

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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TABLE OF CONTENTS	PAGE
Corporate information	1
Statement by the Board of Directors	2
Auditor's review report	3
Consolidated balance sheet	4 - 6
Consolidated income statement	7
Consolidated cash flow statement	8 - 9
Selected notes to the consolidated interim financial statements	10 - 38

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 Mr Le Song Lai Mr Hoang Nguyen Hoc Ms Ngo Thi Thu Trang Mr Wang Eng Chin Mr Le Anh Minh	Chairwoman Member (appointed on 23 March 2012) Member (resigned on 23 March 2012) Member Member Member
Board of Directors	Mdm Mai Kieu Lien Ms Nguyen Thi Thanh Hoa Ms Nguyen Thi Nhu Hang Ms Ngo Thi Thu Trang Mr Tran Minh Van Mr Nguyen Quoc Khanh Ms Nguyen Huu Ngoc Tran Mr Pham Phu Tuan	Chief Executive Officer Executive Director - Supply Chain Executive Director Dairy Farm Development Executive Director - Finance Executive Director - Project Acting Executive Director Production and Products Development Acting Executive Director - Marketing 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 CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Board of Directors is responsible for the consolidated interim financial statements of Vietnam Dairy Products Joint Stock Company ("the Company") and its subsidiaries (together "the Group") which give a true and fair view of the financial position of the Group as at 31 March 2012 and of the consolidated results and cash flows for the three-month period then ended. In preparing these consolidated 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 consolidated interim financial statements on a going concern basis unless it is inappropriate to presume that the Company and its subsidiaries 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 Group and which enable the consolidated interim financial statements to be prepared which complies with the basis of accounting set out in Note 2 to the consolidated interim financial statements. The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated interim financial statements set out on pages 4 to 38 which give a true and fair view of the consolidated financial positions of the Group as at 31 March 2012, and of the consolidated 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



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 consolidated interim financial statements of Vietnam Dairy Products Joint Stock Company ("the Company") and its subsidiaries (together "the Group") which were approved by the Board of Directors on 3 May 2012. These interim financial statements include the consolidated balance sheet as at 31 March 2012, the related consolidated income statement and cash flow statement for the three-month period then ended, and selected notes to the consolidated interim financial statements, as set out on pages 4 to 38. The Board of Directors is responsible for the preparation and presentation of these consolidated 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 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 consolidated 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 consolidated 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.



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 HCM3263
3 May 2012

As indicated in Note 2.1 to the consolidated interim financial statements, the accompanying consolidated 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.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY
Form B 01a – DN/HN
CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	31.3.2012 VND	31.12.2011 VND
100	CURRENT ASSETS		10,079,372,759,107	9,467,682,996,094
110	Cash and cash equivalents	3	2,983,283,071,409	3,156,515,396,990
111	Cash		871,183,071,409	790,515,396,990
112	Cash equivalents		2,112,100,000,000	2,366,000,000,000
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		2,383,895,154,804	2,169,205,076,812
131	Trade accounts receivable	5	1,376,181,804,395	1,143,168,467,855
132	Prepayments to suppliers		773,152,240,857	795,149,182,591
135	Other receivables	6	237,477,232,783	232,805,433,796
139	Provision for doubtful debts		(2,916,123,231)	(1,918,007,430)
140	Inventories	7	3,895,594,802,386	3,272,495,674,110
141	Inventories		3,899,695,120,418	3,277,429,580,780
149	Provision for decline in value of inventories		(4,100,318,032)	(4,933,906,670)
150	Other current assets		184,323,773,616	133,433,659,990
151	Short-term prepayments	8(a)	51,223,606,413	56,909,099,519
152	Value Added Tax to be reclaimed		130,786,397,109	74,772,661,634
158	Other current assets		2,313,770,094	1,751,898,837

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

**CONSOLIDATED BALANCE SHEET
(continued)**

Code	ASSETS (continued)	Note	31.3.2012 VND	31.12.2011 VND
200	LONG-TERM ASSETS		7,278,234,838,556	6,114,988,554,657
220	Fixed assets		6,161,605,222,946	5,044,762,028,869
221	Tangible fixed assets	9(a)	3,558,585,737,099	3,493,628,542,454
222	Cost		5,480,104,780,547	5,301,826,836,260
223	Accumulated depreciation		(1,921,519,043,448)	(1,808,198,293,806)
227	Intangible fixed assets	9(b)	255,608,252,433	256,046,089,531
228	Cost		383,903,973,867	383,409,370,867
229	Accumulated depreciation		(128,295,721,434)	(127,363,281,336)
230	Construction in progress	9(c)	2,347,411,233,414	1,295,087,396,884
240	Investment properties	10	99,682,062,925	100,671,287,539
241	Cost		117,666,487,460	117,666,487,460
242	Accumulated depreciation		(17,984,424,535)	(16,995,199,921)
250	Long-term investments	4(b)	895,144,342,327	846,713,756,424
252	Investments in joint ventures and associates		218,573,877,994	205,418,475,253
258	Other long-term investments		783,646,073,800	783,646,073,800
259	Provision for diminution in value of long-term investments		(107,075,609,467)	(142,350,792,629)
260	Goodwill	11	15,043,048,291	15,503,335,522
270	Other long-term assets		106,760,162,067	107,338,146,303
271	Long-term prepayments	8(b)	20,841,682,409	25,598,314,795
272	Deferred income tax assets	12	84,822,059,658	80,643,411,508
278	Other long-term assets		1,096,420,000	1,096,420,000
280	TOTAL ASSETS		17,357,607,597,663	15,582,671,550,751

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

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Form B 01a – DN/HN

CONSOLIDATED BALANCE SHEET
(continued)

Code	RESOURCES	Note	31.3.2012 VND	31.12.2011 VND
300	LIABILITIES		3,736,741,201,267	3,105,466,354,267
310	Current liabilities		3,577,982,226,404	2,946,537,015,499
311	Short-term borrowings	13	416,560,000,000	-
312	Trade accounts payable	14	2,120,548,903,906	1,830,959,100,474
313	Advances from customers		111,047,546,056	116,844,952,210
314	Taxes and other payables to the State Budget	15	371,714,889,154	287,462,890,828
315	Payable to employees		54,795,328,663	44,740,312,110
316	Accrued expenses	16	254,133,424,597	260,678,009,293
319	Other payables	17	63,603,483,869	59,478,925,315
320	Bonus and welfare fund		185,578,650,159	346,372,825,269
330	Long-term liabilities		158,758,974,863	158,929,338,768
333	Other long-term liabilities	18	92,000,000,000	92,000,000,000
336	Provision for severance allowances	19	66,663,065,768	66,923,897,268
338	Unearned revenue		95,909,095	5,441,500
400	OWNERS' EQUITY		13,620,866,396,396	12,477,205,196,484
410	Capital and reserves		13,620,866,396,396	12,477,205,196,484
411	Share capital	20, 21	5,561,147,540,000	5,561,147,540,000
412	Share premium	21	1,276,994,100,000	1,276,994,100,000
414	Treasury shares	20, 21	(3,193,927,000)	(2,521,794,000)
417	Investment and development fund	21	1,085,493,695,027	908,024,236,384
418	Financial reserve fund	21	556,114,754,000	556,114,754,000
420	Undistributed earnings	21	5,144,310,234,369	4,177,446,360,100
440	TOTAL RESOURCES		17,357,607,597,663	15,582,671,550,751

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


 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 consolidated interim financial statements.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Form B 02a – DN/HN

CONSOLIDATED INCOME STATEMENT

Code		Note	Three-month period ended	
			31.3.2012 VND	31.3.2011 VND
01	Sales		5,984,554,431,999	4,629,443,092,924
02	Less deductions		(108,236,690,257)	(94,014,614,375)
10	Net sales	23(a)	5,876,317,741,742	4,535,428,478,549
11	Cost of sales	24	(4,076,562,819,507)	(3,026,042,836,548)
20	Gross profit		1,799,754,922,235	1,509,385,642,001
21	Financial income	23(b)	146,036,114,524	133,282,433,189
22	Financial expenses	25	12,593,172,187	(99,490,733,416)
23	- In which: Interest expenses on loans		(91,709,098)	(3,834,299,984)
24	Selling expenses	26	(418,432,223,719)	(342,429,252,127)
25	General and administration expenses	27	(113,303,086,984)	(89,266,219,890)
30	Operating profit		1,426,648,898,243	1,111,481,869,757
31	Other income		108,817,618,140	87,613,687,830
32	Other expenses		(8,829,457,240)	(12,535,275,488)
40	Net other income	28	99,988,160,900	75,078,412,342
41	Share of profits/(losses) in associates and joint ventures		13,155,402,741	(499,157,798)
50	Net accounting profit before tax		1,539,792,461,884	1,186,061,124,301
51	Business income tax - current	29	(273,506,914,614)	(180,839,410,072)
52	Business income tax - deferred	29, 12	4,178,648,150	1,232,401,988
60	Net profit after tax		1,270,464,195,420	1,006,454,116,217
70	Basic earnings per share (VND)	30	2,286	1,892

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 consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	Three-month period ended	
		31.3.2012 VND	31.3.2011 VND
	CASH FLOWS FROM OPERATING ACTIVITIES	1,539,792,461,884	1,186,061,124,301
01	Net profit before tax		
	Adjustments for:		
02	Depreciation and amortisation	9, 10 119,925,871,430	94,328,346,210
03	(Reversal of provisions)/provisions	(39,267,636,353)	23,689,977,405
04	Unrealised foreign exchange losses	25 8,638,094,816	34,663,241,154
05	Losses/(gains) from disposal of fixed assets	28 2,861,432,601	(339,580,848)
05	Interest and dividend income	23(b) (111,793,866,048)	(94,674,603,873)
05	(Profits)/losses from other investing activities	(12,716,573,035)	981,204,112
06	Interest expense	25 91,709,098	3,834,299,984
08	Operating profit before changes in working capital	1,507,531,494,393	1,248,544,008,445
09	Increase in receivables	(253,503,125,861)	(330,335,454,685)
10	Increase in inventories	(632,913,327,495)	(885,661,673,902)
11	(Decrease)/increase in payables	(14,802,627,920)	253,856,125,002
12	Decrease/(increase) in prepaid expenses	10,442,125,492	(6,729,207,456)
13	Interest paid	(316,667)	(3,137,597,807)
14	Business income tax paid	(188,626,252,010)	(178,847,581,469)
15	Other receipts from operating activities	299,000,000	447,047,240
16	Other payments on operating activities	(287,136,362,231)	(165,094,273,665)
20	Net cash inflows/(outflows) from operating activities	141,290,607,701	(66,958,608,297)
	CASH FLOWS FROM INVESTING ACTIVITIES		
21	Purchases of fixed assets and constructions	(939,067,539,135)	(284,655,259,804)
22	Proceeds from disposals of fixed assets	3,631,448,399	7,149,029,963
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	-
27	Dividends and interest received	99,492,879,828	74,095,151,181
30	Net cash outflows from investing activities	(727,943,210,908)	(425,936,411,993)

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

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Form B 03a – DN/HN

CONSOLIDATED CASH FLOW STATEMENT
 (Indirect method)
 (continued)

		Three-month period ended	
		31.3.2012	31.3.2011
Code	Note	VND	VND
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuance of shares	-	34,985,200,000
32	Payment for share returns and repurchases	21 (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	(170,324,736,207)	(40,354,970,290)
60	Cash and cash equivalents at beginning of period	3 3,156,515,396,990	263,472,368,080
61	Effect of foreign exchange differences	(2,907,589,374)	79,739,649
70	Cash and cash equivalents at end of period	3 2,983,283,071,409	223,197,137,439


 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 consolidated interim financial statements.

**SELECTED NOTES TO THE CONSOLIDATED 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/QĐ-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 and its subsidiaries 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 consolidated interim financial statements for the three-month period ended 31 March 2012 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and jointly controlled entities as listed below:

Name	Address	31.3.2012		31.12.2011	
		% 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 Group had 4,696 employees (at 31 December 2011: 4,638 employees).

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES

The consolidated interim financial statements have been prepared in accordance with the Vietnamese Accounting Standard 27 – *Interim Financial Reporting*. The consolidated interim financial statements should be read in conjunction with the annual consolidated 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 consolidated financial statements for the year ended 31 December 2011, as described in those annual consolidated financial statements. Users of these consolidated interim financial statements should read them together with the annual consolidated financial statements of the Company and its subsidiaries (“the Group”) as at and for the year ended 31 December 2011 in order to obtain full information of the accounting policies of the Group.

The accompanying consolidated 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.

3 CASH AND CASH EQUIVALENTS

	31.3.2012	31.12.2011
	VND	VND
Cash on hand	721,654,927	748,676,117
Cash at bank	870,461,416,482	789,766,720,873
Cash equivalents (*)	2,112,100,000,000	2,366,000,000,000
	<u>2,983,283,071,409</u>	<u>3,156,515,396,990</u>

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

4 INVESTMENTS**(a) Short-term investments**

	31.3.2012	31.12.2011
	VND	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 33(a))	-	18,000,000,000
	<u>707,277,431,792</u>	<u>815,277,431,792</u>
Provision for diminution in value of short-term investments	<u>(75,001,474,900)</u>	<u>(79,244,243,600)</u>
	<u>632,275,956,892</u>	<u>736,033,188,192</u>

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

4 INVESTMENTS (continued)**(b) Long-term investments**

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

	31.3.2012 VND	31.12.2011 VND
<i>Long-term equity investments in associates and joint ventures:</i>		
Miraka Limited	185,655,465,247	173,228,494,143
Asia Saigon Food Ingredients Joint Stock Company	15,766,457,196	15,038,025,559
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
	<u>218,573,877,994</u>	<u>205,418,475,253</u>
<i>Other long-term investments:</i>		
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	206,996,073,800	206,996,073,800
Investment funds	106,350,000,000	106,350,000,000
Others	120,300,000,000	120,300,000,000
	<u>783,646,073,800</u>	<u>783,646,073,800</u>
<i>Provision for diminution in value of long-term investments</i>	<u>(107,075,609,467)</u>	<u>(142,350,792,629)</u>
	<u><u>895,144,342,327</u></u>	<u><u>846,713,756,424</u></u>

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	142,350,792,629	108,580,084,548
Increase	-	34,898,977,981
Reversal	(35,275,183,162)	(1,128,269,900)
Closing balance	<u><u>107,075,609,467</u></u>	<u><u>142,350,792,629</u></u>

5 TRADE ACCOUNTS RECEIVABLE

	31.3.2012 VND	31.12.2011 VND
Third parties	<u><u>1,376,181,804,395</u></u>	<u><u>1,143,168,467,855</u></u>

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	6,679,499,566	11,439,593,958
	<u>237,477,232,783</u>	<u>232,805,433,796</u>

7 INVENTORIES

	31.3.2012 VND	31.12.2011 VND
Goods in transit	1,119,960,403,985	972,360,197,401
Raw materials	1,977,979,855,725	1,590,350,151,377
Tools and supplies	6,999,614,716	1,833,344,075
Work in progress	86,734,304,031	61,562,596,516
Finished goods	618,206,627,473	579,265,915,242
Merchandise inventories	35,523,268,855	23,686,995,937
Goods on consignment	54,291,045,633	48,370,380,232
	<u>3,899,695,120,418</u>	<u>3,277,429,580,780</u>
Provision for decline in value of inventory	<u>(4,100,318,032)</u>	<u>(4,933,906,670)</u>
	<u>3,895,594,802,386</u>	<u>3,272,495,674,110</u>

Movements in the provision for inventories were as follows:

	31.3.2012 VND	31.12.2011 VND
Opening balance	4,933,906,670	4,133,214,915
Increase	1,713,054,428	10,074,642,239
Reversal	(2,460,854,720)	(8,018,602,015)
Written-off	(85,788,346)	(1,255,348,469)
	<u>4,100,318,032</u>	<u>4,933,906,670</u>

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	4,309,268,650	4,255,096,359
Repair and maintenance expenses	911,458,391	1,381,630,958
Other expenses	4,697,956,407	1,998,888,993
	<u>51,223,606,413</u>	<u>56,909,099,519</u>

(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	12,915,784,489	11,922,656,050
	<u>20,841,682,409</u>	<u>25,598,314,795</u>

Movement of long-term prepayment was as follows:

	31.3.2012 VND	31.12.2011 VND
Opening balance	25,598,314,795	97,740,813,322
Increase	4,618,344,647	75,772,676,087
Charge to income statement	(1,538,012,750)	(3,668,511,654)
Transfers to intangible fixed assets	-	(82,680,130,919)
Transfers to short-term prepayments (*)	(7,836,964,283)	(61,566,532,041)
Closing balance	<u>20,841,682,409</u>	<u>25,598,314,795</u>

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

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY
Form B 09a – DN/HN
9 FIXED ASSETS
(a) Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Livestock VND	Total VND
Historical cost						
At 1 January 2012	910,815,133,889	3,595,320,134,802	342,750,559,768	257,437,883,086	195,503,124,715	5,301,826,836,260
New purchases	2,915,789,886	15,956,562,029	6,521,266,700	3,193,091,490	-	28,586,710,105
Transfers from construction in progress (Note 9(c))	51,084,444,980	87,767,332,121	11,271,622,068	2,451,812,521	-	152,575,211,690
Transfers from inventory	-	-	-	-	10,513,324,124	10,513,324,124
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)	(4,754,450,850)	(13,397,301,632)
At 31 March 2012	<u>964,938,342,701</u>	<u>3,697,493,031,799</u>	<u>353,518,942,661</u>	<u>262,892,465,397</u>	<u>201,261,997,989</u>	<u>5,480,104,780,547</u>
Accumulated depreciation						
At 1 January 2012	217,612,580,950	1,285,791,657,838	143,083,992,356	120,979,925,716	40,730,136,946	1,808,198,293,806
Charge for the period	11,127,265,738	80,303,471,375	7,628,257,407	10,687,227,540	8,257,984,658	118,004,206,718
Reclassifications	-	(53,669,716)	67,003,048	(13,333,332)	-	-
Disposals	(631,691,075)	(59,209,600)	(2,466,068,161)	(110,321,700)	(1,416,166,540)	(4,683,457,076)
At 31 March 2012	<u>228,108,155,613</u>	<u>1,365,982,249,897</u>	<u>148,313,184,650</u>	<u>131,543,498,224</u>	<u>47,571,955,064</u>	<u>1,921,519,043,448</u>
Net book value						
At 1 January 2012	<u>693,202,552,939</u>	<u>2,309,528,476,964</u>	<u>199,666,567,412</u>	<u>136,457,957,370</u>	<u>154,772,987,769</u>	<u>3,493,628,542,454</u>
At 31 March 2012	<u>736,830,187,088</u>	<u>2,331,510,781,902</u>	<u>205,205,758,011</u>	<u>131,348,967,173</u>	<u>153,690,042,925</u>	<u>3,558,585,737,099</u>

Included in the tangible fixed assets were assets costing VND635,230,142,628 which were fully depreciated as at 31 March 2012 (31 December 2011: VND628,995,160,327), 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	324,478,280,840	58,931,090,027	383,409,370,867
Additions	-	494,603,000	494,603,000
At 31 March 2012	324,478,280,840	59,425,693,027	383,903,973,867
Accumulated amortisation			
At 1 January 2012	78,679,820,739	48,683,460,597	127,363,281,336
Charge for the period	13,164,623	919,275,475	932,440,098
At 31 March 2012	78,692,985,362	49,602,736,072	128,295,721,434
Net book value			
At 1 January 2012	245,798,460,101	10,247,629,430	256,046,089,531
At 31 March 2012	245,785,295,478	9,822,956,955	255,608,252,433

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.

9 FIXED ASSETS (continued)**(c) Construction in progress**

	31.3.2012	31.12.2011
	VND	VND
Opening balance	1,295,087,396,884	665,282,453,729
Additions	1,204,907,762,436	1,765,978,487,062
Transfers to tangible fixed assets (Note 9(a))	(152,575,211,690)	(1,130,614,746,336)
Transfers to inventory	-	(4,529,164,165)
Other decreases	(8,714,216)	(1,029,633,406)
	<hr/>	<hr/>
Closing balance	2,347,411,233,414	1,295,087,396,884
	<hr/>	<hr/>

Main projects belong to the following locations:

	31.3.2012	31.12.2011
	VND	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
Nghe An milk factory	257,202,821	35,495,060,435
Da Nang milk factory	255,637,330,487	237,931,390,899
	<hr/>	<hr/>

10 INVESTMENT PROPERTIES

	Land use rights VND	Infrastructure VND	Buildings VND	Total VND
Historical cost				
At 1 January 2012 and at 31 March 2012	27,489,150,000	5,994,290,197	84,183,047,263	117,666,487,460
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	27,489,150,000	4,849,988,706	68,332,148,833	100,671,287,539
At 31 March 2012	27,489,150,000	4,700,131,452	67,492,781,473	99,682,062,925

The land use rights represented freehold land in Hai Chau District, Da Nang City and was carried at cost and not amortised.

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 GOODWILL

Movements of goodwill were as follows:

	31.3.2012 VND	31.12.2011 VND
Opening balance	15,503,335,522	19,556,808,664
Decrease	-	(2,269,050,480)
Charged to the income statement	(460,287,231)	(1,784,422,662)
Closing balance	15,043,048,291	15,503,335,522

12 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	80,643,411,508	62,865,036,536
Income statement credit	4,178,648,150	17,778,374,972
Closing balance	<u>84,822,059,658</u>	<u>80,643,411,508</u>

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

13 SHORT-TERM BORROWINGS

	31.3.2012 VND	31.12.2011 VND
Short-term borrowings	<u>416,560,000,000</u>	<u>-</u>

The Group'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.

14 TRADE ACCOUNTS PAYABLE

	31.3.2012 VND	31.12.2011 VND
Third parties	2,028,743,702,652	1,722,763,113,643
Related parties (Note 33(b))	91,805,201,254	108,195,986,831
	<u>2,120,548,903,906</u>	<u>1,830,959,100,474</u>

15 TAXES AND OTHER PAYABLES TO STATE BUDGET

	31.3.2012 VND	31.12.2011 VND
Value added tax	84,866,612,490	78,912,830,769
Import duty	5,826,526,583	5,819,918,779
Business income tax	273,506,914,630	188,626,252,026
Personal income tax	7,483,037,851	13,715,531,182
Others	31,797,600	388,358,072
	<u>371,714,889,154</u>	<u>287,462,890,828</u>

16 ACCRUED EXPENSES

	31.3.2012	31.12.2011
	VND	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	27,031,435,392	25,359,546,962
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	16,493,062,198	19,365,394,796
	<u>254,133,424,597</u>	<u>260,678,009,293</u>

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

17 OTHER PAYABLES

	31.3.2012	31.12.2011
	VND	VND
Deposits received from customers	14,270,751,571	13,510,621,271
Import duty payables	35,615,594,029	31,891,388,948
Other payables relating to financial investments	185,419,155	184,859,155
Payables to minority shareholders of subsidiaries	34,800,000	34,800,000
Staff insurances and trade union fee	1,111,164,769	615,429,742
Others	12,385,754,345	13,241,826,199
	<u>63,603,483,869</u>	<u>59,478,925,315</u>

18 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.

19 PROVISION FOR SEVERANCE ALLOWANCES

Movements for provision for severance allowances were as follows:

	31.3.2012	31.12.2011
	VND	VND
Opening balance	66,923,897,268	51,373,933,083
Increases	22,704,000	16,618,656,982
Payment during the period/year	(283,535,500)	(1,068,692,797)
Closing balance	<u>66,663,065,768</u>	<u>66,923,897,268</u>

20 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	<u>555,802,524</u>	<u>5,557,953,613,000</u>	<u>555,867,614</u>	<u>5,558,625,746,000</u>

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.

21 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	1,909,021,531,417	7,964,436,590,282
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	-	-	-	-	-	4,218,181,708,937	4,218,181,708,937
Appropriations to reserves	-	-	-	588,625,486,519	203,042,634,000	(1,208,328,620,254)	(416,660,499,735)
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	4,177,446,360,100	12,477,205,196,484
Purchases of treasury shares	-	-	(672,133,000)	-	-	-	(672,133,000)
Profit for the period	-	-	-	-	-	1,270,464,195,420	1,270,464,195,420
Appropriations to reserves	-	-	-	177,469,458,643	-	(303,600,321,151)	(126,130,862,508)
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	5,144,310,234,369	13,620,866,396,396

22 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 consolidated 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.

23 REVENUE**(a) Net sales**

	Three-month period ended	
	31.3.2012	31.3.2011
	VND	VND
Sales		
Sales of merchandise goods	73,481,243,016	49,102,278,112
Sales of finished goods	5,904,245,096,903	4,575,036,892,336
Sales from provision of real estate services	3,076,176,295	1,918,939,611
Sales from provision of other services	3,751,915,785	3,384,982,865
	<u>5,984,554,431,999</u>	<u>4,629,443,092,924</u>
Sales deductions		
Trade discounts	(107,913,327,388)	(93,732,578,888)
Sales returns	(323,362,869)	(282,035,487)
	<u>(108,236,690,257)</u>	<u>(94,014,614,375)</u>
Net sales	<u><u>5,876,317,741,742</u></u>	<u><u>4,535,428,478,549</u></u>

(b) Financial income

	Three-month period ended	
	31.3.2012	31.3.2011
	VND	VND
Interest income on deposits	82,357,251,762	64,143,990,558
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
	<u>146,036,114,524</u>	<u>133,282,433,189</u>

24 COST OF SALES

	Three-month period ended	
	31.3.2012	31.3.2011
	VND	VND
Merchandise goods sold	60,846,132,880	43,424,999,329
Finished goods sold	4,006,573,633,586	2,967,164,120,931
Real estate services provided	1,374,773,475	1,348,346,813
Other services provided	209,286,675	226,140,871
Inventories deficiencies	566,758,827	576,700,311
Expenses in excess of normal value	7,740,034,356	11,051,584,254
(Reversal of provision)/provision for the decline in value of inventory	(747,800,292)	2,250,944,039
	<u>4,076,562,819,507</u>	<u>3,026,042,836,548</u>

25 FINANCIAL EXPENSES

	Three-month period ended	
	31.3.2012	31.3.2011
	VND	VND
Payment discounts for distributors	5,259,462,098	9,619,374,556
Interest expenses on loans	91,709,098	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
Loss 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	(39,517,951,862)	20,361,615,370
	<u>(12,593,172,187)</u>	<u>99,490,733,416</u>

26 SELLING EXPENSES

	Three-month period ended	
	31.3.2012	31.3.2011
	VND	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
	<u>418,432,223,719</u>	<u>342,429,252,127</u>

27 GENERAL AND ADMINISTRATION EXPENSES

	Three-month period ended	
	31.3.2012 VND	31.3.2011 VND
Staff costs	38,543,574,451	30,275,070,515
Material expenses	2,244,813,282	1,726,457,973
Office supplies	937,107,140	827,263,726
Depreciation expense	13,701,245,513	11,339,891,682
Fees and duties	2,085,802,514	1,661,116,756
Provision of doubtful debts and severance allowance	1,030,833,237	1,077,417,996
Transportation for internal transfer of goods	11,865,414,688	10,623,052,216
Outside service expenses	25,953,998,263	17,732,928,511
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	8,208,894,440	4,523,209,735
	<u>113,303,086,984</u>	<u>89,266,219,890</u>

28 NET OTHER INCOME

	Three-month period ended	
	31.3.2012 VND	31.3.2011 VND
Other income		
Proceeds from disposals of fixed assets	5,852,411,955	12,850,440,253
Proceeds from sales of tools, supplies and scraps	23,057,653,319	15,021,511,866
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	4,244,073,680	1,078,295,686
	<u>108,817,618,140</u>	<u>87,613,687,830</u>
Other expenses		
Net book value of fixed assets disposed	(8,713,844,556)	(12,510,859,405)
Cost of tools, supplies and scraps disposed	(5,830,000)	(7,659,470)
Other expenses	(109,782,684)	(16,756,613)
	<u>(8,829,457,240)</u>	<u>(12,535,275,488)</u>
Net other income	<u>99,988,160,900</u>	<u>75,078,412,342</u>

29 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. In the Group, only the Company and Lam Son Dairy One Member Company Limited incurred the business income tax charges. Other companies have no taxable income.

The tax on the Group’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	1,539,792,461,884	1,186,061,124,301
Tax calculated at the tax rate of 25%	384,948,115,471	296,515,281,075
Effect of:		
Different tax rates applicable for branches and subsidiaries	(69,054,065,293)	(58,499,105,095)
Income not subject to tax	(3,032,331,054)	(2,347,078,582)
Expenses not deductible for tax purposes	3,233,163,918	582,730,456
Tax incentives	(56,843,842,155)	(59,397,331,431)
Deferred income tax asset was not previously recognised	(7,377,911,982)	(5,631,148,662)
Current tax losses in subsidiaries for which no deferred income tax asset was recognised	-	608,307,440
Under-provision in previous years	17,455,137,559	7,775,352,883
Business income tax charge	269,328,266,464	179,607,008,084

The Group’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.

30 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)	1,270,464,195,420	1,006,454,116,217
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)	2,286	2,838
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)	2,286	1,892

The Group does not have potentially dilutive ordinary shares.

31 COST OF GOODS MANUFACTURED BY FACTORS

	Three-month period ended	
	31.3.2012	31.3.2011
	VND	VND
Raw materials	3,926,136,024,553	2,974,053,783,921
Labour costs	167,744,513,332	134,900,236,501
Depreciation expenses	119,925,871,430	94,328,346,205
Outside service expenses	186,969,564,354	144,780,782,243
Other cash expenses	314,265,484,242	257,535,085,793
	<u>4,715,041,457,911</u>	<u>3,605,598,234,663</u>

32 SEGMENTAL REPORTING

Segment information is presented in respect of the Group's geographical segment. The primary format, geographical segments, is based on the Group'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	4,717,146,747,195	4,059,721,349,323	1,159,170,994,547	475,707,129,226	5,876,317,741,742	4,535,428,478,549
Cost of sales	(3,150,853,432,820)	(2,643,917,775,221)	(925,709,386,687)	(382,125,061,327)	(4,076,562,819,507)	(3,026,042,836,548)
Segment income	1,566,293,314,375	1,415,803,574,102	233,461,607,860	93,582,067,899	1,799,754,922,235	1,509,385,642,001

33 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 year, the following transactions were carried out with related parties:

i) Purchases of goods and services

	Three-month period ended	
	31.3.2012	31.3.2011
	VND	VND
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	-
	<u>209,433,644,589</u>	<u>1,046,631,610</u>

ii) Compensation of key management

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

iii) 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.

(b) Year end balances with related parties

	31.3.2012	31.12.2011
	VND	VND
Trade accounts payable (Note 14)		
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	-
	<u>91,805,201,254</u>	<u>108,195,986,831</u>

34 FINANCIAL RISK MANAGEMENT**Financial risk factors****Overview**

The Group 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 Group's risk management framework. The Board establishes policies to identify and analyse the risks faced by the Group, 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 Group'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 Group 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 Group 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 Group'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
	<u>59,725,188</u>	<u>15,660,482</u>	<u>1,243,956,209,577</u>	<u>437,005,744,491</u>
Financial liabilities				
Trade and other payables	(31,593,453)	(9,909,267)	(658,028,446,790)	(276,519,729,917)
Currency exposure	<u>28,131,735</u>	<u>5,751,215</u>	<u>585,927,762,787</u>	<u>160,486,014,574</u>

34 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
	<u>63,502,218</u>	<u>10,026,261</u>	<u>1,322,624,201,564</u>	<u>277,055,668,831</u>
Financial liabilities				
Trade and other payables	(43,076,331)	(12,606,518)	(897,193,813,131)	(348,355,921,842)
Currency exposure	<u>20,425,887</u>	<u>(2,580,257)</u>	<u>425,430,388,433</u>	<u>(71,300,253,011)</u>

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 Group'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 Group'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 Group 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 Group's profit after tax would have been VND9,607,625,070 higher/lower.

(iii) Interest rate risk

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

34 FINANCIAL RISK MANAGEMENT (continued)**(b) Credit risk**

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

Trade and other receivables

The Group'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 Group'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 Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group 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 Group 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 Group'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 Group.

The Group's trade and other receivables not past due amounted to VND1,487,042,828,390 (2011: VND1,353,317,082,254).

34 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
	<u>122,587,213,962</u>	<u>19,074,351,435</u>

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	4,028,994,826	3,582,467,962
Less: Allowance for impairment	(2,916,123,231)	(1,918,007,430)
	<u>1,112,871,595</u>	<u>1,664,460,532</u>
Allowance for impairment		
Beginning of period/year	1,918,007,430	596,556,111
Allowance made	998,115,801	1,833,346,777
Written-off	-	(511,895,458)
End of period/year	<u>2,916,123,231</u>	<u>1,918,007,430</u>

34 FINANCIAL RISK MANAGEMENT (continued)**(c) Liquidity risk**

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

The table below analyses the Group'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	2,604,224,596,186	92,000,000,000
	<u>3,020,784,596,186</u>	<u>92,000,000,000</u>
As at 31 December 2011		
Trade and other liabilities	<u>2,312,706,740,902</u>	<u>92,000,000,000</u>

34 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:

	Book value	Compared to market value		Market value	Provision
	VND	Increase	Decrease	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	206,996,073,800	4,576,014,300	(65,649,511,500)	145,922,576,600	(65,649,511,500)
Investment funds	106,350,000,000	-	(41,426,097,967)	64,923,902,033	(41,426,097,967)
	420,623,505,592	24,674,849,008	(182,077,084,367)	263,221,270,233	(182,077,084,367)

34 FINANCIAL RISK MANAGEMENT (continued)

(d) Fair value measurements (continued)

	Book value	Compared to market value		Market value	Provision
	VND	Increase	Decrease	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	206,996,073,800	5,973,328,500	(96,442,805,500)	116,526,596,800	(96,442,805,500)
Investment funds	106,350,000,000	-	(45,907,987,129)	60,442,012,871	(45,907,987,129)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	420,623,505,592	17,736,131,208	(221,595,036,229)	216,764,600,571	(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.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Form B 09a – DN/HN

The consolidated 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