VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

SINGLE-ENTITY INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012

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VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

CORPORATE INFORMATION

Business Registration Certificate No.	4103001932 dated 20 November 2003 issued by the Planning and Investment Department of Ho Chi Minh City. The Business Registration Certificate has been amended several times and its latest amendment no. 0300588569 dated 7 March 2012 issued by the Planning and Investment Department of Ho Chi Minh City.	
Board of Management	Mdm Mai Kieu Lien	Chairwoman
	Mr Le Song Lai	Member (appointed on 23 March 2012)
	Mr Hoang Nguyen Hoc	Member (resigned on 23 March 2012)
	Ms Ngo Thi Thu Trang	Member
	Mr Wang Eng Chin	Member
	Mr Le Anh Minh	Member
Board of Directors	Mdm Mai Kieu Lien	Chief Executive Officer
	Ms Nguyen Thi Thanh Hoa	Executive Director - Supply Chain
	Ms Nguyen Thi Nhu Hang	Executive Director Dairy Farm Development
	Ms Ngo Thi Thu Trang	Executive Director - Finance
	Mr Tran Minh Van	Executive Director - Project
	Mr Nguyen Quoc Khanh	Acting Executive Director Production and Products Development
	Ms Nguyen Huu Ngoc Tran	Acting Executive Director - Marketing
	Mr Pham Phu Tuan	Acting Executive Director - Sales
Legal representative	Mdm Mai Kieu Lien	Chief Executive Officer
Registered office	10, Tan Trao Street, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	
Auditor	PricewaterhouseCoopers (Vietnam) Limited	

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN RESPECT OF THE SINGLE-ENTITY INTERIM FINANCIAL STATEMENTS

The Board of Directors is responsible for the single-entity interim financial statements of Vietnam Dairy Products Joint Stock Company ("the Company") which give a true and fair view of the financial position of the Company as at 31 March 2012 and of the results and cash flows for the three-month period then ended. In preparing these single-entity interim financial statements, the Board of Directors is required to:

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

The Board of Directors is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable the single-entity interim financial statements to be prepared which complies with the basis of accounting set out in Note 2 to the single-entity interim financial statements. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE SINGLE-ENTITY INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying single-entity interim financial statements set out on pages 4 to 38 which give a true and fair view of the financial positions of the Company as at 31 March 2012, and of the results of operations and cash flows for the three-month period ended 31 March 2012 in accordance with the Vietnamese Accounting Standard 27 – *Interim Financial Reporting*.

On behalf of the Board of Directors

CÔNG TY CỔ PHẦN SỮA VIỆT NAM VINAMILK

Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, SR Vietnam
3 May 2012

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE SHAREHOLDERS OF VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

We have reviewed the accompanying single-entity interim financial statements of Vietnam Dairy Products Joint Stock Company ("the Company") which were approved by the Board of Directors on 3 May 2012. These single-entity interim financial statements include the balance sheet as at 31 March 2012, the related income statement and cash flow statement for the three-month period then ended, and selected notes to the single-entity interim financial statements, as set out on pages 4 to 38. The Board of Directors is responsible for the preparation and presentation of these single-entity interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam. Our responsibility is to express a conclusion on these single-entity interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Vietnamese Auditing Standard No. 910 - *Engagement to Review Financial Statements*. This standard requires that we plan and perform the review to obtain moderate assurance as to whether these single-entity interim financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel, analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying single-entity interim financial statements are not presented fairly, in all material respects, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam.

CÔNG TY TRÁCH NHIỆM HỮU HẠN PRICEWATERHOUSECOOPERS VIỆT NAM

Ian S. Lydall
AC No. N.0559/KTV
Chairman

Quach Thanh Chau
AC No. N.0875/KTV

PricewaterhouseCoopers (Vietnam) Limited
Ho Chi Minh City, SR Vietnam
Review report number HCM3264
3 May 2012

As indicated in Note 2.1 to the single-entity interim financial statements, the accompanying single-entity interim financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in jurisdictions other than SR Vietnam.

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VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Form B 01 – DN

BALANCE SHEET

Code	ASSETS	Note	31.3.2012 VND	31.12.2011 VND
100	**CURRENT ASSETS**		**9,903,979,864,804**	**9,279,160,021,716**
110	**Cash and cash equivalents**	3	**2,942,613,892,234**	**3,101,435,901,849**
111	Cash		852,613,892,234	771,435,901,849
112	Cash equivalents		2,090,000,000,000	2,330,000,000,000
120	**Short-term investments**	4(a)	**632,275,956,892**	**736,033,188,192**
121	Short-term investments		707,277,431,792	815,277,431,792
129	Provision for diminution in value of short-term investments		(75,001,474,900)	(79,244,243,600)
130	**Accounts receivable**		**2,352,075,174,052**	**2,126,947,803,251**
131	Trade accounts receivable	5	1,388,515,884,227	1,152,632,033,803
132	Prepayments to suppliers		729,154,594,712	743,668,199,436
135	Other receivables	6	237,300,406,908	232,545,166,006
139	Provision for doubtful debts		(2,895,711,795)	(1,897,595,994)
140	**Inventories**	7	**3,804,764,102,972**	**3,186,792,095,368**
141	Inventories		3,808,864,421,004	3,191,726,002,038
149	Provision for decline in value of inventories		(4,100,318,032)	(4,933,906,670)
150	**Other current assets**		**172,250,738,654**	**127,951,033,056**
151	Short-term prepayments	8(a)	49,481,682,831	56,321,028,026
152	Value Added Tax to be reclaimed		121,181,065,909	70,615,030,542
158	Other current assets		1,587,989,914	1,014,974,488

The notes on pages 10 to 38 are an integral part of these single-entity interim financial statements.

BALANCE SHEET
(continued)

Code	ASSETS (continued)	Note	31.3.2012 VND	31.12.2011 VND
200	**LONG-TERM ASSETS**		**7,414,477,194,050**	**6,285,158,103,799**
220	**Fixed assets**		**5,619,536,773,047**	**4,571,226,735,584**
221	Tangible fixed assets	9(a)	3,191,625,415,841	3,140,742,111,001
222	Cost		4,970,088,162,590	4,819,396,220,602
223	Accumulated depreciation		(1,778,462,746,749)	(1,678,654,109,601)
227	Intangible fixed assets	9(b)	209,181,776,665	209,380,741,295
228	Cost		305,998,048,243	305,503,445,243
229	Accumulated depreciation		(96,816,271,578)	(96,122,703,948)
230	Construction in progress	9(c)	2,218,729,580,541	1,221,103,883,288
240	**Investment properties**	10	**72,192,912,925**	**73,182,137,539**
241	Cost		90,177,337,460	90,177,337,460
242	Accumulated depreciation		(17,984,424,535)	(16,995,199,921)
250	**Long-term investments**	4(b)	**1,633,993,992,956**	**1,550,368,535,378**
251	Investment in subsidiaries		863,652,380,127	823,752,380,127
252	Investments in joint ventures and associates		214,466,955,551	214,466,955,551
258	Other long-term investments		783,611,273,800	783,611,273,800
259	Provision for diminution in value of long-term investments		(227,736,616,522)	(271,462,074,100)
270	**Other long-term assets**		**88,753,515,122**	**90,380,695,298**
271	Long-term prepayments	8(b)	8,150,167,912	13,955,996,238
272	Deferred income tax assets	11	79,506,927,210	75,328,279,060
278	Other long-term assets		1,096,420,000	1,096,420,000
280	**TOTAL ASSETS**		**17,318,457,058,854**	**15,564,318,125,515**

The notes on pages 10 to 38 are an integral part of these single-entity interim financial statements.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Form B 01 – DN

BALANCE SHEET
(continued)

Code	RESOURCES	Note	31.3.2012 VND	31.12.2011 VND
300	**LIABILITIES**		**3,771,803,246,934**	**3,152,169,943,075**
310	**Current liabilities**		**3,613,429,161,071**	**2,993,592,789,307**
311	Short-term borrowings	12	416,560,000,000	-
312	Trade accounts payable	13	2,161,759,238,694	1,882,755,381,787
313	Advances from customers		111,047,546,056	116,844,952,210
314	Taxes and other payables to the State Budget	14	369,838,614,456	287,182,837,552
315	Payable to employees		52,620,167,998	42,008,506,653
316	Accrued expenses	15	253,229,888,136	260,206,170,893
319	Other payables	16	62,901,716,122	58,284,825,493
320	Bonus and welfare fund		185,471,989,609	346,310,114,719
330	**Long-term liabilities**		**158,374,085,863**	**158,577,153,768**
333	Other long-term liabilities	17	92,000,000,000	92,000,000,000
336	Provision for severance allowances	18	66,288,176,768	66,571,712,268
338	Unearned revenue		85,909,095	5,441,500
400	**OWNERS' EQUITY**		**13,546,653,811,920**	**12,412,148,182,440**
410	**Capital and reserves**		**13,546,653,811,920**	**12,412,148,182,440**
411	Share capital	19, 20	5,561,147,540,000	5,561,147,540,000
412	Share premium	20	1,276,994,100,000	1,276,994,100,000
414	Treasury shares	19, 20	(3,193,927,000)	(2,521,794,000)
417	Investment and development fund	20	1,085,493,695,027	908,024,236,384
418	Financial reserve fund	20	556,114,754,000	556,114,754,000
420	Undistributed earnings	20	5,070,097,649,893	4,112,389,346,056
440	**TOTAL RESOURCES**		**17,318,457,058,854**	**15,564,318,125,515**

OFF BALANCE SHEET ITEMS

Included in cash and cash equivalents are balances held in following foreign currencies:

	31.3.2012	31.12.2011
USD	22,857,484.60	27,989,325.30
EUR	8,784,257.93	1,482,877.52

CÔNG TY CỔ PHẦN SỮA VIỆT NAM VINAMILK M.S.D.N: 0300588569 QUẬN 7 - TP. HỒ CHÍ MINH

Le Thanh Liem	Ngo Thi Thu Trang	Mai Kieu Lien
Chief Accountant	Executive Director - Finance	Chief Executive Officer
		3 May 2012

The notes on pages 10 to 38 are an integral part of these single-entity interim financial statements.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Form B 02 – DN

INCOME STATEMENT

Code		Note	Three-month period ended 31.3.2012 VND	31.3.2011 VND
01	**Sales**		**6,029,433,088,507**	**4,664,024,143,012**
02	Less deductions		(108,236,690,257)	(94,014,614,375)
10	**Net sales**	22(a)	**5,921,196,398,250**	**4,570,009,528,637**
11	**Cost of sales**	23	**(4,132,982,954,883)**	**(3,074,224,806,397)**
20	**Gross profit**		**1,788,213,443,367**	**1,495,784,722,240**
21	Financial income	22(b)	145,095,098,189	132,808,957,946
22	Financial expenses	24	21,043,763,270	(103,791,269,871)
23	- *In which:* Interest expenses on loans		(91,392,431)	(3,834,299,984)
24	Selling expenses	25	(418,432,223,719)	(342,429,252,127)
25	General and administration expenses	26	(105,146,936,324)	(83,590,978,734)
30	**Operating profit**		**1,430,773,144,783**	**1,098,782,179,454**
31	Other income		118,121,404,697	117,891,432,026
32	Other expenses		(18,645,325,683)	(39,630,304,418)
40	**Net other income**	27	**99,476,079,014**	**78,261,127,608**
50	**Net accounting profit before tax**		**1,530,249,223,797**	**1,177,043,307,062**
51	**Business income tax - current**	28	**(273,119,246,969)**	**(180,839,410,072)**
52	**Business income tax - deferred**	28, 11	**4,178,648,150**	**1,232,401,988**
60	**Net profit after tax**		**1,261,308,624,978**	**997,436,298,978**
70	**Basic earnings per share (VND)**	29	**2,269**	**1,875**

CÔNG TY CỔ PHẦN SỮA VIỆT NAM VINAMILK

Le Thanh Liem Chief Accountant	Ngo Thi Thu Trang Executive Director - Finance	Mai Kieu Lien Chief Executive Officer 3 May 2012

The notes on pages 10 to 38 are an integral part of these single-entity interim financial statements.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Form B 03 – DN

CASH FLOW STATEMENT
(Indirect method)

Code		Note	Three-month period ended 31.3.2012 VND	31.3.2011 VND
	CASH FLOWS FROM OPERATING ACTIVITIES		**1,530,249,223,797**	**1,177,043,307,062**
01	**Net profit before tax**			
	Adjustments for:			
02	Depreciation and amortisation	9, 10	104,758,719,928	83,013,619,082
03	(Reversal of provisions)/provisions		(47,717,910,769)	27,990,513,860
04	Unrealised foreign exchange losses	24	8,638,094,816	34,663,241,154
05	Losses/(gains) from disposal of fixed assets	27	1,926,682,791	(988,783,783)
05	Interest and dividend income	22(b)	(110,852,849,713)	(94,201,128,630)
05	Profits from other investing activities		(21,457,525)	(34,967,179)
06	Interest expense	24	91,392,431	3,834,299,984
08	**Operating profit before changes in working capital**		**1,487,071,895,756**	**1,231,320,101,550**
09	Increase in receivables		(261,712,782,088)	(335,376,106,541)
10	Increase in inventories		(617,272,882,699)	(842,925,226,949)
11	Increase in payables		9,603,420,712	266,472,790,076
12	Decrease/(increase) in prepaid expenses		12,645,173,521	(7,127,121,274)
13	Interest paid		-	(3,137,597,807)
14	Business income tax paid		(188,614,922,377)	(178,847,581,469)
15	Other receipts from operating activities		299,000,000	447,047,240
16	Other payments on operating activities		(287,180,312,221)	(165,050,164,660)
20	**Net cash inflows/(outflows) from operating activities**		**154,838,590,604**	**(34,223,859,834)**
	CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and constructions		(894,960,655,237)	(284,525,415,803)
22	Proceeds from disposals of fixed assets		1,227,913,899	16,795,437,906
23	Loans granted to associates		-	(18,000,000,000)
23	Decrease/(increase) in deposits at banks		90,000,000,000	(204,525,333,333)
24	Collection of loans granted to associates		18,000,000,000	-
25	Investment in other entities		(39,900,000,000)	(45,700,000,000)
27	Dividends and interest received		98,551,863,493	73,621,675,938
30	**Net cash outflows from investing activities**		**(727,080,877,845)**	**(462,333,635,292)**

The notes on pages 10 to 38 are an integral part of these single-entity interim financial statements.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Form B 03 – DN

CASH FLOW STATEMENT
(Indirect method)
(continued)

Code		Note	Three-month period ended 31.3.2012 VND	31.3.2011 VND
	CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuance of shares		-	34,985,200,000
32	Payment for share returns and repurchases	20	(672,133,000)	(80,150,000)
33	Proceeds from borrowings		417,000,000,000	417,635,000,000
40	**Net cash inflows from financing activities**		**416,327,867,000**	**452,540,050,000**
50	**Net decrease in cash and cash equivalents**		**(155,914,420,241)**	**(44,017,445,126)**
60	**Cash and cash equivalents at beginning of period**	3	**3,101,435,901,849**	**234,843,207,079**
61	Effect of foreign exchange differences		(2,907,589,374)	79,739,649
70	**Cash and cash equivalents at end of period**	3	**2,942,613,892,234**	**190,905,501,602**

CÔNG TY CỔ PHẦN SỮA VIỆT NAM VINAMILK

Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance

Mai Kieu Lien
Chief Executive Officer
3 May 2012

The notes on pages 10 to 38 are an integral part of these single-entity interim financial statements.

SELECTED NOTES TO THE SINGLE-ENTITY INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012

1 GENERAL INFORMATION

Vietnam Dairy Products Joint Stock Company ("the Company", or "Vinamilk") was initially established as a State Owned Enterprise under the control of the Ministry of Industry of the Socialist Republic of Vietnam ("SR Vietnam" or "the State") in accordance with Decision No. 420/CNN/TCLD dated 29 April 1993. On 1 October 2003, the Company was equitised following Decision No. 155/2003/QD-BCN issued by the Ministry of Industry. On 20 November 2003, the Company was incorporated as a joint stock company under the Law on Enterprises of SR Vietnam according to Business Registration Certificate No. 4103001932 issued by the Planning and Investment Department of Ho Chi Minh City. The Company was subsequently listed on the Ho Chi Minh City Stock Exchange on 19 January 2006 according to the Listing Licence No. 42/UBCK-GPNY dated 28 December 2005 issued by the State Securities Commission.

On 19 April 2011, the Planning and Investment Department of Ho Chi Minh City issued another amended Business Registration Certificate No. 0300588569 approving the change in the Company's registered office and the increase in owners' capital to 3,565,706,400 thousand Vietnamese Dong.

On 23 August 2011, the Planning and Investment Department of Ho Chi Minh City issued another amended Business Registration Certificate No. 0300588569 approving the increase in owners' capital to 3,708,255,500 thousand Vietnamese Dong.

On 30 November 2011, the Planning and Investment Department of Ho Chi Minh City issued another amended Business Registration Certificate No. 0300588569 approving the additions of new business activities and business locations.

In December 2011, the Company increased the share capital to 5,561,147,540 thousand Vietnamese Dong by issuing bonus shares to existing shareholders at ratio 2:1 as approved by relevant authorities. The amended Business Registration Certificate No. 0300588569 for such increase in share capital was issued by the Planning and Investment Department of Ho Chi Minh City on 7 March 2012.

The principal activities of the Company are:

- Manufacture and distribute milk cake, soya milk, fresh milk, refreshment drinks, bottled milk, powdered milk, nutritious powder and other products from milk;
- Trading in food technology, spare parts, equipment, materials and chemicals;
- Trading in houses, brokerage and leasing of real estate
- Warehousing, transportation services and loading;
- Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee;
- Manufacture and sell plastic packages and label printing;
- Manufacture and sell plastic products;
- Health care clinic operations;
- Cattle raising and agricultural operations;
- Activities supporting agricultural operations such as: supply of seeds of cultivated crops, guidance on cultivation techniques, cultivation harvest, soil working, irrigation;
- Cattle raising: supply of breeding animals and breeding techniques;
- Post-harvest services;
- Treatments on seeds for multiplication purposes; and
- Manufacture biscuits.

1 GENERAL INFORMATION (continued)

The Company's interest in associates and jointly controlled entities are as listed below:

		31.3.2012		31.12.2011	
Name	**Address**	**% of ownership**	**% of voting right**	**% of ownership**	**% of voting right**
Subsidiaries:					
Vietnam Dairy Cow One Member Limited Company	10, Tan Trao Street, Tan Phu Ward District 7, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Lam Son Dairy One Member Company Limited	Le Mon Industry Zone, Thanh Hoa Province, Vietnam	100%	100%	100%	100%
International Real Estate One Member Limited Company	10, Tan Trao Street, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Dielac Dairy One Member Company Limited	9 Tu Do Venue, Vietnam - Singapore Industrial Zone, Thuan An, Binh Duong	100%	100%	100%	100%
Jointly controlled entities:					
Dairy Cow Development Project	Tu Tra Ward, Don Duong District, Lam Dong Province, Vietnam	25%	25%	25%	25%
Horizon Apartment Business Cooperation Contract	214, Tran Quang Khai, District 1, Ho Chi Minh City, Vietnam	24.5%	24.5%	24.5%	24.5%
Associates:					
Asia Saigon Food Ingredients Joint Stock Company	Lot C, 9E My Phuoc 3 Industrial Zone, Ben Cat District, Binh Duong Province, Vietnam	15%	15%	15.79%	15.79%
Miraka Limited	Becker Findlay Allen C Tower 109 Tuwharetoa St, PO Box 1091, Taupo, New Zealand	19.3%	19.3%	19.3%	19.3%

As at 31 March 2012, the Company had 4,274 employees (at 31 December 2011: 4,226 employees).

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES

The single-entity interim financial statements have been prepared in accordance with the Vietnamese Accounting Standard 27 – *Interim Financial Reporting*. The single-entity interim financial statements should be read in conjunction with the annual single-entity financial statements for the year ended 31 December 2011, which have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam.

The accounting policies applied are consistent with those of the annual single-entity financial statements for the year ended 31 December 2011, as described in those annual single-entity financial statements.

The accompanying single-entity interim financial statements are not intended to present the financial positions and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam. The accounting principles and practices utilised in SR Vietnam may differ from those generally accepted in countries and jurisdictions other than SR Vietnam.

Users of these single-entity interim financial statements should read them together with the consolidated interim financial statements of the Company and its subsidiaries ("the Group") as at and for the period ended 31 March 2012 in order to obtain full information of the financial information, results of operations and cash flows of the Group as a whole.

3 CASH AND CASH EQUIVALENTS

	31.3.2012 VND	31.12.2011 VND
Cash on hand	615,533,125	545,856,573
Cash at bank	851,998,359,109	770,890,045,276
Cash equivalents (*)	2,090,000,000,000	2,330,000,000,000
	2,942,613,892,234	3,101,435,901,849

(*) Cash equivalents include term deposits with an original maturity of 3 months or less.

4 INVESTMENTS

(a) Short-term investments

	31.3.2012 VND	31.12.2011 VND
Investment in unlisted equity securities	82,283,660,000	82,283,660,000
Investment in listed equity securities	24,993,771,792	24,993,771,792
Short-term deposits at banks	350,000,000,000	440,000,000,000
Bonds issued by local corporates	50,000,000,000	50,000,000,000
Bonds issued by local credit institutions	200,000,000,000	200,000,000,000
Other short-term investments (Note 32(a))	-	18,000,000,000
	707,277,431,792	815,277,431,792
Provision for diminution in value of short-term investments	(75,001,474,900)	(79,244,243,600)
	632,275,956,892	736,033,188,192

Provision for diminution in value of short-term investments has been made to reflect the fall in market prices of the related shares as at the end of the reporting period.

Movements in the provision for diminution in value of short-term investments were as follows:

	31.3.2012 VND	31.12.2011 VND
Opening balance	79,244,243,600	70,657,669,500
Increase	-	8,586,574,100
Reversal	(4,242,768,700)	-
Closing balance	75,001,474,900	79,244,243,600

4 INVESTMENTS (continued)

(b) Long-term investments

The details of long-term investments of the Company are as follows:

	31.3.2012 VND	31.12.2011 VND
Long-term equity investments in subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	522,000,000,000	522,000,000,000
Lam Son Dairy One Member Limited Company	90,800,000,000	90,800,000,000
International Real Estate One Member Limited Company	46,000,000,000	46,000,000,000
Dielac Dairy One Member Company Limited	204,852,380,127	164,952,380,127
	863,652,380,127	823,752,380,127
Long-term equity investments in associates and joint ventures:		
Miraka Limited	179,315,000,000	179,315,000,000
Asia Saigon Food Ingredients Joint Stock Company	18,000,000,000	18,000,000,000
Horizon Apartment Business Cooperation Contract	9,942,684,826	9,942,684,826
Dairy Cow Development Project	7,209,270,725	7,209,270,725
	214,466,955,551	214,466,955,551
Other long-term investments:		
Long-term bonds issued by local corporates	50,000,000,000	50,000,000,000
Long-term bonds issued by local credit institutions	300,000,000,000	300,000,000,000
Other long-term investments:		
Listed equity securities	206,961,273,800	206,961,273,800
Investment funds	106,350,000,000	106,350,000,000
Others	120,300,000,000	120,300,000,000
	783,611,273,800	783,611,273,800
Provision for diminution in value of long-term investments	(227,736,616,522)	(271,462,074,100)
	1,633,993,992,956	1,550,368,535,378

The movements in the provision for diminution in value of long-term investments were as follows:

	31.3.2012 VND	31.12.2011 VND
Opening balance	271,462,074,100	151,998,226,912
Increase	503,444,588	120,592,117,088
Reversal	(44,228,902,166)	(1,128,269,900)
Closing balance	227,736,616,522	271,462,074,100

5 TRADE ACCOUNTS RECEIVABLE

	31.3.2012 VND	31.12.2011 VND
Third parties	1,376,117,173,037	1,143,141,655,655
Related parties (Note 32(b))	12,398,711,190	9,490,378,148
	1,388,515,884,227	1,152,632,033,803

6 OTHER RECEIVABLES

	31.3.2012 VND	31.12.2011 VND
Dividends receivable	-	6,144,600
Interest income on deposits	33,335,833,342	39,118,333,339
Interest income receivable on bonds and loans granted to associates	71,591,183,972	53,480,095,630
Import tax refundable	125,870,715,903	128,761,266,269
Others	6,502,673,691	11,179,326,168
	237,300,406,908	232,545,166,006

7 INVENTORIES

	31.3.2012 VND	31.12.2011 VND
Goods in transit	1,119,423,137,707	972,269,280,990
Raw materials	1,942,848,104,928	1,554,537,858,729
Tools and supplies	142,365,271	319,202,861
Work in progress	41,865,216,574	23,368,489,862
Finished goods	615,368,946,477	569,780,981,699
Merchandise inventories	34,925,604,414	23,079,807,665
Goods on consignment	54,291,045,633	48,370,380,232
	3,808,864,421,004	3,191,726,002,038
Provision for decline in value of inventory	(4,100,318,032)	(4,933,906,670)
	3,804,764,102,972	3,186,792,095,368

Movements in the provision for inventories were as follows:

	31.3.2012 VND	31.12.2011 VND
Opening balance	4,933,906,670	4,102,608,915
Increase	1,713,054,428	10,074,642,239
Reversal	(2,460,854,720)	(7,987,996,015)
Written-off	(85,788,346)	(1,255,348,469)
Closing balance	4,100,318,032	4,933,906,670

8 PREPAYMENTS

(a) Short-term prepayments

	31.3.2012 VND	31.12.2011 VND
Advertising expenses	543,372,498	8,320,100,182
Freezers and coolers	31,850,711,249	34,676,924,998
Land, warehouse and other rental expenses	2,464,601,900	2,414,274,654
Software development and server maintenance Expenses	6,446,237,318	3,862,183,375
Tool and supplies	4,200,842,212	4,315,576,310
Repair and maintenance expenses	911,458,391	1,381,630,958
Other expenses	3,064,459,263	1,350,337,549
	49,481,682,831	56,321,028,026

(b) Long-term prepayments

	31.3.2012 VND	31.12.2011 VND
Land rental	2,351,395,504	2,434,012,586
Freezers and coolers	5,574,502,416	11,241,646,159
Other expenses	224,269,992	280,337,493
	8,150,167,912	13,955,996,238

Movement of long-term prepayment was as follows:

	31.3.2012 VND	31.12.2011 VND
Opening balance	13,955,996,238	94,165,141,674
Increase	2,031,135,957	64,037,517,524
Transfers to intangible fixed assets	-	(82,680,130,919)
Transfers to short-term prepayments (*)	(7,836,964,283)	(61,566,532,041)
Closing balance	8,150,167,912	13,955,996,238

(*) Represented a portion of long-term prepayment to be allocated within a year.

9 FIXED ASSETS

(a) Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
At 1 January 2012	762,922,587,776	3,474,955,502,074	329,173,371,192	252,344,759,560	**4,819,396,220,602**
New purchases	2,915,789,886	16,076,949,768	6,521,266,700	2,953,619,928	**28,467,626,282**
Transfers from construction in progress (Note 9(c))	31,946,536,092	85,197,195,807	11,271,622,068	2,451,812,521	**130,867,166,488**
Reclassifications	1,301,316,521	(1,472,577,953)	251,261,432	(80,000,000)	**-**
Disposals	(1,178,342,575)	(78,419,200)	(7,275,767,307)	(110,321,700)	**(8,642,850,782)**
At 31 March 2012	797,907,887,700	3,574,678,650,496	339,941,754,085	257,559,870,309	**4,970,088,162,590**
Accumulated depreciation					
At 1 January 2012	189,461,623,334	1,234,934,979,633	135,277,665,228	118,979,841,406	**1,678,654,109,601**
Charge for the period	8,481,301,222	76,955,709,993	7,278,728,301	10,360,188,168	**103,075,927,684**
Reclassifications	-	(53,669,716)	67,003,048	(13,333,332)	**-**
Disposals	(631,691,075)	(59,209,600)	(2,466,068,161)	(110,321,700)	**(3,267,290,536)**
At 31 March 2012	197,311,233,481	1,311,777,810,310	140,157,328,416	129,216,374,542	**1,778,462,746,749**
Net book value					
At 1 January 2012	573,460,964,442	2,240,020,522,441	193,895,705,964	133,364,918,154	**3,140,742,111,001**
At 31 March 2012	600,596,654,219	2,262,900,840,186	199,784,425,669	128,343,495,767	**3,191,625,415,841**

Included in the tangible fixed assets were assets costing VND634,903,441,638 which were fully depreciated as at 31 March 2012 (31 December 2011: VND628,682,409,973), but which are still in active use.

9 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
At 1 January 2012	246,572,355,216	58,931,090,027	**305,503,445,243**
Additions	-	494,603,000	**494,603,000**
At 31 March 2012	246,572,355,216	59,425,693,027	**305,998,048,243**
Accumulated amortisation			
At 1 January 2012	47,439,243,351	48,683,460,597	**96,122,703,948**
Charge for the period (*)	(225,707,845)	919,275,475	**693,567,630**
At 31 March 2012	47,213,535,506	49,602,736,072	**96,816,271,578**
Net book value			
At 1 January 2012	199,133,111,865	10,247,629,430	**209,380,741,295**
At 31 March 2012	199,358,819,710	9,822,956,955	**209,181,776,665**

(*) On 18 January 2012, the Company received the amended Land Use Right Certificate for the land lot at head office for the revision of the term from 45 years to 50 years. The amortisation charge for the period reflected the adjustment to the amortisation expense which had been determined based on the term of 45 years.

Included in the intangible fixed assets were assets costing VND43,568,790,597 which were fully depreciated as at 31 March 2012 (31 December 2011: VND43,568,790,597), but which are still in active use.

(c) Construction in progress

	31.3.2012 VND	31.12.2011 VND
Opening balance	1,221,103,883,288	653,359,231,400
Additions	1,128,492,863,741	1,673,918,817,918
Transfers to tangible fixed assets (Note 9(a))	(130,867,166,488)	(1,095,656,690,548)
Disposals	-	(10,517,475,482)
Closing balance	2,218,729,580,541	1,221,103,883,288

9 FIXED ASSETS (continued)

(c) Construction in progress (continued)

Main projects belong to the following locations:

	31.3.2012 VND	31.12.2011 VND
Head Office	1,634,755,545,614	652,557,519,078
Tien Son milk factory	152,124,871,593	81,555,694,010
Can Tho Branch	44,989,951,351	44,989,951,351
Saigon milk factory	41,119,119,540	80,403,563,112
Dielac milk factory	34,074,262,466	33,679,200,351
Nghe An milk factory	257,202,821	35,495,060,435
Da Nang milk factory	255,637,330,487	237,931,390,899

10 INVESTMENT PROPERTIES

	Infrastructure VND	Buildings VND	Total VND
Historical cost			
At 1 January 2012 and at 31 March 2012	5,994,290,197	84,183,047,263	**90,177,337,460**
Accumulated depreciation			
At 1 January 2012	1,144,301,491	15,850,898,430	**16,995,199,921**
Charge for the period	149,857,254	839,367,360	**989,224,614**
At 31 March 2012	1,294,158,745	16,690,265,790	**17,984,424,535**
Net book value			
At 1 January 2012	4,849,988,706	68,332,148,833	**73,182,137,539**
At 31 March 2012	4,700,131,452	67,492,781,473	**72,192,912,925**

Included in investment properties were assets costing VND6,976,800,000 which were fully depreciated as at 31 March 2012 (31 December 2011: VND6,976,800,000), but which are still in active use.

11 DEFERRED INCOME TAX ASSETS

The gross movement in the deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	31.3.2012 VND	31.12.2011 VND
Opening balance	75,328,279,060	62,865,036,536
Income statement credit	4,178,648,150	12,463,242,524
Closing balance	79,506,927,210	75,328,279,060

The deferred income tax asset mainly arises from the unrealised foreign exchange difference, provisions and accruals.

12 SHORT-TERM BORROWINGS

	31.3.2012 VND	31.12.2011 VND
Short-term borrowings	416,560,000,000	-

The Company's balance of short-term borrowings as at 31 March 2012 represented two three-month borrowings from a branch of a foreign bank amounting to US$20 million with the interest rates ranging from 1.95% to 1.98% per annum.

13 TRADE ACCOUNTS PAYABLE

	31.3.2012 VND	31.12.2011 VND
Third parties	1,983,782,409,083	1,702,718,373,420
Related parties (Note 32(b))	177,976,829,611	180,037,008,367
	2,161,759,238,694	1,882,755,381,787

14 TAXES AND OTHER PAYABLES TO STATE BUDGET

	31.3.2012 VND	31.12.2011 VND
Value added tax	83,468,905,548	78,689,870,892
Import duty	5,826,526,583	5,819,918,779
Business income tax	273,119,246,985	188,614,922,393
Personal income tax	7,392,137,740	13,669,767,416
Others	31,797,600	388,358,072
	369,838,614,456	287,182,837,552

15 ACCRUED EXPENSES

	31.3.2012 VND	31.12.2011 VND
Sales incentives for customers	142,901,775,423	166,981,423,467
Expenses for product display	-	138,181,804
Advertising expenses	45,394,589,622	29,428,701,502
Transportation expenses	26,962,285,392	25,290,506,962
Repair and maintenance expenses	8,604,329,813	6,357,023,147
Interest expenses	91,392,431	-
Fuel expenses	6,247,425,062	5,795,564,015
Expenses for outsourced employees	7,369,414,656	7,252,173,600
Others	15,658,675,737	18,962,596,396
	253,229,888,136	260,206,170,893

Other accrued expenses as at 31 March 2012 mainly comprised of land rentals and general and administration expenses.

16 OTHER PAYABLES

	31.3.2012 VND	31.12.2011 VND
Deposits received from customers	14,045,751,571	13,285,621,271
Import duty payables	35,615,594,029	31,891,388,948
Other payables relating to financial investments	185,419,155	184,859,155
Staff insurances and trade union fee	814,389,707	530,051,230
Others	12,240,561,660	12,392,904,889
	62,901,716,122	58,284,825,493

17 OTHER LONG-TERM LIABILITIES

Other long term liabilities represented an advance payment received from a third party in respect of the future transfer of the Company's investment in a bank. The transfer can only be effective upon approval by the bank's Annual General Meeting or Board of Management and its founding shareholders; or after five years from the date of establishment of the bank, whichever comes first.

18 PROVISION FOR SEVERANCE ALLOWANCES

Movements for provision for severance allowances were as follows:

	31.3.2012 VND	31.12.2011 VND
Opening balance	66,571,712,268	51,058,625,583
Increases	-	16,576,979,482
Payment during the period/year	(283,535,500)	(1,063,892,797)
Closing balance	66,288,176,768	66,571,712,268

19 SHARE CAPITAL

The Company's authorised and issued share capitals are:

	31.3.2012		31.12.2011	
	Number of shares	VND	Number of shares	VND
Authorised share capital	556,114,754	5,561,147,540,000	556,114,754	5,561,147,540,000
Issued share capital				
Ordinary shares	556,114,754	5,561,147,540,000	556,114,754	5,561,147,540,000
Treasury shares				
Ordinary shares	(312,230)	(3,193,927,000)	(247,140)	(2,521,794,000)
Shares currently in circulation				
Ordinary shares	555,802,524	5,557,953,613,000	555,867,614	5,558,625,746,000

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

20 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Financial reserve fund VND	Undistributed earnings VND	Total VND
As at 1 January 2011	3,530,721,200,000	-	(669,051,000)	2,172,290,789,865	353,072,120,000	1,895,541,229,005	**7,950,956,287,870**
Capital increase during the year	2,030,426,340,000	1,276,994,100,000	(1,852,743,000)	(1,852,892,040,000)	-	**-**	**1,452,675,657,000**
Profit for the year	-	-	-	-	-	4,166,604,997,301	**4,166,604,997,301**
Appropriations to reserves	-	-	-	588,625,486,519	203,042,634,000	(1,208,328,620,250)	**(416,660,499,731)**
Dividends paid	-	-	-	-	-	(741,428,260,000)	**(741,428,260,000)**
As at 31 December 2011	5,561,147,540,000	1,276,994,100,000	(2,521,794,000)	908,024,236,384	556,114,754,000	4,112,389,346,056	**12,412,148,182,440**
Purchases of treasury shares	-	-	(672,133,000)	-	-	**-**	**(672,133,000)**
Profit for the period	-	-	-	-	-	1,261,308,624,978	**1,261,308,624,978**
Appropriations to reserves	-	-	-	177,469,458,643	-	(303,600,321,141)	**(126,130,862,498)**
As at 31 March 2012	5,561,147,540,000	1,276,994,100,000	(3,193,927,000)	1,085,493,695,027	556,114,754,000	5,070,097,649,893	**13,546,653,811,920**

21 DIVIDENDS

On 23 March 2012, the Company's Annual General Meeting ("AGM") approved the final dividends of 20% in cash for the year ended 31 December 2011 (including 10% according to the Resolution of AGM in 2011 and an addition of 10%). The Company has not recognised the dividend payable in the interim financial statements for the three-month period ended 31 March 2012 as the dividends amount has not yet been reliably determined until the final registration date which was 10 April 2012.

22 REVENUE

(a) Net sales

	Three-month period ended	
	31.3.2012	**31.3.2011**
	VND	**VND**
Sales		
Sales of merchandise goods	117,590,948,294	83,539,889,306
Sales of finished goods	5,905,029,048,133	4,575,180,331,230
Sales from provision of real estate services	3,061,176,295	1,918,939,611
Sales from provision of other services	3,751,915,785	3,384,982,865
	6,029,433,088,507	4,664,024,143,012
Sales deductions		
Trade discounts	(107,913,327,388)	(93,732,578,888)
Sales returns	(323,362,869)	(282,035,487)
	(108,236,690,257)	(94,014,614,375)
Net sales	5,921,196,398,250	4,570,009,528,637

(b) Financial income

	Three-month period ended	
	31.3.2012	**31.3.2011**
	VND	**VND**
Interest income on deposits	81,416,235,427	63,670,515,315
Interest income on bonds	25,055,532,786	23,041,263,315
Interest income on loans granted	345,000,000	382,500,000
Dividends income	4,036,081,500	7,106,850,000
Realised foreign exchange gains	34,220,290,951	33,804,862,137
Gains from foreign currency translation at period-end	-	4,768,000,000
Others	21,957,525	34,967,179
	145,095,098,189	132,808,957,946

23 COST OF SALES

	Three-month period ended	
	31.3.2012 VND	31.3.2011 VND
Merchandise goods sold	104,240,098,523	79,401,632,526
Finished goods sold	4,021,663,682,080	2,986,593,617,009
Real estate services provided	1,374,773,475	1,348,346,813
Other services provided	209,286,675	226,140,871
Expenses in excess of normal value	6,242,914,422	4,404,125,139
(Reversal of provision)/provision for the decline in value of inventory	(747,800,292)	2,250,944,039
	4,132,982,954,883	3,074,224,806,397

24 FINANCIAL EXPENSES

	Three-month period ended	
	31.3.2012 VND	31.3.2011 VND
Payment discounts for distributors	5,259,462,098	9,619,374,556
Interest expenses on loans	91,392,431	3,834,299,984
Interest expenses on deposit received	242,361,918	272,872,439
Realised foreign exchange losses	12,693,151,745	25,971,329,914
Losses from foreign currency translation at period-end	8,638,094,816	39,431,241,153
(Reversal of provision)/provision for diminution in value of investments	(47,968,226,278)	24,662,151,825
	(21,043,763,270)	103,791,269,871

25 SELLING EXPENSES

	Three-month period ended	
	31.3.2012 VND	31.3.2011 VND
Advertising expenses	57,339,224,301	79,459,197,755
Promotion expenses	140,310,353,929	83,369,224,770
Support and commission expenses for distributors	77,908,794,786	66,505,249,178
Staff costs	34,482,460,450	28,472,824,227
Material expenses	11,957,119,305	8,686,352,560
Tools and supplies expenses	10,527,027,633	5,205,316,170
Depreciation expenses	6,583,387,966	6,490,379,967
Expenses of damaged goods	2,397,358,170	1,775,434,198
Transportation for goods sold	64,580,611,349	48,030,202,371
Outside service expenses	12,345,885,830	14,435,070,931
	418,432,223,719	342,429,252,127

26 GENERAL AND ADMINISTRATION EXPENSES

	Three-month period ended	
	31.3.2012 VND	31.3.2011 VND
Staff costs	35,183,126,266	28,368,494,672
Material expenses	2,154,683,619	1,633,560,200
Office supplies	845,091,671	757,948,903
Depreciation expense	13,086,823,099	11,118,683,607
Fees and duties	676,871,435	592,207,351
Provision of doubtful debts and severance allowance	1,008,129,237	1,077,417,996
Transportation for internal transfer of goods	11,865,414,688	10,623,052,216
Outside service expenses	24,238,191,209	16,197,513,218
Loading expenses	3,839,363,484	5,453,268,787
Per diem allowances	2,814,773,150	2,517,588,178
Bank charges	2,077,266,822	1,508,953,815
Others	7,357,201,644	3,742,289,791
	105,146,936,324	83,590,978,734

27 NET OTHER INCOME

	Three-month period ended	
	31.3.2012 VND	31.3.2011 VND
Other income		
Proceeds from disposals of fixed assets	3,448,877,455	13,387,511,832
Proceeds from disposals of construction in progress	-	10,212,075,000
Proceeds from sales of tools, supplies and scraps	23,633,281,085	17,774,574,881
Compensation received from other parties	162,871,237	14,544,262
Rebate income from suppliers	75,500,607,949	58,648,895,763
Sundry income	15,375,766,971	17,853,830,288
	118,121,404,697	117,891,432,026
Other expenses		
Net book value of fixed assets disposed	(5,375,560,246)	(12,528,447,567)
Cost of construction in progress disposed	-	(10,082,355,482)
Other expenses	(13,269,765,437)	(17,019,501,369)
	(18,645,325,683)	(39,630,304,418)
Net other income	99,476,079,014	78,261,127,608

28 BUSINESS INCOME TAX

The Company is required to pay business income tax ("BIT") at rates ranging from 15% to 25%, depending on locations of the factories, on taxable profits.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the normal tax rate of 25% as regulated in current tax regulations as follows:

	Three-month period ended	
	31.3.2012	**31.3.2011**
	VND	**VND**
Net accounting profit before tax	1,530,249,223,797	1,177,043,307,062
Tax calculated at the tax rate of 25%	382,562,305,949	294,260,826,766
Effect of:		
Different tax rates applicable for branches and factories	(68,451,461,528)	(57,787,369,162)
Income not subject to tax	(2,210,765,000)	(1,776,712,500)
Expenses not deductible for tax purposes	3,233,163,918	582,730,456
Tax incentives	(56,514,274,330)	(57,816,671,695)
Deferred income tax asset was not previously recognised	(7,133,507,750)	-
Under-provision in previous years	17,455,137,559	2,144,204,220
Business income tax charge	268,940,598,819	179,607,008,084

The Company's business income tax charge for the period is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

29 BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at 31 March 2012 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding.

	Three-month period ended	
	31.3.2012	**31.3.2011**
	VND	**VND**
Net profit attributable to shareholders (VND)	1,261,308,624,978	997,436,298,978
Weighted average number of ordinary shares in issuance	555,836,802	354,599,784
Basic earnings per share based on weighted average number of ordinary shares in issuance (VND)	2,269	2,813
Weighted average number of ordinary shares in issuance recalculated on the assumption that the bonus shares issued in December 2011 had been issued since 1 January 2011	555,836,802	531,899,676
Basic earnings per share recalculated on the assumption that the bonus shares issued in December 2011 had been issued since 1 January 2011 (VND)	2,269	1,875

The Company does not have potentially dilutive ordinary shares.

30 COST OF GOODS MANUFACTURED BY FACTORS

	Three-month period ended	
	31.3.2012	**31.3.2011**
	VND	**VND**
Raw materials	4,000,516,646,175	3,024,451,643,700
Labour costs	159,396,044,049	129,973,097,470
Depreciation expenses	104,758,719,928	83,013,619,082
Outside service expenses	178,434,969,719	139,738,147,789
Other cash expenses	311,775,569,770	255,627,729,834
	4,754,881,949,641	3,632,804,237,875

31 SEGMENTAL REPORTING

Segment information is presented in respect of the Company's geographical segment. The primary format, geographical segments, is based on the Company's management and internal reporting structure.

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, 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 ("Export").

	Domestic		**Export**		**Total**	
	Three-month period ended		**Three-month period ended**		**Three-month period ended**	
	31.3.2012	**31.3.2011**	**31.3.2012**	**31.3.2011**	**31.3.2012**	**31.3.2011**
	VND	**VND**	**VND**	**VND**	**VND**	**VND**
Sales revenue	4,762,025,403,703	4,094,302,399,411	1,159,170,994,547	475,707,129,226	5,921,196,398,250	4,570,009,528,637
Cost of sales	(3,207,273,568,196)	(2,692,099,745,070)	(925,709,386,687)	(382,125,061,327)	(4,132,982,954,883)	(3,074,224,806,397)
Segment income	1,554,751,835,507	1,402,202,654,341	233,461,607,860	93,582,067,899	1,788,213,443,367	1,495,784,722,240

32 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

The largest shareholder of the Company is the State Capital Investment Corporation ("SCIC") which owns 45.04% of the Company's share capital. The SCIC is controlled by the Government of SR Vietnam.

(a) Related party transactions

During the period, the following transactions were carried out with related parties:

i) Sales of goods and services

	Three-month period ended	
	31.3.2012	**31.3.2011**
	VND	**VND**
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	27,038,331,234	21,628,424,357
Lam Son Dairy One Member Company Limited	33,523,633,593	32,707,386,855
	60,561,964,827	54,335,811,212

ii) Purchases of goods and services

	Three-month period ended	
	31.3.2012	**31.3.2011**
	VND	**VND**
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	55,832,248,580	29,110,542,400
Lam Son Dairy One Member Company Limited	62,158,449,020	45,058,143,000
Joint ventures:		
Dairy Cow Development Project	973,170,103	1,046,631,610
Associates:		
Miraka Limited	203,492,604,941	-
Asia Saigon Food Ingredients Joint Stock Company	4,967,869,545	-
	327,424,342,189	75,215,317,010

iii) Sales of fixed assets and construction in progress

	Three-month period ended	
	31.3.2012	**31.3.2011**
	VND	**VND**
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	-	11,960,199,579

iv) Collection of loans granted to an associate

During the period ended 31 March 2012, Asia Saigon Food Ingredients Joint Stock Company has paid off the loan of VND18 billion granted by the Company in 2011.

32 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (continued)

(a) Related party transactions (continued)

v) Capital contribution

	Three-month period ended	
	31.3.2012 VND	31.3.2011 VND
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	-	36,000,000,000
Dielac Dairy One Member Company Limited	39,900,000,000	9,700,000,000
	39,900,000,000	45,700,000,000

vi) Compensation of key management

	Three-month period ended	
	31.3.2012 VND	31.3.2011 VND
Compensation to members of Board of Management and Board of Directors	24,560,079,338	18,377,787,800

(b) Period end/year end balances with related parties

	31.3.2012 VND	31.12.2011 VND
Trade accounts receivable (Note 5)		
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	12,369,936,827	7,892,430,989
Lam Son Dairy One Member Company Limited	28,774,363	1,597,947,159
	12,398,711,190	9,490,378,148
Trade accounts payable (Note 13)		
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	5,460,835,200	5,257,755,600
Lam Son Dairy One Member Company Limited	80,710,793,157	66,583,265,936
Joint-ventures:		
Dairy Cow Development Project	1,582,062,556	145,509,003
Associates:		
Miraka Limited	86,458,694,448	108,050,477,828
Asia Saigon Food Ingredients Joint Stock Company	3,764,444,250	-
	177,976,829,611	180,037,008,367

33 FINANCIAL RISK MANAGEMENT

Financial risk factors

Overview

The Company has exposure to the following risks from their use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

The Board of Directors ("the Board") has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board establishes policies to identify and analyse the risks faced by the Company, to set up appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the VND. The currencies giving rise to this risk are primarily United States Dollar (“USD”) and Euro (“EUR”).

The Company ensures that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The Board does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

The Company’s currency exposure to the USD and EUR is as follows:

	As at 31 March 2012			
	Original currency		Equivalent to VND	
	USD	EUR	USD	EUR
Financial assets				
Cash and bank deposits	22,857,485	8,784,258	476,075,689,257	245,124,717,537
Trade and other receivables	36,867,703	6,876,224	767,880,520,320	191,881,026,954
	59,725,188	15,660,482	1,243,956,209,577	437,005,744,491
Financial liabilities				
Trade and other payables	(31,593,453)	(9,909,267)	(658,028,446,790)	(276,519,729,917)
Currency exposure	28,131,735	5,751,215	585,927,762,787	160,486,014,574

33 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	As at 31 December 2011			
	Original currency		Equivalent to VND	
	USD	EUR	USD	EUR
Financial assets				
Cash and bank deposits	27,989,325	1,482,878	582,961,667,350	40,976,354,510
Trade and other receivables	35,512,893	8,543,383	739,662,534,214	236,079,314,321
	63,502,218	10,026,261	1,322,624,201,564	277,055,668,831
Financial liabilities				
Trade and other payables	(43,076,331)	(12,606,518)	(897,193,813,131)	(348,355,921,842)
Currency exposure	20,425,887	(2,580,257)	425,430,388,433	(71,300,253,011)

At 31 March 2012, if the USD had strengthened/weakened by 10% against the VND with all other variables including tax rate being held constant, the Company's profit after tax for the financial year would have been VND 43,944,582,209 higher/lower as a result of currency translation gains/losses on the USD-denominated financial instruments.

At 31 March 2012, if the EUR had strengthened/weakened by 10% against the VND with all other variables including tax rate being held constant, the Company's profit after tax for the financial year would have been VND 12,036,451,093 higher/lower as a result of currency translation gains/losses on the EUR-denominated financial instruments.

(ii) Price risk

The Company invests in equity investments of listed and non-listed companies and is exposed to risks of price fluctuations of these investments. The risk factors affecting the performance of these investments include financial performance and position of invested companies and market conditions. The Board manages the former factor by selecting industries and entities to invest in. The latter factor is itself affected by general economic conditions in Vietnam and behaviours of investors, which are all out of the Board's control. These factors have caused market conditions to be volatile in the past two years.

For the investments in listed securities, if the share prices had increased/decreased by 10% with all other variables including tax rate being held constant, the Company's profit after tax would have been VND9,607,625,070 higher/lower.

(iii) Interest rate risk

The Company is not exposed to significant interest rate risk on its borrowings as the Company's policy is to maintain 100% of fixed-rate borrowings.

33 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Board. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Company limits its exposure to credit risk by investing only in liquid securities and only with counter parties that have good creditworthiness. The Board actively monitors credit risk and does not expect any counter party failing to meet its obligations.

Balances with banks

All the bank balances are placed with local financial institutions. The Board does not expect any losses arising from performance of these financial institutions.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Company’s major classes of financial assets are bank deposits and trade and other receivables, and investments.

(i) Financial assets that are neither past due nor impaired

Bank deposits and investments in bonds that are neither past due nor impaired are mainly term deposits and investments in bonds issued by local banks which have high credit-ratings in Vietnam. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

The Company’s trade and other receivables not past due amounted to VND1,499,220,493,783 (2011: VND1,362,540,791,848).

33 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

Trade and other receivables that are past due but not impaired are as follows:

	31.3.2012 VND	31.12.2011 VND
Past due 1 to 30 days	46,381,798,277	15,058,558,138
Past due 31 days to 60 days	27,702,172,062	287,717,434
Past due 61 days to 90 days	48,111,496,458	630,000
Past due over 90 days	391,747,165	3,727,445,863
	122,587,213,962	19,074,351,435

The carrying amount of trade and other receivables determined to be impaired and the movement in the related allowance for impairment are as follows:

	31.3.2012 VND	31.12.2011 VND
Carrying amount		
Gross amount	4,008,583,390	3,562,056,526
Less: Allowance for impairment	(2,895,711,795)	(1,897,595,994)
	1,112,871,595	1,664,460,532
Allowance for impairment		
Beginning of period/year	1,897,595,994	576,144,675
Allowance made	998,115,801	1,833,346,777
Written-off	-	(511,895,458)
End of period/year	2,895,711,795	1,897,595,994

33 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and medium term. The Company's holdings of cash, together with net cash flows from operations, are expected to be sufficient to cover the Company's liabilities due in the next financial year.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year VND	Between 1 and 2 years VND
As at 31 March 2012		
Borrowings	416,560,000,000	-
Trade and other liabilities	2,641,644,466,101	92,000,000,000
	3,058,204,466,101	92,000,000,000
As at 31 December 2011		
Trade and other liabilities	2,360,105,278,536	92,000,000,000

33 FINANCIAL RISK MANAGEMENT (continued)

(d) Fair value measurements

The carrying value less provision of trade receivables, deposits and trade and other payables approximate to their fair values.

Below are the fair values of short-term and long-term investments:

		Compared to market value			
	Book value	Increase	Decrease	Market value	Provision
	VND	VND	VND	VND	VND
As at 31 March 2012					
Short-term investments					
Listed equity securities	24,993,771,792	20,098,834,708	(9,874,555,900)	35,218,050,600	(9,874,555,900)
Unlisted equity securities	82,283,660,000	-	(65,126,919,000)	17,156,741,000	(65,126,919,000)
Other long-term investments					
Listed equity securities	206,961,273,800	4,564,704,300	(65,649,511,500)	145,876,466,600	(65,649,511,500)
Investment funds	106,350,000,000	-	(41,426,097,967)	64,923,902,033	(41,426,097,967)
	420,588,705,592	24,663,539,008	(182,077,084,367)	263,175,160,233	(182,077,084,367)

33 FINANCIAL RISK MANAGEMENT (continued)

(d) Fair value measurements (continued)

		Compared to market value			
	Book value	Increase	Decrease	Market value	Provision
	VND	VND	VND	VND	VND
As at 31 December 2011					
Short-term investments					
Listed equity securities	24,993,771,792	11,762,802,708	(10,685,976,400)	26,070,598,100	(10,685,976,400)
Unlisted equity securities	82,283,660,000	-	(68,558,267,200)	13,725,392,800	(68,558,267,200)
Other long-term investments					
Listed equity securities	206,961,273,800	5,972,806,500	(96,442,805,500)	116,491,274,800	(96,442,805,500)
Investment funds	106,350,000,000	-	(45,907,987,129)	60,442,012,871	(45,907,987,129)
	420,588,705,592	17,735,609,208	(221,595,036,229)	216,729,278,571	(221,595,036,229)

Market value of equity securities listed on the Ho Chi Minh Stock Exchange is based on the closing prices of the last official trading date of the period/year at the Ho Chi Minh Stock Exchange.

Market value of unlisted equity securities is based on the average of trading prices provided by 3 securities companies.

Market value of investment funds is based on Net Asset Value of funds portfolio which is verified by the appointed securities company and supervising bank.

The single-entity interim financial statements were approved by the Board of Directors on 3 May 2012.

Le Thanh Liem Chief Accountant	Ngo Thi Thu Trang Executive Director - Finance	Mai Kieu Lien Chief Executive Officer