,534,229
Renovation and repair	17,542,281,819	11,759,637,267
Other short-term prepaid expenses	40,549,453,591	3,946,760,717
	<b>87,345,544,030</b>	<b>29,661,330,846</b>

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

	<b>Land costs</b>	<b>Tools and</b>	<b>Other expenses</b>	<b>Total</b>
	<b>VND</b>	<b>instruments</b>	<b>VND</b>	<b>VND</b>
		<b>VND</b>		
Opening balance	209,066,884,080	122,950,435,665	28,917,519,843	360,934,839,588
Additions	170,691,200	32,016,762,301	21,490,789,092	53,678,242,593
Amortisation for the period	(4,872,917,030)	(54,113,687,535)	(16,989,205,440)	(75,975,810,005)
<b>Closing balance</b>	<b>204,364,658,250</b>	<b>100,853,510,431</b>	<b>33,419,103,495</b>	<b>338,637,272,176</b>

**11. Deferred tax assets**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Deferred tax assets		
Foreign exchange differences	291,247,159	403,671,673
Accrued expenses and provisions	12,754,815,922	31,954,599,399
	<b>13,046,063,081</b>	<b>32,358,271,072</b>

**Vietnam Dairy Products Joint Stock Company**  
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**12. Accounts payable to suppliers**

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

	30/9/2019		1/1/2019	
	Carrying amount VND	Repayable amount VND	Carrying amount VND	Repayable amount VND
Other suppliers	3,061,636,343,990	3,061,636,343,990	3,556,103,761,054	3,556,103,761,054

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

	30/9/2019 VND	1/1/2019 VND
<b>Subsidiaries</b>		
Vietnam Dairy Cow One Member Limited Company	51,604,562,922	78,117,528,636
Angkor Dairy Products Co., Ltd.	25,518,002,160	-
Thong Nhat Thanh Hoa Dairy Cow One Member Limited Company	11,458,736,700	10,139,040,800
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	3,003,156,000	39,223,584,375
Vietnam Sugar Joint Stock Company	652,302,000	1,016,631,000
<b>Associates</b>		
APIS Corporation	12,362,064,763	17,295,725,739
Asia Coconut Processing Joint Stock Company	1,776,358,247	-

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

**13. Taxes payable to State Treasury**

	1/1/2019 VND	Incurred VND	Paid VND	30/9/2019 VND
Value added tax	64,316,322,916	1,768,318,462,723	(1,644,026,845,667)	188,607,939,972
Import tax	11,346,461,001	174,556,650,047	(177,852,444,576)	8,050,666,472
Corporate income tax	252,342,102,502	1,737,354,692,458	(1,194,224,469,158)	795,472,325,802
Personal income tax	13,149,680,041	195,403,450,259	(171,515,260,528)	37,037,869,772
Other taxes	496,253,772	32,581,444,543	(32,756,337,680)	321,360,635
	<b>341,650,820,232</b>	<b>3,908,214,700,030</b>	<b>(3,220,375,357,609)</b>	<b>1,029,490,162,653</b>

**Vietnam Dairy Products Joint Stock Company**  
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**14. Accrued expenses**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Sale incentives, promotion	585,301,095,499	768,997,882,507
Advertising expenses	531,256,685,332	92,277,105,546
Transportation expenses	90,503,556,659	79,971,625,109
Rental fees	43,412,315,540	4,735,827,809
Expenses for outsourced employees	41,246,591,228	102,360,840,273
Repair and maintenance expenses	36,615,423,912	25,842,430,706
Interest expense	12,864,650,008	493,835,613
Fuel expenses	11,342,098,566	12,959,585,875
Others	64,489,009,582	57,556,753,462
	<b>1,417,031,426,326</b>	<b>1,145,195,886,900</b>

**15. Other short-term payables**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Insurance and trade union fees	4,493,362,300	2,192,617,485
Short-term deposits received	21,900,546,390	33,677,698,730
Other payables relating to financial investments (*)	461,267,419,155	747,267,419,155
Dividend payables	-	1,741,407,855,000
Import duty payables	-	13,862,123,850
Others	10,357,809,629	9,142,513,316
	<b>498,019,137,474</b>	<b>2,547,550,227,536</b>

(\*) Other payables relating to financial investments included an advance payment of VND447,822 million 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)).

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate interim financial statements for the nine-month period ended 30 September 2019 (continued)**

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**16. Short-term borrowings**

	<b>Currency</b>	<b>1/1/2019 VND</b>	<b>Incurred VND</b>	<b>Paid VND</b>	<b>30/9/2019 VND</b>
The Bank of Tokyo – Mitsubishi UFJ Ltd., Ho Chi Minh City Branch					
▪ Loan 1 (i)	VND	700,000,000,000	-	(700,000,000,000)	-
▪ Loan 2 (ii)	USD	-	2,790,120,000,000	(1,392,000,000,000)	1,398,120,000,000
Sumitomo Mitsui Banking Corporation, Ho Chi Minh City Branch					
▪ Loan 1 (iii)	VND	-	200,000,000,000	(200,000,000,000)	-
▪ Loan 2 (iv)	USD	-	2,320,900,000,000	-	2,320,900,000,000
		<b>700,000,000,000</b>	<b>5,311,020,000,000</b>	<b>(2,292,000,000,000)</b>	<b>3,719,020,000,000</b>

- (i) These loans had terms of 1 – 3 months, were unsecured and bore interest at rates ranging from 5.15% – 5.30% per annum.
- (ii) This loan had term of 6 months, was unsecured and bore interest at rates ranging from 2.90% – 3.36% per annum.
- (iii) This loan had term of 4 months, was unsecured and bore interest at rate 4.87% per annum.
- (iv) This loan had term of 12 months, was unsecured and bore interest at rate 2.70% per annum.

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**17. Provisions**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Provision for severance allowance (*)	2,119,410,836	4,502,303,315
Provision for regular fixed assets maintenance	5,442,965,284	-
	<b>7,562,376,120</b>	<b>4,502,303,315</b>

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

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Opening balance	4,502,303,315	100,654,286,250
Additions during the period	1,203,815,768	-
Provision used during the period	(3,450,000,002)	(1,500,550,760)
Provision written back during the period	(136,708,245)	(95,155,903,798)
<b>Closing balance</b>	<b>2,119,410,836</b>	<b>3,997,831,692</b>

**18. Bonus and welfare fund**

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

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

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Opening balance	502,448,397,758	674,169,691,953
Appropriation (Note V.19)	800,223,507,876	761,601,079,627
Other increase	-	149,174,000
Utilisation	(938,751,741,604)	(1,062,124,425,186)
<b>Closing balance</b>	<b>363,920,164,030</b>	<b>373,795,520,394</b>

**Vietnam Dairy Products Joint Stock Company**

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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 2018</b>	<b>14,514,534,290,000</b>	<b>260,699,620,761</b>	<b>(7,159,821,800)</b>	<b>2,849,474,124,833</b>	<b>5,678,808,387,154</b>	<b>23,296,356,600,948</b>
Capital increase from bonus shares	2,902,343,640,000	(260,699,620,761)	-	(2,641,644,019,239)	-	-
Purchase of treasury shares	-	-	(2,691,774,640)	-	-	(2,691,774,640)
Net profit for the period	-	-	-	-	7,616,010,796,277	7,616,010,796,277
Appropriation to equity funds	-	-	-	761,601,079,627	(761,601,079,627)	-
Appropriation to bonus and welfare fund (Note V.18)	-	-	-	-	(761,601,079,627)	(761,601,079,627)
Dividends (Note V.21)	-	-	-	-	(5,079,254,627,500)	(5,079,254,627,500)
<b>Balance at 30 September 2018</b>	<b>17,416,877,930,000</b>	<b>-</b>	<b>(9,851,596,440)</b>	<b>969,431,185,221</b>	<b>6,692,362,396,677</b>	<b>25,068,819,915,458</b>
Purchase of treasury shares	-	-	(634,110,920)	-	-	(634,110,920)
Net profit for the period	-	-	-	-	2,198,099,029,771	2,198,099,029,771
Appropriation to equity funds	-	-	-	219,809,902,977	(219,809,902,977)	-
Appropriation to bonus and welfare fund	-	-	-	-	(219,809,902,977)	(219,809,902,977)
Dividends	-	-	-	-	(1,741,407,855,000)	(1,741,407,855,000)
<b>Balance at 1 January 2019</b>	<b>17,416,877,930,000</b>	<b>-</b>	<b>(10,485,707,360)</b>	<b>1,189,241,088,198</b>	<b>6,709,433,765,494</b>	<b>25,305,067,076,332</b>

**Vietnam Dairy Products Joint Stock Company**

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	<b>Share capital VND</b>	<b>Share premium VND</b>	<b>Treasury shares VND</b>	<b>Investment and development fund VND</b>	<b>Retained profits VND</b>	<b>Total VND</b>
<b>Balance at 1 January 2019</b>	<b>17,416,877,930,000</b>	-	<b>(10,485,707,360)</b>	<b>1,189,241,088,198</b>	<b>6,709,433,765,494</b>	<b>25,305,067,076,332</b>
Purchase of treasury shares	-	-	(1,159,248,760)	-	-	(1,159,248,760)
Net profit for the period	-	-	-	-	8,002,235,078,766	8,002,235,078,766
Appropriation to equity funds	-	-	-	800,223,507,876	(800,223,507,876)	-
Appropriation to bonus and welfare fund (Note V.18)	-	-	-	-	(800,223,507,876)	(800,223,507,876)
Dividends (Note V.21)	-	-	-	-	(6,094,842,915,500)	(6,094,842,915,500)
<b>Balance at 30 September 2019</b>	<b>17,416,877,930,000</b>	-	<b>(11,644,956,120)</b>	<b>1,989,464,596,074</b>	<b>7,016,378,913,008</b>	<b>26,411,076,482,962</b>



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**20. Share capital**

The Company's authorised and issued share capital are:

	30/9/2019		1/1/2019	
	Number of shares	VND	Number of shares	VND
<b>Authorised share capital</b>	1,741,687,793	17,416,877,930,000	1,741,687,793	17,416,877,930,000
<hr/>				
<b>Issued shares</b>				
Ordinary shares	1,741,687,793	17,416,877,930,000	1,741,687,793	17,416,877,930,000
<b>Treasury shares</b>				
Ordinary shares	(296,108)	(11,644,956,120)	(276,210)	(10,485,707,360)
<hr/>				
<b>Shares currently in circulation</b>				
Ordinary shares	1,741,391,685	17,405,232,973,880	1,741,411,583	17,406,392,222,640

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Details of share capital:

	30/9/2019 and 1/1/2019	
	VND	%
The State's capital	6,270,638,350,000	36.00%
Other shareholders' capital	11,146,239,580,000	64.00%
	<hr/>	
	<b>17,416,877,930,000</b>	<b>100.00%</b>

**Vietnam Dairy Products Joint Stock Company**  
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**21. Dividends**

Pursuant to the Resolution of Annual General Meeting of Shareholders, the Board of Management of the Company on 19 April 2019 and 3 September 2019 resolved to distribute dividends in relation to 2018 and 2019 profits, totally amounting to VND6,094,843 million (VND1,500 per share for the remaining distribution for the fiscal year 2018 and VND2,000 per share for the first advance distribution for the fiscal year 2019) (for the nine-month period ended 30 September 2018: VND5,079,255 million (VND1,500 per share for the remaining distribution for the fiscal year 2017 and VND2,000 per share for the first advance distribution for the fiscal year 2018)).

**22. Off balance sheet items**

**Foreign currencies**

	<b>30/9/2019</b>		<b>1/1/2019</b>	
	<b>Original currency</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>VND equivalent</b>
Foreign currencies				
▪ USD	4,413,023.58	102,161,495,877	5,782,180.81	133,828,574,801
▪ EUR	5,001.54	126,088,823	2,910.73	76,697,736
		<b>102,287,584,700</b>		<b>133,905,272,537</b>

**Vietnam Dairy Products Joint Stock Company**  
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**VI. SUPPLEMENTARY INFORMATION TO ITEMS DISCLOSED IN THE SEPARATE INTERIM STATEMENTS OF INCOME**

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

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

Net revenue comprised:

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Total revenue		
▪ Sales of finished goods	37,457,367,232,093	34,878,018,288,105
▪ Sales of merchandise goods	415,363,890,344	382,114,585,709
▪ Other services	33,992,363,051	29,822,275,897
▪ Rental income from investment property	8,175,316,108	12,744,952,252
▪ Others	58,144,245,796	59,282,861,080
	<hr/>	<hr/>
	37,973,043,047,392	35,361,982,963,043
Less revenue deductions		
▪ Sale discounts	(34,969,201,559)	(23,899,453,159)
▪ Sale returns	(6,712,269,840)	(5,332,388,285)
	<hr/>	<hr/>
	(41,681,471,399)	(29,231,841,444)
	<hr/>	<hr/>
<b>Net revenue</b>	<b>37,931,361,575,993</b>	<b>35,332,751,121,599</b>
	<hr/>	<hr/>

**Vietnam Dairy Products Joint Stock Company**  
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In which revenue from sales to related parties was as follows:

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
<b>Subsidiaries</b>		
Angkor Dairy Products Co., Ltd.	301,181,892,512	140,276,966,042
Vietnam Dairy Cow One Member Limited Company	30,536,137,927	61,150,000
Thong Nhat Thanh Hoa Dairy Cow One Member Limited Company	2,145,842,370	2,084,928,510
Driftwood Dairy Holding Corporation	4,533,618,948	1,832,689,557
Vietnam Sugar Joint Stock Company	490,000	-
<b>Total revenue from sales to subsidiaries</b>	<b>338,397,981,757</b>	<b>144,255,734,109</b>
<b>Associate</b>		
APIS Corporation	233,768,125	237,653,750

**2. Cost of sales**

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Finished goods sold	18,674,006,847,715	17,379,520,256,470
▪ Merchandise goods sold	362,674,181,483	310,872,067,001
▪ Cost of promotional goods and merchandise	181,228,922,199	182,260,446,381
▪ Other services	4,127,707,868	4,228,050,351
▪ Operating costs of investment property	3,626,348,596	6,410,246,750
▪ Increase in allowance for inventories	1,611,594,238	2,268,906,149
	<b>19,227,275,602,099</b>	<b>17,885,559,973,102</b>

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**3. Financial income**

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	502,519,628,925	507,588,908,524
Interest income from corporate bonds	-	10,936,582,192
Dividends	-	1,215,000,000
Foreign exchange gains	24,835,267,547	26,140,151,393
Gain on disposal of financial investment	1,523,144,012	-
Others	22,191,795,607	11,758,326,629
	<b>551,069,836,091</b>	<b>557,638,968,738</b>

**4. Financial expenses**

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Interest expense on borrowings	44,230,392,221	15,799,265,379
Interest expense on deposits received	154,227,671	1,167,200,813
Foreign exchange losses	27,650,315,309	27,934,939,466
(Decrease)/increase in allowance for diminution in value of financial investments – net	(11,426,069,996)	29,176,887,574
Payment discounts for customers	12,135,046,809	864,778,233
Others	75,161,753	1,982,981,082
	<b>72,819,073,767</b>	<b>76,926,052,547</b>

**Vietnam Dairy Products Joint Stock Company****Notes to the separate interim financial statements for the nine-month period ended  
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	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Promotion, product display expenses and sale support expenses	6,203,229,443,143	5,981,178,180,533
Staff costs	266,903,369,616	198,851,508,234
Materials expenses	41,802,196,695	43,486,234,622
Tools and supplies expenses	49,196,416,224	70,630,708,619
Depreciation expenses	18,181,060,000	21,028,297,168
Warranty expenses	23,989,562,532	25,231,661,035
Transportation expenses	416,390,856,282	403,178,658,100
Outside service expenses	397,446,392,462	343,181,171,963
Advertising and marketing research expenses	1,456,385,021,529	1,401,486,407,026
	<b>8,873,524,318,483</b>	<b>8,488,252,827,300</b>

**6. General and administration expenses**

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Staff costs	227,605,403,849	179,332,156,411
Materials expenses	24,690,515,279	19,739,698,440
Office supplies	4,923,209,820	4,771,800,470
Depreciation expenses	47,996,800,793	49,689,419,545
Taxes, fees and duties	9,373,794,176	8,255,551,553
Allowance for doubtful debts and provision for severance allowance	1,108,976,409	-
Transportation expenses	34,026,038,044	29,273,377,955
Outside service expenses	153,216,210,036	131,726,956,126
Loading expenses	22,483,579,043	17,772,493,197
Per-diem allowances	34,420,113,375	32,039,731,157
Bank charges	3,716,287,882	3,826,807,260
Others	32,669,794,175	37,513,468,364
	<b>596,230,722,881</b>	<b>513,941,460,478</b>

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**7. Other income**

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Rebate income from suppliers	79,000,000,000	52,401,102,533
Compensations received from other parties	4,986,496,659	4,962,364,514
Tax refunded	4,532,009,470	-
Proceeds from disposals of fixed assets	1,579,394,219	128,700,835,429
Others	10,589,588,156	100,876,528,653
	<b>100,687,488,504</b>	<b>286,940,831,129</b>

**8. Other expenses**

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Book value of fixed assets disposed	4,510,767,027	102,987,211,971
Others	49,856,437,116	9,176,059,449
	<b>54,367,204,143</b>	<b>112,163,271,420</b>

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

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Raw material costs included in production costs	16,506,549,378,776	15,775,636,251,512
Labour costs and staff costs	1,092,292,405,608	858,728,390,225
Depreciation and amortisation	991,808,607,352	811,101,190,108
Outside services	1,615,388,360,743	1,483,276,774,387
Other expenses	8,064,119,762,423	7,808,669,005,668

**Vietnam Dairy Products Joint Stock Company**  
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**10. Income tax**

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

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
<b>Current tax expense</b>		
Current period	1,636,053,975,869	1,428,005,624,342
Under provision in prior periods	101,300,716,589	26,703,515,482
	<b>1,737,354,692,458</b>	<b>1,454,709,139,824</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	19,312,207,991	29,767,400,518
<b>Income tax expense</b>	<b>1,756,666,900,449</b>	<b>1,484,476,540,342</b>

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

	<b>Nine-month period ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>VND</b>	<b>VND</b>
Accounting profit before tax	9,758,901,979,215	9,100,487,336,619
Tax at the Company's tax rate	1,951,780,395,843	1,820,097,467,324
Tax rate differential applied to Company's branches and factories	(29,332,680,737)	(20,187,529,048)
Tax exempt income	-	(243,000,000)
Non-deductible expenses	8,991,474,140	6,822,981,966
Tax incentives	(261,098,412,225)	(348,787,540,209)
Deferred tax assets not previously recognised	(14,974,593,161)	70,644,827
Under provision in prior periods	101,300,716,589	26,703,515,482
	<b>1,756,666,900,449</b>	<b>1,484,476,540,342</b>

**(c) Applicable tax rates**

The Company is required to pay income tax at rates ranging from 15% to 20% (for the nine-month period ended 30 September 2018: from 15% to 20%), depending on principal activities of its factories, on taxable profits.



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

**1. Significant transactions with related parties**

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

Related party	Relationship	Nature of transaction	Nine-month period ended	
			30/9/2019 VND	30/9/2018 VND
Vietnam Dairy Cow One Member Limited Company	Subsidiary	Sales of fixed assets	949,757,134	192,000,000
		Purchases of goods	1,092,324,235,739	947,542,626,747
Thong Nhat Thanh Hoa Dairy Cow One Member Limited Company	Subsidiary	Purchases of goods	196,753,608,400	61,803,742,990
		Capital contribution	260,000,000,000	168,000,000,000
		Sales of fixed assets	13,636,363	-
Vietnam Sugar Joint Stock Company	Subsidiary	Purchases of goods	14,197,269,600	21,414,614,000
Angkor Dairy Products Co., Ltd.	Subsidiary	Purchases of goods	100,455,606,466	187,767,659,969
		Sales of fixed assets	123,726,495	933,266,224
Lao-Jagro Development Xiengkhouang Co., Ltd.	Subsidiary	Capital contribution	205,937,348,100	-
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Subsidiary	Purchases of goods	192,684,122,061	508,497,743,447
Miraka Holdings Limited	Associate	Purchases of goods	71,979,909,120	92,116,872,865
APIS Corporation	Associate	Purchases of goods	68,514,061,435	340,755,451,311
		Capital contribution	-	12,250,000,000
Asia Coconut Processing Joint Stock Company	Associate	Purchases of services	8,848,838,086	-
The State Capital Investment Corporation		Dividends	2,821,787,257,500	2,612,765,980,000
Members of Board of Management and Board of Directors		Compensation	89,201,585,868	89,517,082,296

