

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

Consolidated financial statements
for the year ended 31 December 2019



Vietnam Dairy Products Joint Stock Company and its subsidiaries

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Vietnam Dairy Products Joint Stock Company and its subsidiaries 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 (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 and its subsidiaries
Statement of the Board of Management**

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

The Board of Management is responsible for the consolidated financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of the consolidated results of operations and consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Board of 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 consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group 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 consolidated financial position of the Group and which enable these consolidated financial statements to be prepared which comply with Vietnamese Accounting Standards, 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements set out on pages 4 to 63 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of the consolidated results of operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Management



Mai Kieu Lien
Chief Executive Officer

Hochi Minh City, 30 January 2020

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Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of financial position as at 31 December 2019

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		24,721,565,376,552	20,559,756,794,837
Cash and cash equivalents	110	V.2	2,665,194,638,452	1,522,610,167,671
Cash	111		2,378,583,764,655	1,072,610,167,671
Cash equivalents	112		286,610,873,797	450,000,000,000
Short-term financial investments	120		12,435,744,328,964	8,673,926,951,890
Trading securities	121	V.5(a)	1,153,041,048	443,154,262,451
Allowance for diminution in the value of trading securities	122	V.5(a)	(840,586,787)	(605,728,258)
Held-to-maturity investments	123	V.5(b)	12,435,431,874,703	8,231,378,417,697
Accounts receivable – short-term	130		4,503,154,728,959	4,639,447,900,101
Accounts receivable from customers	131	V.3(a)	3,474,498,518,959	3,380,017,354,930
Prepayments to suppliers	132		576,013,061,394	876,158,254,325
Short-term loans receivable	135		31,170,336,327	-
Other short-term receivables	136	V.4(a)	438,267,517,904	394,535,471,938
Allowance for doubtful debts	137	V.3(c)	(16,794,705,625)	(11,263,181,092)
Inventories	140	V.6	4,983,044,403,917	5,525,845,959,354
Inventories	141		4,996,114,799,978	5,538,304,348,980
Allowance for inventories	149		(13,070,396,061)	(12,458,389,626)
Other current assets	150		134,427,276,260	197,925,815,821
Short-term prepaid expenses	151	V.12(a)	68,634,341,838	54,821,120,257
Deductible value added tax	152		60,875,991,566	142,642,380,500
Taxes receivable from State Treasury	153		4,916,942,856	462,315,064

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of financial position as at 31 December 2019 (continued)

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
Long-term assets				
(200 = 210 + 220 + 230 + 240 + 250 + 260)	200		19,978,308,009,482	16,806,351,859,342
Accounts receivable – long-term	210		21,169,968,995	88,443,241,642
Long-term receivables from customer	211	V.3(b)	-	67,658,410,631
Long-term loan receivables	215		545,312,000	3,143,509,548
Other long-term receivables	216	V.4(b)	20,624,656,995	17,641,321,463
Fixed assets	220		14,893,540,216,703	13,365,353,599,098
Tangible fixed assets	221	V.7	13,743,909,618,601	13,047,771,431,436
Cost	222		26,227,436,154,249	22,952,360,450,312
Accumulated depreciation	223		(12,483,526,535,648)	(9,904,589,018,876)
Intangible fixed assets	227	V.8	1,149,630,598,102	317,582,167,662
Cost	228		1,297,664,982,735	475,569,436,392
Accumulated amortisation	229		(148,034,384,633)	(157,987,268,730)
Investment property	230	V.9	62,018,116,736	90,248,200,759
Cost	231		81,481,271,444	147,320,450,623
Accumulated depreciation	232		(19,463,154,708)	(57,072,249,864)
Long-term work in progress	240		943,845,551,903	868,245,878,253
Long-term work in progress	241	V.10	249,633,893,396	214,398,200,249
Construction in progress	242	V.11	694,211,658,507	653,847,678,004
Long-term financial investments	250		986,676,290,429	1,068,660,695,119
Investments in associates	252	V.5(c)	688,112,587,059	497,498,739,617
Equity investments in other entities	253	V.5(c)	104,537,010,212	72,083,527,154
Allowance for diminution in the value of long-term financial investments	254	V.5(c)	(5,973,306,842)	(921,571,652)
Held-to-maturity investments	255	V.5(b)	200,000,000,000	500,000,000,000
Other non-current assets	260		3,071,057,864,716	1,325,400,244,471
Long-term prepaid expenses	261	V.12(b)	678,630,479,869	750,599,476,304
Deferred tax assets	262	V.13(a)	26,367,280,852	36,460,665,848
Goodwill	269	V.14	2,366,060,103,995	538,340,102,319
TOTAL ASSETS (270 = 100 + 200)	270		44,699,873,386,034	37,366,108,654,179

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of financial position as at 31 December 2019 (continued)

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		14,968,618,181,670	11,094,739,362,252
Current liabilities	310		14,442,851,833,360	10,639,592,009,462
Short-term accounts payable to suppliers	311	V.15	3,648,445,576,699	3,991,064,706,111
Advances from customers	312		245,247,666,160	535,552,943,437
Taxes payable to State Treasury	313	V.17	619,393,665,850	341,669,047,623
Payables to employees	314		239,520,745,753	215,270,553,609
Short-term accrued expenses	315	V.18	1,738,321,908,844	1,437,232,532,734
Short-term unearned revenue	318		2,111,168,658	6,910,881,322
Other short-term payables	319	V.19	1,956,364,398,828	2,540,327,951,932
Short-term borrowings	320	V.16(a)	5,351,461,260,191	1,060,047,652,329
Provision – short-term	321	V.20	8,048,885,766	4,502,303,315
Bonus and welfare fund	322	V.21	633,936,556,611	507,013,437,050
Long-term liabilities	330		525,766,348,310	455,147,352,790
Long-term accounts payable to suppliers	331		427,916,520	-
Long-term accrued expenses	333		-	2,054,753,617
Long-term unearned revenue	336		-	415,848,218
Other long-term payables	337		27,418,573,520	29,607,431,175
Long-term borrowings	338	V.16(b)	122,992,982,893	215,798,919,361
Deferred tax liabilities	341	V.13(b)	374,926,875,377	204,757,714,031
Provision – long-term	342	V.20	-	2,512,686,388
EQUITY (400 = 410)	400		29,731,255,204,364	26,271,369,291,927
Owners' equity	410	V.22	29,731,255,204,364	26,271,369,291,927
Share capital	411	V.23	17,416,877,930,000	17,416,877,930,000
Treasury shares	415	V.23	(11,644,956,120)	(10,485,707,360)
Foreign exchange differences	417		23,174,494,894	27,635,831,784
Investment and development fund	418		2,200,188,373,195	1,191,672,373,593
Retained profits	421		7,875,462,401,924	7,155,434,314,256
- Retained profits brought forward	421a		4,543,346,786,755	3,560,050,505,957
- Profit for the current year	421b		3,332,115,615,169	3,595,383,808,299
Non-controlling interest	429		2,227,196,960,471	490,234,549,654
TOTAL RESOURCES (440 = 300 + 400)	440		44,699,873,386,034	37,366,108,654,179

30 January 2020

Prepared by:



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

Approved by:



Mai Kieu Lien
Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of income for the year ended 31 December 2019

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

	Code	Note	Three-month period ended		Year ended	
			31/12/2019 VND	31/12/2018 VND	31/12/2019 VND	31/12/2018 VND
Revenue from sales of goods and provision of services	01	VI.1	14,255,700,394,638	13,015,322,214,890	56,400,229,726,717	52,629,230,427,284
Revenue deductions	02	VI.1	16,738,916,476	11,615,162,320	82,106,963,973	67,280,456,692
Net revenue (10 = 01 - 02)	10	VI.1	14,238,961,478,162	13,003,707,052,570	56,318,122,762,744	52,561,949,970,592
Cost of sales	11	VI.2	7,558,658,856,714	6,841,121,640,431	29,745,906,112,117	27,950,543,501,501
Gross profit (20 = 10 - 11)	20		6,680,302,621,448	6,162,585,412,139	26,572,216,650,627	24,611,406,469,091
Financial income	21	VI.3	233,576,605,377	179,352,995,411	807,316,707,483	759,917,391,001
Financial expenses	22	VI.4	71,153,524,397	25,209,490,540	186,969,681,828	118,007,001,674
<i>In which: Interest expense</i>	23		35,838,396,433	13,558,039,918	108,824,893,987	51,367,418,852
Share of profit/(loss) in associates	24	V.5(c)	14,196,707,957	11,519,567,572	(5,716,591,103)	22,433,720,557
Selling expenses	25	VI.5	3,701,158,127,544	3,360,732,757,821	12,993,454,552,852	12,265,936,906,433
General and administration expenses	26	VI.6	481,812,187,559	330,480,105,254	1,396,302,416,955	1,133,300,231,790
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		2,673,952,095,282	2,637,035,621,507	12,797,090,115,372	11,876,513,440,752
Other income	31	VI.7	65,427,025,170	102,759,176,301	249,446,259,179	450,247,329,980
Other expenses	32	VI.8	90,040,261,969	59,295,172,797	250,826,735,994	275,064,504,609
Results of other activities (40 = 31 - 32)	40		(24,613,236,799)	43,464,003,504	(1,380,476,815)	175,182,825,371
Profit before tax (50 = 30 + 40) (carried forward to next page)	50		2,649,338,858,483	2,680,499,625,011	12,795,709,638,557	12,051,696,266,123

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


Vietnam Dairy Products Joint Stock Company and its subsidiaries
 Consolidated statement of income for the year ended 31 December 2019 (continued)

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

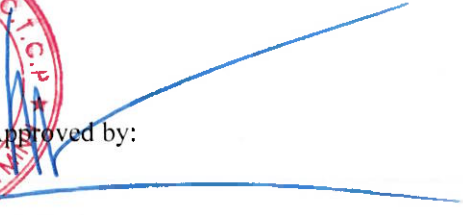
	Code	Note	Three-month period ended		Year ended	
			31/12/2019 VND	31/12/2018 VND	31/12/2019 VND	31/12/2018 VND
Profit before tax (50 = 30 + 40) (brought forward from previous page)	50		2,649,338,858,483	2,680,499,625,011	12,795,709,638,557	12,051,696,266,123
Income tax expense – current	51	VI.10	485,348,598,058	429,640,603,111	2,238,365,796,113	1,874,905,225,483
Income tax (benefit)/expense– deferred	52	VI.10	(12,445,300,287)	(33,418,089,628)	3,011,961,553	(28,838,670,599)
Net profit after tax (60 = 50 - 51 - 52)	60		2,176,435,560,712	2,284,277,111,528	10,554,331,880,891	10,205,629,711,239
Attributable to:						
Equity holders of the Company	61		2,201,515,747,637	2,299,484,602,646	10,581,175,671,989	10,227,281,151,464
Non-controlling interest	62		(25,080,186,925)	(15,207,491,118)	(26,843,791,098)	(21,651,440,225)
Basic earnings per share	70	VI.11	1,140	1,189	5,478	5,295

30 January 2020

Prepared by:


 Le Thanh Liem
 Executive Director – Finance
 cum Chief Accountant

Approved by:


 Mai Kieu Lien
 Chief Executive Officer



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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2019
(Indirect method)

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

	Code	Note	2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		12,795,709,638,557	12,051,696,266,123
Adjustments for				
Depreciation and amortisation	02		1,948,072,775,534	1,626,632,382,351
Allocation of goodwill	02	V.14	67,951,918,380	56,921,527,942
Allowances and provisions	03		7,332,833,362	(91,866,480,156)
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04		6,458,209,059	(1,358,149,087)
(Gains)/losses from disposals of investments	05		(1,513,217,385)	1,982,981,082
Losses on disposals of fixed assets and construction in progress	05		43,964,070,239	70,047,516,026
Dividends, interest income and other investment activities	05		(726,647,904,760)	(683,136,419,878)
Share of loss/(profit) in associates	05		5,716,591,103	(22,433,720,557)
Interest expense	06	VI.4	108,824,893,987	51,367,418,852
Operating profit before changes in working capital	08		14,255,869,808,076	13,059,853,322,698
Change in receivables	09		373,595,051,949	(108,535,667,272)
Change in inventories	10		401,995,429,191	(1,685,436,671,924)
Change in payables and other liabilities	11		(399,803,073,537)	(14,512,675,616)
Change in prepaid expenses	12		16,409,131,564	68,658,670,747
Change in trading securities	13		(4,480,040,000)	-
Interest paid	14		(227,916,555,489)	(110,740,338,598)
Income tax paid	15	V.17	(2,033,592,165,968)	(1,879,580,376,609)
Other payments for operating activities	17		(972,149,044,096)	(1,189,467,230,777)
Net cash flows from operating activities	20		11,409,928,541,690	8,140,239,032,649

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2019
(Indirect method – continued)

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

	Code	Note	2019 VND	2018 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(2,158,249,206,676)	(3,185,795,437,639)
Collections on disposals of fixed assets and other long-term assets	22		114,089,987,662	94,475,512,924
(Payments for)/collections from term deposits	23		(3,215,379,727,631)	1,199,161,995,594
Receipts from collecting loans	24		2,598,197,548	2,230,048,674
Receipts from sales of debt instruments of other entities	24		-	190,785,778,116
Payments for investments in other entities	25		-	(12,250,000,000)
Collections from investments in other entities	26		1,513,217,385	18,467,703,509
Receipts of interest and dividends	27		665,791,014,375	782,637,018,033
Net cash outflow from business acquisition	28	V.1	(2,158,238,334,831)	(134,857,255,395)
Net cash flows from investing activities	30		(6,747,874,852,168)	(1,045,144,636,184)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for repurchase of treasury shares	32		(1,159,248,760)	(3,325,885,560)
Proceeds from capital contribution from non-controlling interests	32		127,768,725,000	-
Proceeds from borrowings	33		10,426,775,268,658	4,827,980,040,068
Payments to settle loan principals	34		(6,233,112,646,051)	(4,103,588,818,554)
Payments of dividends	36		(7,836,250,770,500)	(7,256,172,407,500)
Net cash flows from financing activities	40		(3,515,978,671,653)	(6,535,107,071,546)

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019

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

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

I. CORPORATE INFORMATION

1. Ownership structure

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

Major milestones related to the establishment and development of the Company and its subsidiaries (collectively referred to as “the Group”) 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 as 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.
- 12 December 2006: International Real Estates One Member Limited Company was established in accordance with the Business License No. 4104000260 issued by the Department of Investment and Planning of Ho Chi Minh City.
- 14 December 2006: Vietnam Dairy Cow One Member Limited Company was established in accordance with the Business License No. 150400003 issued by the Department of Planning and Investment of Tuyen Quang Province.
- 26 February 2007: Lam Son Dairy Joint Stock Company was established in accordance with the Business License No. 2603000521 issued by the Department of Planning and Investment of Thanh Hoa Province.
- 24 June 2010: Lam Son Dairy Joint Stock Company was renamed as Lam Son Dairy One Member Company Limited.
- 30 September 2010: Dielac Dairy One Member Company Limited was established based on the re-registration of F&N Food Vietnam Limited Company in accordance with the Investment Certificate No. 463041000209 issued by the Management of Vietnam – Singapore Industrial Park.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN

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

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

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- 31 July 2017: On 23 March 2017, the Company received its first revised offshore investment registration certificate dated 10 March 2017 issued by the Ministry of Planning and Investment of Vietnam, in relation to Angkor Dairy Products Co., Ltd. (“Angkormilk”). Accordingly, the Company’s total investment capital increased from USD10,210,000 to USD20,995,390. The reason of capital increase was to purchase the entire capital contribution of the local partner in Angkormilk. As at 31 July 2017, the Company completed the transfer of its investment, bringing the total investment to USD20.9 million and increased ownership percentage in Angkormilk from 51% to 100%.
- 21 October 2017: On 30 September 2017, the Company entered into an agreement to acquire the remaining 3.89% of its equity interest in Thong Nhat Thanh Hoa Limited Company from non-controlling shareholders. The transaction was completed on 21 October 2017.
- 1 November 2017: On 25 October 2017, the Company entered into an agreement to purchase newly issued shares of Khanh Hoa Sugar Joint Stock Company and took 65% equity interest. The transaction was completed on 1 November 2017. From 14 November 2017, Khanh Hoa Sugar Joint Stock Company changed its name to Viet Nam Sugar Joint Stock Company.
- 23 November 2018: In July 2018, the Company entered into an agreement to acquire 51% equity interest of Lao-Jagro Development Xiengkhouang Co., Ltd to develop a high-tech beef – dairy farm complex. The transaction was completed on 23 November 2018. On 29 January 2019 and 7 October 2019, the Company invested VND51,547 million and VND128,899 million, respectively, representing its percentage of equity interest in this entity following the shareholders’ decision. On 1 April 2019, the Company paid VND154,391 million to the former owners according to the Share Purchase Agreement.
- 12 September 2019: On 12 September 2019, the Company received the second revised Oversea Investment Registration Certificate no. 201600140 in which the Company’s investment in its 100% owned subsidiary named Driftwood Dairy Holding Corporation in California, United States increased from USD10 million to USD20 million. As at 30 September 2019, the Company completed the transfer of its investment.
- 19 December 2019: During the year 2019, the Company completed its purchase of 75% of equity interest of GTNFoods Joint Stock Company.

2. Principal activities

The principal activities of the Group 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;

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Vietnam Dairy Products Joint Stock Company and its subsidiaries
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- 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;
- Retail sugar, milk and products from milk, bread, jam, candy and products processed from cereal, flour, starch and other food;
- Retail alcoholic drinks, non-alcoholic drinks (carbonated and non-carbonated soft drinks), natural mineral water, low-alcoholic or non-alcoholic wine and beer;
- Manufacture and trade products from tea and wine; and
- Manufacture, breed, process and trade cattle and poultry products and premix products for livestock.

3. Normal operating cycle

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

4. Group structure

As at 31 December 2019, the Group had 10 subsidiaries and 14 associates (1/1/2019: 7 subsidiaries and 3 associates) and dependent units as follows:

(a) Subsidiaries

Name	Location	Principal activities	Economic interest	
			31/12/2019	1/1/2019
Directly owned subsidiaries				
▪ 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%

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Name	Location	Principal activities	Economic interest	
			31/12/2019	1/1/2019
▪ 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%	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%
▪ GTNFoods Joint Stock Company	9 th 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	75.00%	-
Indirectly owned subsidiaries through GTNFoods Joint Stock Company				
▪ Vietnam Livestock Corporation – Joint Stock Company	519 Minh Khai, Vinh Tuy Ward, Hai Ba Trung District, Ha Noi	Manufacturing, breeding, processing and trading of cattle and poultry products	55.87%	-
▪ Moc Chau Dairy Cattle Breeding Joint Stock Company	Km194 Moc Chau Farm Town, Moc Chau District, Phieng Luong, Moc Chau, Son La	Processing of milk and dairy products	28.49%	-



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(b) Associates

Name	Location	Principal activities	Economic interest	
			31/12/2019	1/1/2019
Directly owned associates				
▪ 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%
Indirectly owned associates through GTNFoods Joint Stock Company				
▪ Lam Dong Foodstuffs Joint Stock Company	31 Ngo Van So Street, Ward 9, Da Lat City, Lam Dong	Processing all kinds of wine, cashew nuts for export and other agricultural foods	28.73%	-
▪ Mien Trung Plastic Joint Stock Company	Lot 5, Dien Nam – Dien Ngoc Industrial Zone, Dien Ban Town, Quang Nam Province	Producing plastic pipes and plastic products	32.45%	-
▪ The Vietnam National Tea – Joint Stock Corporation	92 Vo Thi Sau, Thanh Nhan Ward, Hai Ba Trung District, Ha Noi	Tea manufacturing and trading	15.00%	-
▪ Hai Phong Poultry Investment and Export – Import Joint Stock Company	16 Cu Chinh Lan, Minh Khai Ward, Hong Ban District, Hai Phong City	Processing and preservation of meat products, supporting services for transportation	16.76%	-
▪ Chau Thanh Chicken Breeds Joint Stock Company	Nam Hung, Nam Hung Commune, Nam Truc District, Nam Dinh Province	Chickens breeding	21.98%	-

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Name	Location	Principal activities	Economic interest	
			31/12/2019	1/1/2019
▪ Dong Giao Plant Seeds and Animal Breeds Joint Stock Company	Yen Son Commune, Yen Son Commune, Tam Diep City, Ninh Binh Province	Pigs breeding	20.36%	-
▪ North Central Part Breeding Variety Material Joint Stock Company	17 Nguyen Sy Sach, Ha Huy Tap Ward, Vinh City, Nghe An Province	Frozen cow semen and artificial insemination supplies trading	20.82%	-
▪ Central Cattle Breeds Development Joint Stock Company	210 2/4 Street, Vinh Hai Ward, Nha Trang City, Khanh Hoa Province	Frozen cow semen and cattle supplying	18.86%	-
▪ Dai An Viet Joint Stock Company	28 Mac Dinh Chi, Da Kao Ward, District 1, Ho Chi Minh City	Trading of breeds, animal feeds and livestock equipment	19.46%	-
▪ Peter Hand Hanoi Livestock Development Company Limited	36 Hoang Ngan Street, Nhan Chinh Street, Cau Giay District, Hanoi	Producing and supplying premix products for livestock	20.11%	-
▪ Dong A Development Service Trading Joint Stock Company	135 Pasteur, Ward 6, District 3, Ho Chi Minh City	Pigs breeding, production of cattle, poultry and aqua feed	19.56%	-

(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.

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

Warehouses:

- 1/ Ho Chi Minh Logistic Enterprise – 32 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- 2/ Hanoi City 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 2019, the Group had 9,803 employees (1/1/2019: 8,082 employees).

II. ACCOUNTING YEAR AND ACCOUNTING CURRENCY

1. Annual accounting year

The annual accounting year of the Group 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 consolidated financial statement presentation purpose.

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III. ACCOUNTING STANDARDS AND SYSTEM

1. Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirement applicable to financial reporting.

2. Basis of measurement

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

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Basis of consolidation

(a) Subsidiaries

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

(b) Non-controlling interests

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

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

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(c) Loss of control

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

(d) Associates

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

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

(e) Transactions eliminated on consolidation

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

(f) Business combination

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

2. Foreign currency

(a) Foreign currency transactions

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

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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 year quoted by the commercial bank where the Company and its subsidiaries most frequently conduct transactions and has the largest outstanding balance of foreign currencies at the reporting date.

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

(b) Foreign operations

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

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

3. Cash and cash equivalents

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

4. Investments

(a) Trading securities

Trading securities are those held by the Group for trading purpose, 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 Group acquires the ownership, in particular:

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

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

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(b) Held-to-maturity investments

Held-to-maturity investments are those that the Group's management has intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank 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.

(d) Investment in equity instruments of other entities

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

5. Accounts receivable

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

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

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



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6. Inventories

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

The Group applies the perpetual method of accounting for inventories.

7. Tangible fixed assets

(a) Cost

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

(b) Depreciation

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

▪ buildings and structures	5 – 50 years
▪ machinery and equipment	2 – 20 years
▪ motor vehicles	4 – 10 years
▪ office equipment	2 – 12 years
▪ livestock	3 – 25 years
▪ others	3 – 20 years

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8. Intangible fixed assets

(a) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments are collected;
- those acquired in a legitimate transfer;
- 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; and
- land lease right acquired through business combination.

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) Trademark

Trademark acquired through business combination are initially recognised at fair value and amortised on a straight-line basis over 20 years.

(c) Raw material area

Raw material area acquired through business combination are initially recognised at fair value and amortised on a straight-line basis over 18 years.

(d) 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.

(e) Others

Other intangible assets are amortised on a straight-line basis over 4 – 10 years.

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9. Investment property

(a) Cost

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

(b) Depreciation

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

- | | |
|---------------------------------|---------------|
| ▪ definite life land use rights | 13 – 50 years |
| ▪ infrastructure | 8 – 10 years |
| ▪ buildings | 6 – 50 years |

Indefinite life land use rights are not amortised.

10. 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 year of construction and installation.

11. Prepaid expenses

(a) Prepaid land costs

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

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(b) Tools and instruments

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

12. Goodwill

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

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

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

13. Trade and other payables

Accounts payable are monitored in details by payable terms, payable parties, original currency and other factors depending on the Group's managerial requirements. 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 consolidated 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.

14. Accrued expenses

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

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15. Provisions

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

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 accounting year. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company are excluded.

16. Share capital

(a) Ordinary shares

Ordinary shares are stated at par value. 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.

17. Taxation

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

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Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the accounting year, 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 accounting year.

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.

18. Revenue and other income

(a) Goods sold

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

(c) Rental income

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

(d) Interest income

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

(e) Dividend income

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

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(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 consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer. Significant risks and rewards of ownership have been transferred upon the completion of the trading transaction (for listed securities) or the completion of the agreement on transfer of assets (for non-listed securities).

19. Revenue deductions

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

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

20. Cost of sales

Cost of sales comprise the cost of products, goods 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.

21. Operating lease payments

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

22. Borrowing costs

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

23. Dividend distribution

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

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

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24. Funds

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

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

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

25. Earnings per share

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

26. Segment reporting

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

27. Related parties

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

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

1. Business combination

During the year and until 30 September 2019, the Company had acquired, through various transactions, 40.53% equity interest of GTNFoods Joint Stock Company (“GTN”) for a consideration of VND1,478,191 million. In December 2019, the Company completed its purchase of 75% of equity interest of this entity for a consideration of VND1,969,141 million. Total consideration of VND3,460,086 million included direct purchase price by cash, transaction costs and share of profit from GTN as an associate.

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

	Pre-acquisition carrying amounts VND	Fair value adjustments VND	Recognised value on acquisition VND
Cash and cash equivalents	1,289,093,610,006	-	1,289,093,610,006
Short-term investments	689,953,475,500	-	689,953,475,500
Accounts receivable – short-term	102,549,756,276	-	102,549,756,276
Inventories	263,952,522,120	-	263,952,522,120
Other current assets	17,557,465,861	-	17,557,465,861
Accounts receivable – long-term	5,000,000	-	5,000,000
Fixed assets	1,062,324,709,093	-	1,062,324,709,093
Long-term work in progress	33,274,624,556	-	33,274,624,556
Long-term investments	236,853,426,944	-	236,853,426,944
Goodwill	322,646,602,633	-	322,646,602,633
Other long-term assets	8,977,954,624	-	8,977,954,624
Current liabilities	(288,060,294,100)	-	(288,060,294,100)
Deferred tax liabilities	(177,326,047,360)	-	(177,326,047,360)
Long-term liabilities	(2,913,200,000)	-	(2,913,200,000)
Non-controlling interests	(1,042,808,724,476)	-	(1,042,808,724,476)
Net identifiable assets and liabilities	2,516,080,881,676	-	2,516,080,881,676
Share of net assets acquired (75%)			1,887,060,661,257
Goodwill on acquisition			1,573,025,317,423
Total considerations			3,460,085,978,680
Share of profit from GTN as an associate			(12,754,033,843)
Cash acquired			(1,289,093,610,006)
Net cash outflow			2,158,238,334,831

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

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The contribution of revenue and net profit after tax of acquired business to the Group's results during the period from acquisition date to 31 December 2019 was insignificant.

In accordance with Vietnamese Accounting Standard 11 – *Business combination*, the Group accounted for the business combination using fair value based on information available at the reporting date and was in the process of further updating the valuation of assets and liabilities acquired and the fair value of existing investments in GTN at the acquisition date.

2. Cash and cash equivalents

	31/12/2019	1/1/2019
	VND	VND
Cash on hand	2,104,240,925	1,853,588,837
Cash in bank	2,376,479,523,730	988,996,467,314
Cash in transit	-	81,760,111,520
Cash equivalents	286,610,873,797	450,000,000,000
	2,665,194,638,452	1,522,610,167,671

3. Accounts receivable from customers

(a) Accounts receivable from customers – short-term

	31/12/2019	1/1/2019
	VND	VND
Receivables from customers	3,474,498,518,959	3,380,017,354,930

(b) Accounts receivable from customer – long-term

	31/12/2019	1/1/2019
	VND	VND
SIG Combibloc Ltd	-	67,658,410,631

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(c) Short-term allowance for doubtful debts

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

	2019	2018
	VND	VND
Opening balance	(11,263,181,092)	(13,193,973,536)
Increase in allowance during the year	(3,106,480,618)	(4,925,309,687)
Increase from business acquisition	(6,808,032,855)	-
Allowance written back during the year	546,079,319	21,001,389
Allowance utilised during the year	3,831,045,005	6,933,068,631
Currency translation differences	5,864,616	(97,967,889)
Closing balance	(16,794,705,625)	(11,263,181,092)

4. Other receivables

(a) Other short-term receivables

	31/12/2019	1/1/2019
	VND	VND
Interest income from deposits	270,788,283,103	202,996,875,720
Receivables from employees	1,439,352,746	3,086,744,596
Advances to employees	46,455,711,459	39,971,327,489
Short-term deposits	8,100,031,282	5,056,861,106
Import tax refundable	947,730,977	6,487,398,794
Rebate income receivable from suppliers	16,220,762,319	67,394,546,080
Others	94,315,646,018	69,541,718,153
	438,267,517,904	394,535,471,938

(b) Other long-term receivables

	31/12/2019	1/1/2019
	VND	VND
Collateral, deposits	16,119,656,995	12,641,321,463
Others	4,505,000,000	5,000,000,000
	20,624,656,995	17,641,321,463

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5. Investments

(a) Trading securities

	31/12/2019			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	-
▪ Others	1,153,041,048	312,492,361	(840,586,787)	1,154,262,451	548,543,733	(605,728,258)
	1,153,041,048	312,492,361	(840,586,787)	443,154,262,451	442,548,543,733	(605,728,258)

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(b) Held-to-maturity investments

	Note	31/12/2019 VND	1/1/2019 VND
Held-to-maturity investments – short-term			
▪ term deposits	(*)	12,435,431,874,703	8,231,378,417,697
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Held-to-maturity investments – long-term			
▪ term deposits		200,000,000,000	500,000,000,000
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(*) 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 7.10% 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) Investments in other entities

	31/12/2019			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
Investments in associates						
▪ Miraka Holdings Limited	368,041,190,003	(*)	-	383,178,796,529	(*)	-
▪ APIS Corporation	27,129,550,095	(*)	-	24,143,852,671	(*)	-
▪ Asia Coconut Processing Joint Stock Company	83,857,374,574	(*)	-	90,176,090,417	(*)	-
▪ Lam Dong Foodstuffs Joint Stock Company	99,539,899,610	(*)	-	-	-	-
▪ Mien Trung Plastic Joint Stock Company	43,684,052,919	(*)	-	-	-	-
▪ The Vietnam National Tea – Joint Stock Corporation	42,332,840,712	(*)	-	-	-	-
▪ Hai Phong Poultry Investment and Export Import Joint Stock Company	1,480,271,433	(*)	-	-	-	-
▪ North Central Part Breeding Variety Material Joint Stock Company	806,725,404	(*)	-	-	-	-
▪ Central Cattle Breeds Development Joint Stock Company	847,036,024	(*)	-	-	-	-
▪ Peter Hand Hanoi Livestock Development Company Limited	12,766,664,461	(*)	-	-	-	-
▪ Dong A Development Service Trading Joint Stock Company	7,626,981,824	(*)	-	-	-	-
	<u>688,112,587,059</u>		<u>-</u>	<u>497,498,739,617</u>		<u>-</u>

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	31/12/2019			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
Equity investment in other entities						
▪ Asia Saigon Food Ingredients Joint Stock Company	69,261,607,154	(*)	-	69,261,607,154	(*)	-
▪ An Khang Clinic – Pharmacy	300,000,000	(*)	-	300,000,000	(*)	-
▪ Mien Trung Bovine Breeding JSC	1,688,700,000	(*)	(1,287,878,341)	1,688,700,000	(*)	(921,571,652)
▪ Dalat Milk Joint Stock Company	7,467,100,000	(*)	-	-		-
▪ Central Animal Feed Joint Stock Company	17,609,383,826	(*)	-	-		-
▪ Export-Import Breeding Processing Joint Stock Company	4,685,428,501	(*)	(4,685,428,501)	-		-
▪ Poultry Investment and Export-Import Joint Stock Company	2,616,885,131	(*)	-	-		-
▪ Moc Chau Investment and Construction Joint Stock Company	75,585,600	(*)	-	-		-
▪ Others	832,320,000	(*)	-	833,220,000	(*)	-
	<u>104,537,010,212</u>		<u>(5,973,306,842)</u>	<u>72,083,527,154</u>		<u>(921,571,652)</u>
	<u>792,649,597,271</u>		<u>(5,973,306,842)</u>	<u>569,582,266,771</u>		<u>(921,571,652)</u>

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

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Movements of equity investments in associates during the year were as follows:

	2019 VND	2018 VND
Opening balance	497,498,739,617	481,282,722,569
Investments	1,630,761,731,739	12,250,000,000
Increase from business acquisition	209,084,472,387	-
Deemed disposal	(1,643,515,765,581)	-
Dividends received	-	(18,467,703,509)
Share of (loss)/profit in associates	(5,716,591,103)	22,433,720,557
Closing balance	688,112,587,059	497,498,739,617

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

	2019 VND	2018 VND
Opening balance	(605,728,258)	(675,708,019)
Increase in allowance during the year	(236,103,624)	-
Allowance written back during the year	-	83,783,711
Currency translation differences	1,245,095	(13,803,950)
Closing balance	(840,586,787)	(605,728,258)

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

	2019 VND	2018 VND
Opening balance	(921,571,652)	(8,121,391,011)
Increase in allowance during the year	(366,306,689)	(301,697,683)
Increase from business acquisition	(4,685,428,501)	-
Allowance utilised during the year	-	7,501,517,042
Closing balance	(5,973,306,842)	(921,571,652)

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6. Inventories

	31/12/2019		1/1/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	749,979,994,029	-	1,238,073,977,728	-
Raw materials	2,661,481,393,725	(10,038,265,185)	2,768,993,402,085	(6,086,246,473)
Tools and supplies	36,772,262,332	-	28,371,666,681	-
Work in progress	170,681,379,523	-	104,353,403,803	-
Finished goods	1,340,143,116,595	(3,032,130,876)	1,338,140,872,718	(6,372,143,153)
Merchandise inventories	29,311,606,981	-	59,011,157,448	-
Goods on consignment	7,745,046,793	-	1,359,868,517	-
	4,996,114,799,978	(13,070,396,061)	5,538,304,348,980	(12,458,389,626)

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

	2019 VND	2018 VND
Opening balance	(12,458,389,626)	(20,243,661,977)
Increase in allowance during the year	(29,790,124,288)	(30,540,848,073)
Allowance written back during the year	28,237,030,891	35,609,112,758
Allowance utilised during the year	941,086,962	2,717,007,666
Closing balance	(13,070,396,061)	(12,458,389,626)

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7. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Livestock VND	Others VND	Total VND
Cost							
Opening balance	4,495,227,310,593	15,705,241,140,444	1,091,063,924,291	645,341,744,810	999,183,103,832	16,303,226,342	22,952,360,450,312
Additions	39,848,213,040	434,467,589,924	57,566,803,880	60,123,121,833	27,585,774,385	1,045,327,800	620,636,830,862
Transfer from inventories	-	-	-	-	399,741,923,305	-	399,741,923,305
Transfer from investment properties	63,784,035,554	2,055,143,625	-	-	-	-	65,839,179,179
Transfer from construction in progress	269,949,632,767	934,347,517,986	44,886,244,275	4,228,936,612	-	-	1,253,412,331,640
Increase from business acquisition	367,881,793,205	766,598,218,652	75,923,735,627	1,376,063,180	77,942,312,860	6,369,163,924	1,296,091,287,448
Other increases	-	-	-	-	173,835,000	-	173,835,000
Reclassification	(413,790,650)	1,003,020,970	(64,200,000)	(525,030,320)	-	-	-
Disposals	(16,609,811,323)	(24,776,227,449)	(51,994,352,272)	(5,490,189,788)	(254,200,546,439)	(4,142,006,468)	(357,213,133,739)
Other decreases	(20,848,514)	(416,763,618)	-	(39,849,935)	(1,591,617,094)	-	(2,069,079,161)
Currency translation differences	(215,592,352)	(1,167,481,049)	(28,758,023)	(38,744,545)	(82,539,354)	(4,355,274)	(1,537,470,597)
Closing balance	5,219,430,942,320	17,817,352,159,485	1,217,353,397,778	704,976,051,847	1,248,752,246,495	19,571,356,324	26,227,436,154,249
Accumulated depreciation							
Opening balance	1,440,392,325,920	7,137,290,803,408	555,678,581,045	454,853,028,048	314,811,353,523	1,562,926,932	9,904,589,018,876
Charge for the year	234,457,783,661	1,354,352,491,506	100,820,960,797	55,652,219,611	177,148,385,798	632,283,706	1,923,064,125,079
Transfer from investment properties	39,325,113,984	1,894,488,466	-	-	-	-	41,219,602,450
Other increases	-	-	-	-	32,561,845	-	32,561,845
Increase from business acquisition	218,410,160,374	508,457,152,344	53,707,871,005	994,318,547	31,471,586,394	5,255,381,471	818,296,470,135
Reclassification	(35,949,100)	109,223,797	(52,965,000)	(20,309,697)	-	-	-
Disposals	(12,462,677,195)	(20,795,062,107)	(48,464,164,103)	(5,479,562,755)	(114,412,251,765)	(550,722,445)	(202,164,440,370)
Other decreases	(20,848,513)	-	(33,617,371)	(201,092,328)	(444,614,407)	-	(700,172,619)
Currency translation differences	(91,918,360)	(635,783,982)	(1,709,269)	(32,888,372)	(46,869,822)	(1,459,943)	(810,629,748)
Closing balance	1,919,973,990,771	8,980,673,313,432	661,654,957,104	505,765,713,054	408,560,151,566	6,898,409,721	12,483,526,535,648
Net book value							
Opening balance	3,054,834,984,673	8,567,950,337,036	535,385,343,246	190,488,716,762	684,371,750,309	14,740,299,410	13,047,771,431,436
Closing balance	3,299,456,951,549	8,836,678,846,053	555,698,440,674	199,210,338,793	840,192,094,929	12,672,946,603	13,743,909,618,601



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Included in the cost of tangible fixed assets were assets costing VND3,784,674 million which were fully depreciated as at 31 December 2019 (1/1/2019: VND3,051,391 million), but which are still in active use.

8. Intangible fixed assets

	Land use rights VND	Trademark VND	Raw material area VND	Software VND	Others VND	Total VND
Cost						
Opening balance	275,787,746,133	-	-	149,557,040,259	50,224,650,000	475,569,436,392
Additions	154,390,500,600	-	-	778,078,240	-	155,168,578,840
Transfer from construction in progress	-	-	-	1,796,970,000	-	1,796,970,000
Increase from business acquisition	140,579,011,356	276,413,594,392	164,964,058,635	3,429,000,000	-	585,385,664,383
Reclassification from long-term prepaid expenses	112,529,876,900	-	-	-	-	112,529,876,900
Written off	-	-	-	(32,498,901,455)	-	(32,498,901,455)
Currency translation differences	(230,367,825)	-	-	(2,024,500)	(54,250,000)	(286,642,325)
Closing balance	683,056,767,164	276,413,594,392	164,964,058,635	123,060,162,544	50,170,400,000	1,297,664,982,735
Accumulated amortisation						
Opening balance	11,313,596,385	-	-	112,650,522,345	34,023,150,000	157,987,268,730
Charge for the year	6,896,996,940	-	-	14,501,146,224	-	21,398,143,164
Increase from business acquisition	-	-	-	855,772,603	-	855,772,603
Reclassification from long-term prepaid expenses	331,039,633	-	-	-	-	331,039,633
Written off	-	-	-	(32,498,901,455)	-	(32,498,901,455)
Currency translation differences	-	-	-	(2,188,042)	(36,750,000)	(38,938,042)
Closing balance	18,541,632,958	-	-	95,506,351,675	33,986,400,000	148,034,384,633
Net book value						
Opening balance	264,474,149,748	-	-	36,906,517,914	16,201,500,000	317,582,167,662
Closing balance	664,515,134,206	276,413,594,392	164,964,058,635	27,553,810,869	16,184,000,000	1,149,630,598,102

Included in the cost of intangible fixed assets were assets costing VND56,267 million which were fully amortised as at 31 December 2019 (1/1/2019: VND54,118 million), but which are still in use.

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9. Investment property

	Land use rights VND	Infrastructure VND	Buildings VND	Total VND
Cost				
Opening balance	39,821,793,375	6,464,218,561	101,034,438,687	147,320,450,623
Transfer to tangible fixed assets	-	(5,994,290,197)	(59,844,888,982)	(65,839,179,179)
Closing balance	39,821,793,375	469,928,364	41,189,549,705	81,481,271,444
Accumulated depreciation				
Opening balance	4,610,911,366	5,798,297,944	46,663,040,554	57,072,249,864
Charge for the year	865,672,681	211,744,707	2,533,089,906	3,610,507,294
Transfer to tangible fixed assets	-	(5,540,114,287)	(35,679,488,163)	(41,219,602,450)
Closing balance	5,476,584,047	469,928,364	13,516,642,297	19,463,154,708
Net book value				
Opening balance	35,210,882,009	665,920,617	54,371,398,133	90,248,200,759
Closing balance	34,345,209,328	-	27,672,907,408	62,018,116,736

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

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

Included in the cost of investment property held to earn rental was assets costing VND470 million which were fully depreciated as at 31 December 2019 (1/1/2019: VND7,892 million), but which are still in active use.

10. Long-term work in progress

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

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11. Construction in progress

	2019	2018
	VND	VND
Opening balance	653,847,678,004	1,746,890,968,380
Additions	1,360,141,492,392	2,522,897,009,069
Increase from business acquisition	-	41,775,811,751
Transfer to tangible fixed assets	(1,253,412,331,640)	(3,506,082,322,887)
Transfer to intangible fixed assets	(1,796,970,000)	(9,493,334,500)
Transfer to inventories	(5,507,091,233)	(7,369,748,224)
Transfer to short-term prepaid expenses	(13,371,239,438)	(1,578,803,935)
Transfer to long-term prepaid expenses	(30,607,848,661)	(92,804,867,250)
Disposals	(3,005,364,532)	(29,427,130,703)
Other decreases	(11,991,087,321)	(11,114,841,576)
Currency translation differences	(85,579,064)	154,937,879
Closing balance	694,211,658,507	653,847,678,004

Major constructions in progress were as follows:

	31/12/2019	1/1/2019
	VND	VND
Thong Nhat Thanh Hoa Dairy Cow One Member Limited Company	334,702,066,025	199,731,336,725
Vietnam Dairy Cow One Member Limited Company	133,837,220,407	102,154,976,125
Others	225,672,372,075	351,961,365,154
	694,211,658,507	653,847,678,004

12. Prepaid expenses

(a) Short-term prepaid expenses

	31/12/2019	1/1/2019
	VND	VND
Software deployment and networks maintenance	9,572,209,173	5,593,701,960
Advertising	9,658,640,649	1,760,281,563
Operating lease	5,626,854,948	1,604,474,481
Tools and supplies	14,812,274,870	17,012,413,694
Renovation and repair	8,718,925,773	11,759,637,267
Other short-term prepaid expenses	20,245,436,425	17,090,611,292
	68,634,341,838	54,821,120,257

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(b) Long-term prepaid expenses

	Prepaid Land costs VND	Tools and instruments VND	Others VND	Total VND
Opening balance	422,774,698,476	227,889,846,740	99,934,931,088	750,599,476,304
Additions	3,195,576,200	138,188,053,706	56,268,697,705	197,652,327,611
Increase from business acquisition	-	6,823,239,850	2,154,714,773	8,977,954,623
Transfer from construction in progress	-	10,771,023,049	19,836,825,612	30,607,848,661
Amortisation for the year	(8,850,176,814)	(137,993,212,158)	(47,026,454,524)	(193,869,843,496)
Reclassification to intangible fixed assets	(112,198,837,267)	-	-	(112,198,837,267)
Other decreases	-	(775,555)	(3,084,789,494)	(3,085,565,049)
Currency translation differences	(33,678,033)	(18,265,790)	(937,695)	(52,881,518)
Closing balance	304,887,582,562	245,659,909,842	128,082,987,465	678,630,479,869

13. Deferred tax assets and liabilities

(a) Deferred tax assets

	31/12/2019 VND	1/1/2019 VND
Deferred tax assets		
Foreign exchange differences	3,257,402,544	4,506,066,449
Accrued expenses and provisions	23,109,878,308	31,954,599,399
Net deferred tax assets	26,367,280,852	36,460,665,848

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(b) Deferred tax liabilities

	31/12/2019	1/1/2019
	VND	VND
Deferred tax assets		
Accounts receivable	1,526,659,840	1,172,386,830
Inventories	909,887,600	941,746,905
Tax losses carry forwards	29,950,457,200	31,369,020,270
Accrued expenses	6,864,189,280	5,670,987,900
Others	2,854,973,200	2,500,562,655
Total deferred tax assets	42,106,167,120	41,654,704,560
Deferred tax liabilities		
Fixed assets	(392,607,456,097)	(221,960,420,440)
Others	(24,425,586,400)	(24,451,998,151)
Total deferred tax liabilities	(417,033,042,497)	(246,412,418,591)
Net deferred tax liabilities	(374,926,875,377)	(204,757,714,031)

Deferred tax assets have been recognised on taxable temporary differences and tax losses incurred at Driftwood Dairy Holding Corporation, a subsidiary incorporated and operating in the United States of America, using its effective tax rate.

14. Goodwill

	2019	2018
	VND	VND
Opening balance	538,340,102,319	474,930,098,235
Increase from business acquisition (Note V.1)	1,573,025,317,423	120,331,532,026
Pre-existing goodwill (Note V.1)	322,646,602,633	-
Charge for the year	(67,951,918,380)	(56,921,527,942)
Closing balance	2,366,060,103,995	538,340,102,319

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15. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant supplier

	31/12/2019		1/1/2019	
	Carrying amount VND	Repayable amount VND	Carrying amount VND	Repayable amount VND
Other suppliers	3,648,445,576,699	3,648,445,576,699	3,991,064,706,111	3,991,064,706,111

(b) Accounts payable to related parties

	31/12/2019 VND	1/1/2019 VND
Associates		
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.

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16. Borrowings

(a) Short-term borrowings

	1/1/2019 VND	Incurred VND	Paid VND	Currency translation differences VND	31/12/2019 VND
Short-term borrowings	1,002,185,152,329	10,152,720,171,563	(5,823,995,612,490)	(256,451,211)	5,330,653,260,191
Current portion of long-term borrowings	57,862,500,000	20,860,200,000	(57,945,000,000)	30,300,000	20,808,000,000
	1,060,047,652,329	10,173,580,371,563	(5,881,940,612,490)	(226,151,211)	5,351,461,260,191

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

Lenders	Note	Currency	Annual interest rate	31/12/2019 VND	1/1/2019 VND
Sumitomo Mitsui Banking Corporation, Ho Chi Minh City Branch	(i)	USD	2.70%	2,320,900,000,000	-
The Bank of Tokyo – Mitsubishi UFJ Ltd., Ho Chi Minh City Branch	(i)	USD	2.24%	2,554,200,000,000	-
HSBC Bank USA	(ii)	USD	3.52%	140,403,085,136	-
Joint Stock Commercial Bank for Investment and Development of Vietnam, Khanh Hoa Branch	(iii)	VND	6.50%	155,169,168,643	135,014,812,812
HSBC Bank (Vietnam) Limited, Ho Chi Minh City Branch	(iv)	VND	4.90% – 5.50%	159,981,006,412	-
The Bank of Tokyo – Mitsubishi UFJ Ltd., Ho Chi Minh City Branch		VND	5.15% – 5.30%	-	700,000,000,000
Vietnam Bank for Agriculture and Rural Development, Khanh Hoa Branch		VND	5.50% – 6.50%	-	100,000,000,000
Wells Fargo		USD	4.57%	-	67,170,339,517
				5,330,653,260,191	1,002,185,152,329



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- (i) These loans were unsecured.
- (ii) This loan was secured by assets with carrying amount of VND750,071 million as at 31 December 2019.
- (iii) These loans were secured by fixed assets with carrying amount of VND229,724 million as at 31 December 2019 (1/1/2019: VND250,736 million).
- (iv) These loans were secured by inventories with amount of VND160,000 million as at 31 December 2019.

(b) Long-term borrowings

	1/1/2019 VND	Incurred VND	Paid VND	Currency translation differences VND	31/12/2019 VND
Long-term borrowings	273,661,419,361	278,136,000,000	(408,027,936,468)	31,500,000	143,800,982,893
Current portion of long-term borrowings	(57,862,500,000)	(20,860,200,000)	57,945,000,000	(30,300,000)	(20,808,000,000)
	215,798,919,361	257,275,800,000	(350,082,936,468)	1,200,000	122,992,982,893



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

Lenders	Note	Currency	Annual interest rate	Year of maturity	31/12/2019 VND	1/1/2019 VND
HSBC Bank USA	(i)	USD	4.11%	2020	138,720,000,000	-
Individuals	(ii)	VND	5.40%	2039	5,080,982,893	7,493,919,361
Sumitomo Mitsui Banking Corporation, Ho Chi Minh City Branch		USD	4.33%	2020	-	266,167,500,000
					143,800,982,893	273,661,419,361

- (i) This loan was secured by assets with carrying amount of VND750,071 million as at 31 December 2019.
- (ii) These loans were unsecured.

17. Taxes payable to State Treasury

	1/1/2019 VND	Incurred VND	Increase from business acquisition VND	Paid VND	Currency translation differences VND	31/12/2019 VND
Value added tax	72,767,678,106	2,304,673,106,362	1,933,795,992	(2,236,398,727,547)	(2,803,434)	142,973,049,479
Corporate income tax	240,617,447,257	2,238,365,796,113	2,842,306,937	(2,033,592,165,968)	34,561,820	448,267,946,159
Personal income tax	13,883,959,734	227,371,036,397	735,128,415	(226,890,990,551)	(630,169)	15,098,503,826
Import tax	12,600,974,855	262,384,739,344	-	(265,971,783,667)	(2,932,796)	9,010,997,736
Other taxes	1,798,987,671	78,979,091,954	656,779,000	(77,389,757,521)	(1,932,454)	4,043,168,650
	341,669,047,623	5,111,773,770,170	6,168,010,344	(4,840,243,425,254)	26,262,967	619,393,665,850

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18. Short-term accrued expenses

	31/12/2019	1/1/2019
	VND	VND
Sale incentives, promotion	772,113,174,851	776,107,581,197
Advertising expenses	528,630,512,164	94,497,076,043
Transportation expenses	80,462,406,538	79,971,625,109
Repair and maintenance expenses	27,555,234,704	28,619,830,706
Fuel expenses	9,088,689,260	13,191,035,875
Expenses for outsourced employees	75,439,919,727	102,360,840,273
Rental fees	11,421,374,844	4,735,827,809
Interest expense	111,732,978,978	230,824,640,480
Others	121,877,617,778	106,924,075,242
	1,738,321,908,844	1,437,232,532,734

19. Other short-term payables

	31/12/2019	1/1/2019
	VND	VND
Other payables relating to financial investments	-	461,267,419,155
Short-term deposits received	23,018,045,907	35,007,209,187
Insurance and trade union fees	6,257,352,031	3,967,101,640
Dividend payables	1,790,475,448,000	1,741,407,855,000
Outstanding cheques in exceed of bank balance	-	43,268,352,898
Import duty payables	-	13,862,123,850
Insurance on livestock and dairy prices	53,845,326,860	-
Others	82,768,226,030	241,547,890,202
	1,956,364,398,828	2,540,327,951,932

20. Provision – short-term

	31/12/2019	1/1/2019
	VND	VND
Provision for severance allowance (*)	5,223,048,135	4,502,303,315
Provision for regular fixed assets maintenance	1,680,238,911	-
Others	1,145,598,720	-
	8,048,885,766	4,502,303,315

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

	2019	2018
	VND	VND
Opening balance	7,014,989,703	102,523,428,175
Increase in provision during the year	5,135,186,530	3,235,466,057
Provision used during the year	(4,408,869,921)	(3,588,000,731)
Provision written back during the year	(2,518,258,177)	(95,155,903,798)
Closing balance	5,223,048,135	7,014,989,703
Of which:		
Provision – short-term	5,223,048,135	4,502,303,315
Provision – long-term	-	2,512,686,388

21. 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:

	2019	2018
	VND	VND
Opening balance	507,013,437,050	692,489,769,561
Increase from business acquisition	58,057,048,774	-
Appropriation	1,042,687,225,216	1,006,694,001,566
Other increases	-	149,174,000
Utilisation	(973,821,154,429)	(1,192,319,508,077)
Closing balance	633,936,556,611	507,013,437,050

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22. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
As at 1 January 2018	14,514,534,290,000	260,699,620,761	(7,159,821,800)	18,367,457,133	2,851,905,410,228	5,736,920,629,462	497,790,228,077	23,873,057,813,861
Capital increase from bonus shares	2,902,343,640,000	(260,699,620,761)	-	-	(2,641,644,019,239)	-	-	-
Purchase of treasury shares	-	-	(3,325,885,560)	-	-	-	-	(3,325,885,560)
Net profit for the year	-	-	-	-	-	10,227,281,151,464	(21,651,440,225)	10,205,629,711,239
Appropriation to equity funds	-	-	-	-	981,410,982,604	(981,410,982,604)	-	-
Appropriation to bonus and welfare fund (Note V.21)	-	-	-	-	-	(1,006,694,001,566)	-	(1,006,694,001,566)
Increase from business acquisition	-	-	-	-	-	-	14,095,761,802	14,095,761,802
Dividends (Note V.24)	-	-	-	-	-	(6,820,662,482,500)	-	(6,820,662,482,500)
Currency translation differences	-	-	-	9,268,374,651	-	-	-	9,268,374,651
As at 1 January 2019	17,416,877,930,000	-	(10,485,707,360)	27,635,831,784	1,191,672,373,593	7,155,434,314,256	490,234,549,654	26,271,369,291,927
Increase from business acquisition	-	-	-	-	-	-	1,671,828,944,895	1,671,828,944,895
Capital contribution	-	-	-	-	-	-	127,768,725,000	127,768,725,000
Purchase of treasury shares	-	-	(1,159,248,760)	-	-	-	-	(1,159,248,760)
Net profit for the year	-	-	-	-	-	10,581,175,671,989	(26,843,791,098)	10,554,331,880,891
Appropriation to equity funds	-	-	-	-	1,008,515,999,602	(1,008,515,999,602)	-	-
Appropriation to bonus and welfare fund (Note V.21)	-	-	-	-	-	(1,042,687,225,216)	-	(1,042,687,225,216)
Other increases/(decreases)	-	-	-	-	-	26,276,249,997	(35,791,467,980)	(9,515,217,983)
Dividends (Note V.24)	-	-	-	-	-	(7,836,220,609,500)	-	(7,836,220,609,500)
Currency translation differences	-	-	-	(4,461,336,890)	-	-	-	(4,461,336,890)
As at 31 December 2019	17,416,877,930,000	-	(11,644,956,120)	23,174,494,894	2,200,188,373,195	7,875,462,401,924	2,227,196,960,471	29,731,255,204,364



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23. Share capital

The Company's authorised and issued share capital are:

	31/12/2019		1/1/2019	
	Number of shares	VND	Number of shares	VND
Authorised share capital	1,741,687,793	17,416,877,930,000	1,741,687,793	17,416,877,930,000
Issued shares				
Ordinary shares	1,741,687,793	17,416,877,930,000	1,741,687,793	17,416,877,930,000
Treasury shares				
Ordinary shares	(310,099)	(11,644,956,120)	(276,210)	(10,485,707,360)
Shares currently in circulation				
Ordinary shares	1,741,377,694	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:

	31/12/2019 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%
	17,416,877,930,000	100.00%

24. Dividends

Pursuant to the Resolution of Annual General Meeting of Shareholders, the Board of Management of the Company on 19 April 2019, 3 September 2019 and 2 December 2019 resolved to distribute dividends in relation to 2018 and 2019 profits, totally amounting to VND7,836,221 million (VND1,500 per share for the remaining distribution for the fiscal year 2018, VND2,000 per share for the first distribution for the fiscal year 2019 and VND1,000 per share for the second advance distribution for the fiscal year 2019) (for the year ended 31 December 2018: VND6,820,662 million (VND1,500 per share for the remaining distribution 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)).

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25. Off balance sheet items

(a) Leases

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

	31/12/2019	1/1/2019
	VND	VND
Within one year	26,573,411,505	27,981,487,983
Within two to five years	61,288,770,406	71,434,602,290
More than five years	372,475,927,006	435,377,745,996
	460,338,108,917	534,793,836,269

(b) Foreign currencies

	31/12/2019		1/1/2019	
	Original currency	VND equivalent	Original currency	VND equivalent
▪ USD	18,849,582.01	427,479,136,071	5,789,336.73	133,994,198,570
▪ EUR	1,070.24	27,562,961	3,219.93	84,845,156
		427,506,699,032		134,079,043,726

(c) Capital commitments

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

	31/12/2019	1/1/2019
	VND	VND
Approved and contracted	2,250,010,458,648	2,623,320,438,226



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VI. SUPPLEMENTARY INFORMATION TO ITEMS DISCLOSED IN THE CONSOLIDATED STATEMENT 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:

	2019	2018
	VND	VND
Total revenue		
▪ Sales of finished goods	54,051,206,283,709	50,583,075,569,589
▪ Sales of merchandise goods	2,121,875,131,531	1,776,434,735,965
▪ Other services	57,429,475,380	61,508,966,437
▪ Rental income from investment property	11,081,348,335	16,985,591,588
▪ Others	158,637,487,762	191,225,563,705
	56,400,229,726,717	52,629,230,427,284
Less revenue deductions		
▪ Sale discounts	35,320,204,853	24,468,134,008
▪ Sale returns	46,786,759,120	42,812,322,684
	82,106,963,973	67,280,456,692
Net revenue	56,318,122,762,744	52,561,949,970,592

In which revenue from sales to a related party was as follows:

	2019	2018
	VND	VND
Associates		
APIS Corporation	302,263,750	300,586,875
	302,263,750	300,586,875

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2. Cost of sales

	2019	2018
	VND	VND
Total cost of sales		
▪ Finished goods sold	27,399,359,100,623	25,966,686,345,927
▪ Merchandise goods sold	1,968,762,621,193	1,570,999,389,716
▪ Costs of promotional goods and merchandise	245,378,295,206	256,520,352,313
▪ Operating costs of investment property	4,285,651,543	8,429,185,015
▪ Other services	7,175,585,374	13,149,311,550
▪ Inventories losses	-	77,588,612
▪ Under-capacity costs	79,028,613,103	75,786,414,033
▪ Increase/(decrease) of allowance for inventories	1,553,093,397	(5,068,264,685)
▪ Other cost of sales	40,363,151,678	63,963,179,020
	29,745,906,112,117	27,950,543,501,501

3. Financial income

	2019	2018
	VND	VND
Interest income from deposits	724,201,948,913	665,813,438,377
Interest income from corporate bonds	-	10,936,582,192
Foreign exchange gains	45,677,155,030	55,684,233,977
Dividends	26,388,617	1,826,192,791
Others	37,411,214,923	25,656,943,664
	807,316,707,483	759,917,391,001

4. Financial expenses

	2019	2018
	VND	VND
Interest expense on borrowings	108,824,893,987	51,367,418,852
Interest expense on deposits received	209,154,467	1,309,845,580
Foreign exchange losses	60,074,270,250	58,022,973,593
Allowance for diminution in value of financial investments	602,410,313	217,913,972
Payment discounts for customers	16,644,639,654	5,102,194,900
Others	614,313,157	1,986,654,777
	186,969,681,828	118,007,001,674

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5. Selling expenses

	2019	2018
	VND	VND
Staff costs	662,893,692,363	603,641,303,823
Materials expenses	58,598,092,914	62,452,892,303
Tools and supplies expenses	101,797,093,375	123,607,444,086
Depreciation expenses	32,209,218,234	40,456,552,631
Expenses of damaged goods	47,010,411,525	44,550,977,735
Transportation expenses	656,573,934,636	623,818,802,250
Outside service expenses	538,070,812,541	488,367,274,042
Advertising and market research expenses	2,099,837,013,737	1,754,565,156,017
Promotion, product display expenses, support and commission expenses for distributors	8,796,464,283,527	8,524,476,503,546
	12,993,454,552,852	12,265,936,906,433

6. General and administration expenses

	2019	2018
	VND	VND
Staff costs	593,317,535,442	430,316,233,422
Materials expenses	40,456,896,979	43,307,886,827
Office supplies	21,033,022,257	22,088,490,674
Depreciation expenses	91,973,691,054	91,455,776,516
Taxes, fees and duties	17,487,095,595	13,474,172,283
Allowance for doubtful debts and provision for severance allowance	7,541,515,077	7,448,548,203
Transportation expenses	42,897,711,789	38,430,575,736
Outside service expenses	319,849,426,955	257,840,111,482
Loading expenses	30,064,181,864	28,000,035,605
Per-diem allowances	56,796,678,410	51,120,138,866
Bank charges	14,954,730,837	11,841,257,499
Others	159,929,930,696	137,977,004,677
	1,396,302,416,955	1,133,300,231,790

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7. Other income

	2019 VND	2018 VND
Proceeds from disposals of fixed assets and construction in progress	115,441,098,773	188,199,147,154
Compensations received from other parties	6,090,919,888	6,713,533,550
Tax refunded	4,532,009,470	-
Rebate income from suppliers	91,200,000,000	127,151,102,534
Others	32,182,231,048	128,183,546,742
	249,446,259,179	450,247,329,980

8. Other expenses

	2019 VND	2018 VND
Book value of fixed assets and construction in progress disposed	158,054,057,901	256,035,363,737
Others	92,772,678,093	19,029,140,872
	250,826,735,994	275,064,504,609

9. Production and business costs by element

	2019 VND	2018 VND
Raw material costs included in production costs	23,085,598,914,758	22,569,828,439,864
Labour costs and staff costs	2,461,783,667,411	2,116,120,236,299
Depreciation and amortisation	1,937,044,165,899	1,617,572,091,599
Outside services	2,714,954,382,152	2,473,261,223,328
Other expenses	11,839,165,502,615	11,200,481,378,273

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10. Income tax

(a) Recognised in the consolidated statement of income

	2019	2018
	VND	VND
Current tax expense	2,238,365,796,113	1,874,905,225,483
<i>In which: Current tax expense relating to taxable income of prior years</i>	<i>124,920,226,014</i>	<i>26,933,057,444</i>
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	3,011,961,553	(28,838,670,599)
Income tax expense	2,241,377,757,666	1,846,066,554,884

(b) Reconciliation of effective tax rate

	2019	2018
	VND	VND
Accounting profit before tax	12,795,709,638,557	12,051,696,266,123
Tax at the Company's tax rate	2,559,141,927,711	2,410,339,253,225
Tax rate differential applied to Company's subsidiaries, branches and factories	(54,414,533,305)	(27,413,862,476)
Tax exempt income	(5,277,723)	(365,238,558)
Non-deductible expenses	15,588,846,243	8,775,122,365
Tax incentives	(407,864,910,964)	(549,214,718,352)
Deferred tax assets not previously recognised	4,011,479,690	(22,987,058,764)
Current tax expense relating to taxable income of prior years	124,920,226,014	26,933,057,444
	2,241,377,757,666	1,846,066,554,884

(c) Applicable tax rates

The companies in the Group are required to pay income tax at rates ranging from 10% to 21%, depending on principal activities of its factories, on taxable profits. The Company and its subsidiaries incurred the income tax charges.



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11. Basic earnings per share

The calculation of earnings per share for the year ended 31 December 2019 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund and a weighted average number of ordinary shares outstanding, calculated as follows:

(a) Net profit attributable to ordinary shareholders

	2019	2018
	VND	VND
Net profit for the year – attributable to ordinary shareholders before appropriation to bonus and welfare fund	10,581,175,671,989	10,227,281,151,464
Appropriation to bonus and welfare fund	(1,042,687,225,216)	(1,006,694,001,566)
Net profit for the year attributable to ordinary shareholders after appropriation to bonus and welfare fund	9,538,488,446,773	9,220,587,149,898

(b) Weighted average number of ordinary shares

	2019	2018
	Number of shares	Number of shares
Issued ordinary shares at the beginning of the year	1,741,411,583	1,451,278,520
Effect of bonus shares issues during the year	-	290,253,883
Effect of treasury shares purchased during the year	(20,259)	(56,328)
Weighted average number of ordinary shares for the year ended 31 December	1,741,391,324	1,741,476,075

As at 31 December 2019, the Group did not have potentially dilutive ordinary shares.

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

Related party	Relationship	Nature of transaction	2019 VND	2018 VND
Miraka Holdings Limited	Associate	Purchases of goods	71,979,909,120	92,116,872,865
APIS Corporation	Associate	Purchases of goods Capital contribution	86,589,779,905 -	368,669,693,195 12,250,000,000
Asia Coconut Processing Joint Stock Company	Associate	Purchases of goods and services	14,275,545,286	41,201,750
Members of Board of Management and Board of Directors		Compensation	107,144,571,099	105,156,020,454
The State Capital Investment Corporation		Dividends	3,448,851,092,500	2,612,765,980,000

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Vietnam Dairy Products Joint Stock Company and its subsidiaries
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2. Segment information

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

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

Geographical segments

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

	Domestic (Customers located in Vietnam)		Overseas (Customers located in countries other than Vietnam)		Total	
	Year ended		Year ended		Year ended	
	2019 VND	2018 VND	2019 VND	2018 VND	2019 VND	2018 VND
Net revenue	47,554,538,149,171	44,747,261,858,074	8,763,584,613,573	7,814,688,112,518	56,318,122,762,744	52,561,949,970,592
Cost of sales	(25,120,703,133,945)	(23,804,252,809,032)	(4,625,202,978,172)	(4,146,290,692,469)	(29,745,906,112,117)	(27,950,543,501,501)
Segment gross profit	22,433,835,015,226	20,943,009,049,042	4,138,381,635,401	3,668,397,420,049	26,572,216,650,627	24,611,406,469,091

30 January 2020

Prepared by:



Le Thanh Liem
Executive Director – Finance
cum Chief Accountant

Approved by:



Mai Kieu Lien
Chief Executive Officer

