

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

Consolidated interim financial statements
for the nine-month period ended
30 September 2013

Vietnam Dairy Products Joint Stock Company Corporate Information

Business Registration Certificate No.

4103001932
0300588569

20 November 2003
29 May 2013

The Company's business registration certificate has been amended several times, the most recent of which is by business registration certificate No. 0300588569. The business registration certification was issued by Ho Chi Minh City Planning and Investment Department dated 29 May 2013.

Members' Council

Mdm Mai Kieu Lien	Chairwoman
Mr Le Song Lai	Member
Ms Ngo Thi Thu Trang	Member
Mr Pascal De Petrini	Member (until 23 May 2013)
Mr Ng Jui Sia	Member (from 23 May 2013)
Mr Le Anh Minh	Member
Ms Le Thi Bang Tam	Member
Mr Ha Van Tham	Member

Board of Directors

Mdm Mai Kieu Lien	Chief Executive Officer
Ms Nguyen Thi Thanh Hoa	Executive Director Production and Products Development
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
Ms Nguyen Quoc Khanh	Executive Director – Supply chain
Ms Nguyen Huu Ngoc Tran	Acting Executive Director – Marketing
Mr Mai Hoai Anh	Executive Director – Sales

Registered Office

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

Auditors

KPMG Limited
Vietnam

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

**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 referred to as “the Group”) which give a true and fair view of the consolidated financial position of the Group as of 30 September 2013 and of the consolidated results of operations and cash flows for the nine-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 consolidated financial position of the Group and which enable these consolidated interim financial statements to be prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements. The Board of Directors is also responsible for safeguarding the assets of the Company and its subsidiaries 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 56 which give a true and fair view of the consolidated financial position of the Group as at 30 September 2013, and of the consolidated results of operations and cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements.



Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, 28 October 2013

CONSOLIDATED INTERIM FINANCIAL STATEMENTS REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheet of Vietnam Dairy Products Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”) as of 30 September 2013, the related consolidated statements of income and cash flows for the nine-month period then ended and the relevant explanatory notes thereto (“the consolidated interim financial statements”) which were authorised for issue by the Group’s management on 28 October 2013, as set out on pages 4 to 56. These consolidated interim financial statements are the responsibility of the Group’s management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review. The consolidated interim financial statements of the Group as of and for the nine-month period ended 30 September 2012 were reviewed by another firm of auditors who report dated 1 November 2012 expressed an unqualified conclusion on those statements.

Scope of review

We conducted our review in accordance with Vietnamese Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated interim financial statements are free of material misstatement. A review is limited primarily to inquiries of the Group’s personnel and 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 do not give a true and fair view of the consolidated financial position of Vietnam Dairy Products Joint Stock Company and its subsidiaries as of 30 September 2013 and the consolidated results of their operations and their cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements.

KPMG Limited
Vietnam
Investment Certificate No: 011043000345
Review Report No: 13-01-237



Chang Hung Chun
Practicing Registration No. 0863-2013-007-1
Deputy General Director

Ho Chi Minh City, 28 October 2013



Nguyen Thanh Nghi
Practicing Registration No. 0304-2013-007-1

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 30 September 2013

Form B 01a – DN/HN

	Code	Note	30/9/2013 VND	31/12/2012 VND
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		11,634,196,616,736	11,110,610,188,964
Cash and cash equivalents	110	5	1,684,436,360,678	1,252,120,160,804
Cash	111		524,436,360,678	852,120,160,804
Cash equivalents	112		1,160,000,000,000	400,000,000,000
Short-term investments	120	6	3,869,716,691,608	3,909,275,954,492
Short-term investments	121		4,013,292,575,718	4,039,304,630,112
Allowance for diminution in the value of short-term investments	129		(143,575,884,110)	(130,028,675,620)
Accounts receivable	130		2,571,043,374,013	2,246,362,984,001
Accounts receivable – trade	131		1,736,756,164,676	1,269,841,759,012
Prepayments to suppliers	132		558,597,968,643	576,619,318,260
Other receivables	135	7	277,634,861,101	403,754,490,615
Allowance for doubtful debts	139	35(b)	(1,945,620,407)	(3,852,583,886)
Inventories	140	8	3,258,750,181,216	3,472,845,352,518
Inventories	141		3,262,254,673,271	3,476,300,517,903
Allowance for inventories	149		(3,504,492,055)	(3,455,165,385)
Other current assets	150		250,250,009,221	230,005,737,149
Short-term prepayments	151		108,367,562,365	72,343,567,655
Deductible value added tax	152		139,872,303,187	154,118,437,302
Other current assets	158		2,010,143,669	3,543,732,192

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 30 September 2013 (continued)

Form B 01a – DN/HN

	Code	Note	30/9/2013 VND	31/12/2012 VND
Long-term assets				
(200 = 220 + 240 + 250 + 260 + 269)	200		9,025,317,926,360	8,587,258,231,415
Fixed assets	220		8,359,739,122,551	8,042,300,548,493
Tangible fixed assets	221	9	7,643,928,137,424	4,223,443,459,603
<i>Cost</i>	222		10,392,194,645,686	6,512,875,316,427
<i>Accumulated depreciation</i>	223		(2,748,266,508,262)	(2,289,431,856,824)
Intangible fixed assets	227	10	297,928,227,692	253,615,655,556
<i>Cost</i>	228		405,897,809,495	387,180,023,184
<i>Accumulated amortisation</i>	229		(107,969,581,803)	(133,564,367,628)
Construction in progress	230	11	417,882,757,435	3,565,241,433,334
Investment property	240	12	150,662,518,929	96,714,389,090
<i>Cost</i>	241		176,332,062,888	117,666,487,460
<i>Accumulated depreciation</i>	242		(25,669,543,959)	(20,952,098,370)
Long-term investments	250	13	247,787,187,429	284,428,762,040
Investments in associates and joint-ventures	252		236,050,431,867	217,944,646,507
Other long-term investments	258		26,322,737,046	80,840,000,000
Allowance for diminution in the value of long-term investments	259		(14,585,981,484)	(14,355,884,467)
Other long-term assets	260		259,241,769,127	150,152,345,194
Long-term prepayments	261	14	109,639,619,818	41,073,978,122
Deferred tax assets	262	15	148,525,729,309	108,001,947,072
Other long-term assets	268		1,076,420,000	1,076,420,000
Goodwill	269	16	7,887,328,324	13,662,186,598
TOTAL ASSETS (270 = 100 + 200)	270		20,659,514,543,096	19,697,868,420,379

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 30 September 2013 (continued)

Form B 01a – DN/HN

	Code	Note	30/9/2013 VND	31/12/2012 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		3,771,554,208,170	4,204,771,824,521
Current liabilities	310		3,701,868,681,483	4,144,990,303,291
Accounts payable – trade	312		1,703,381,547,568	2,247,659,149,802
Advances from customers	313		21,296,233,954	21,589,364,414
Taxes payable to State Treasury	314	17	468,456,525,441	333,952,869,847
Payables to employees	315		107,820,123,099	106,150,509,860
Accrued expenses	316	18	521,298,043,555	365,103,636,850
Other payables	319	19	632,938,206,501	664,137,048,409
Bonus and welfare fund	323	20	246,678,001,365	406,397,724,109
Long-term liabilities	330		69,685,526,687	59,781,521,230
Provision for severance allowance	337	21	69,615,064,416	59,635,777,000
Unearned revenue	338		70,462,271	145,744,230
EQUITY (400 = 410)	400		16,887,960,334,926	15,493,096,595,858
Owners' equity	410	22	16,887,960,334,926	15,493,096,595,858
Share capital	411	23	8,339,557,960,000	8,339,557,960,000
Share premium	412		1,276,994,100,000	1,276,994,100,000
Treasury shares	414	23	(4,953,649,959)	(4,504,115,000)
Investment and development fund	417		764,826,880,531	93,889,017,729
Financial reserve	418		833,955,796,000	588,402,022,008
Retained profits	420		5,677,579,248,354	5,198,757,611,121
TOTAL RESOURCES (440 = 300 + 400)	440		20,659,514,543,096	19,697,868,420,379

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

**Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 30 September 2013 (continued)**

Form B 01a – DN/HN

OFF BALANCE SHEET ITEM

	30/9/2013	31/12/2012
Foreign currencies included in cash and cash equivalents:		
USD	7,109,651	11,737,838
EUR	119,630	49,848

28 October 2013

Prepared by:

Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance

Approved by:



Mai Kieu Lien
Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of income for the nine-month period ended 30 September 2013

Form B 02a – DN/HN

	Code	Note	Three-month period ended 30/9/2013 VND	30/9/2012 VND	Nine-month period ended 30/9/2013 VND	30/9/2012 VND
Total revenue	01	25	8,190,579,893,928	6,761,165,682,379	23,242,399,136,381	19,897,242,164,822
Less revenue deductions	02	25	162,862,218,618	142,324,311,523	467,829,729,695	391,132,098,521
Net revenue (10 = 01 - 02)	10	25	8,027,717,675,310	6,618,841,370,856	22,774,569,406,686	19,506,110,066,301
Cost of sales	11	26	5,092,778,691,607	4,277,327,756,300	14,261,121,092,236	12,943,339,579,980
Gross profit (20 = 10 - 11)	20		2,934,938,983,703	2,341,513,614,556	8,513,448,314,450	6,562,770,486,321
Financial income	21	27	133,834,846,599	71,601,592,379	373,021,423,940	365,377,031,434
Financial expenses	22	28	29,727,666,522	18,640,324,279	73,450,667,801	19,318,969,416
<i>In which: Interest expense</i>	23		-	90,566,597	-	3,114,837,973
Selling expenses	24	29	876,130,733,210	601,583,863,177	2,323,623,657,203	1,645,548,048,183
General and administration expenses	25	30	151,060,682,556	140,311,483,328	448,575,011,565	387,386,512,610
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30		2,011,854,748,014	1,652,579,536,151	6,040,820,401,821	4,875,893,987,546
Other income	31	31	35,791,315,029	36,219,882,193	131,156,094,707	198,742,094,959
Other expenses	32	32	8,246,165,270	20,557,163,884	30,370,312,278	50,020,804,040
Results of other activities (40 = 31 - 32)	40		27,545,149,759	15,662,718,309	100,785,782,429	148,721,290,919


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


Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of income for the nine-month period ended 30 September 2013 (continued)



Form B 02a – DN/HN

	Code	Note	Three-month period ended		Nine-month period ended	
			30/9/2013	30/9/2012	30/9/2013	30/9/2012
			VND	VND	VND	VND
Share of profit in associates and jointly controlled entities	41		16,808,081,518	(2,708,864,311)	29,075,056,084	10,650,561,208
Profit before tax (50 = 30 + 40 + 41)	50		2,056,207,979,291	1,665,533,390,149	6,170,681,240,334	5,035,265,839,673
Income tax expense – current	51	33	381,471,706,850	256,582,439,536	1,147,121,372,877	884,710,921,628
Income tax benefit – deferred	52	33	(15,732,732,250)	13,563,419,082	(40,523,782,237)	(20,951,998,611)
Net profit after tax (60 = 50 - 51 - 52)	60		1,690,469,004,691	1,395,387,531,531	5,064,083,649,694	4,171,506,916,656
Basic earnings per share	70	34	2,028	1,674	6,076	5,004

28 October 2013

Prepared by: 
 Le Thanh Liem
 Chief Accountant

Approved by: 
 Ngo Thi Thu Trang
 Executive Director - Finance

 Approved by: 
 Mai Kieu Lien
 Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the nine-month period ended 30 September 2013
(Indirect method)

Form B 03a – DN/HN

	Code	Note	Nine-month period ended	
			30/9/2013	30/9/2012
			VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		6,170,681,240,334	5,035,265,839,673
Adjustments for				
Depreciation and amortisation	02		552,094,346,291	389,080,884,554
Allowances and provisions	03		17,605,969,548	(56,051,707,912)
Unrealised foreign exchange losses	04		11,218,423,101	11,809,532,150
Losses on disposal of fixed assets	05		1,829,297,766	16,712,297,650
Dividends and interest income	05		(296,405,013,574)	(281,016,952,345)
Profit from other investing activities	05		(20,493,655,200)	(14,809,576,613)
Interest expense	06		-	3,114,837,973
Operating profit before changes in working capital	08		6,436,530,608,266	5,104,105,155,130
Change in receivables	09		(281,153,214,553)	(321,300,557,350)
Change in inventories	10		176,610,750,124	(328,007,703,597)
Change in payables and other liabilities	11		(316,633,520,126)	(351,045,833,467)
Change in prepayments	12		(21,613,225,958)	(30,413,275,389)
			5,993,741,397,753	4,073,337,785,327
Interest paid	13		-	(3,114,837,973)
Income tax paid	14		(1,018,546,814,239)	(816,759,314,626)
Other receipts from operating activities	15		20,969,913,520	3,704,175,480
Other payments for operating activities	16		(661,127,765,871)	(426,442,618,981)
Net cash flows from operating activities	20		4,335,036,731,163	2,830,725,189,227

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

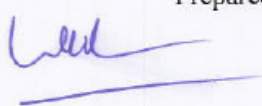
Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the nine-month period ended 30 September 2013
(Indirect method - continued)


Form B 03a – DN/HN

	Code	Note	Nine-month period ended	
			30/9/2013	30/9/2012
			VND	VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(1,076,842,306,681)	(2,535,847,331,423)
Proceeds from disposals of fixed assets	22		15,823,333,973	11,664,845,541
(Increase)/decrease on time deposits	23		(273,100,000,000)	(1,260,000,000,000)
Proceeds from sales of equity instruments of other entities	24		304,531,896,380	223,024,623,470
Collections on investments in other entities	26		4,927,205,437	-
Collections on loan to other entity	26		30,000,000,000	18,000,000,000
Receipts of dividends and interests	27		260,303,651,959	335,656,455,800
Net cash flows from investing activities	30		(734,356,218,932)	(3,207,501,406,612)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for shares repurchases	32		(410,584,959)	(1,900,759,000)
Payments of dividends	36		(3,167,235,049,800)	(2,222,994,056,000)
Net cash flows from financing activities	40		(3,167,645,634,759)	(2,224,894,815,000)
Net cash flows during the period (50 = 20 + 30 + 40)	50		433,034,877,472	(2,601,671,032,385)
Cash and cash equivalents at the beginning of the period	60		1,252,120,160,804	3,156,515,396,990
Effect of exchange rate fluctuations on cash and cash equivalents	61		(718,677,598)	289,568,521
Cash and cash equivalents at the end of the period (70 = 50 + 60)	70	5	1,684,436,360,678	555,133,933,126


28 October 2013

Prepared by:


 Le Thanh Liem
 Chief Accountant


 Ngo Thi Thu Trang
 Executive Director - Finance



Approved by:

 Mai Kieu Lien
 Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the nine-month period ended
30 September 2013

Form B 09a – DN/HN

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

1. Reporting Entity

Vietnam Dairy Products Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam. The principal activities of the Company are:

- Process, manufacture and distribute milk cake, soya milk, fresh milk, refreshment drinks, bottled milk, powdered milk, nutritious powder and other products from milk;
- Trade in food technology, spare parts, equipment, materials and chemicals;
- Trade in houses, brokerage and leasing of real estate;
- Provide warehousing, transportation and loading service;
- Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee;
- Manufacture and sell plastic package and label printing;
- Manufacture and sell plastic products;
- Provide health care clinic services;
- Provide supporting agricultural operations such as: supply of seeds of cultivated crops, guidance on cultivation techniques, cultivation harvest, soil working, irrigation;
- Raise cattle: supply of breeding animals and breeding techniques, run agricultural operations;
- Provide post-harvest services;
- Treat seeds for multiplication purposes; and
- Manufacture biscuits.

The consolidated interim financial statements of the Group for the nine-month period ended 30 September 2013 comprise the Company and its subsidiaries and the Group’s interest in associates and a jointly controlled entity as listed below:

Subsidiaries	% of ownership	% of voting rights
Vietnam Dairy Cow One Member Limited Company	100%	100%
Lamson Dairy Products One Member Company Limited	100%	100%
International Real Estate One Member Limited Company	100%	100%
Associates		
Asia Saigon Food Ingredients Joint Stock Company	15.0%	15.0%
Miraka Limited	19.3%	19.3%
Jointly controlled entity		
Horizon Apartment – Business Cooperation Contract	24.5%	24.5%

The Company’s representative office in Cambodia was established and approved on 5 March 2013.

As at 30 September 2013, the Group had 5,545 employees (31 December 2012: 5,000 employees).

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the nine-month period ended
30 September 2013 (continued)

Form B 09a – DN/HN

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting currency

The consolidated interim financial statements are prepared and presented in Vietnam Dong (“VND”).

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the nine-month period ended
30 September 2013 (continued)

Form B 09a – DN/HN

3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated interim financial statements from the date that control commences until the date that control ceases.

(ii) *Associates and jointly controlled entities (equity accounted investees)*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) *Transactions eliminated on consolidation*

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

(iv) *Business combination*

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the nine-month period ended
30 September 2013 (continued)

Form B 09a – DN/HN

(b) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the period have been translated into VND at rates of exchange ruling at the transaction dates.

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

(c) Cash and cash equivalents

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

(d) Short-term and long-term investments

(i) Classification

The Group classifies its investments in listed or non-listed shares, as short-term investments or long-term investments depending on the Group's intention and investment strategy in respect of relevant investees.

(ii) Recognition

The Group recognises trading securities, short-term and long-term investments on the date it becomes a party to the contractual provisions of the investments (trade date accounting).

(iii) Measurement

Trading securities, short-term and long-term investments are stated at cost less allowance for diminution in value.

Cost of trading securities, short-term and long-term investments are determined on a weighted average basis.

(iv) Impairment

The allowance for diminution of publicly traded securities is made in accordance with the current regulation as issued by the Ministry of Finance. The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the nine-month period ended
30 September 2013 (continued)

Form B 09a – DN/HN

(v) Derecognition

Trading securities, short-term and long-term investments are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

(e) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

(f) Inventories

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

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

▪ buildings and structures	10 – 50 years
▪ machinery and equipment	8 – 10 years
▪ motor vehicles	10 years
▪ office equipment	3 – 8 years
▪ livestock	6 years

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(h) Intangible fixed assets

(i) Land use rights

Land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over the valid term of land use rights certificate.

Land use rights with indefinite period are not amortised.

(ii) Software

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

(i) Investment property

(i) Cost

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

(ii) Depreciation

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

- infrastructure 10 years
- buildings 10 – 50 years

Land use rights with indefinite period are not amortised.

(j) Construction in progress

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

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(k) Long-term prepayments

(i) *Prepaid land costs*

Prepaid land costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease.

(ii) *Tools and supplies*

Tools and supplies represent the cost of tools used for production and administration processes and are amortised on a straight line basis over two years.

(iii) *Others*

Others are recorded at cost and amortised on a straight-line basis over 2 years.

(l) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the consolidated statement of income. Goodwill is amortised on a straight-line basis over 10 years. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(m) Trade and other payables

Trade and other payables are stated at their cost.

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(n) Provisions

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

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 30 September 2013 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

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(o) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Group's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Group classifies its financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as financial assets at fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Group has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as financial assets at fair value through profit or loss;
- those that the Group designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Group intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as financial assets at fair value through profit or loss;
- that the Group upon initial recognition designates as available-for-sale; or
- for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

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Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that is not classified as:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

(ii) *Financial liabilities*

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by management as held for trading. A financial liability is considered as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as financial liabilities at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised costs.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

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(p) Taxation

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

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

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

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

(q) Share capital and treasury shares

Ordinary shares in issue are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds.

Where the Group purchase the Group's equity share capital (treasury shares), the consideration paid, including directly attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the share are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received less any directly attributable incremental transaction costs is included in equity attributable to the Group's equity holders.

(r) Revenue

(i) Goods sold

Revenue from the sale of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

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(ii) *Services rendered*

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

(iii) *Rental income*

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

(s) *Financial income*

(i) *Interest income*

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

(ii) *Dividend income*

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

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

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

(t) *Operating lease payments*

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

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(u) Dividend distribution

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

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

(v) Equity funds

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

Investment and development fund	10% of profit after tax
Financial reserve	up to 5% of profit after tax

Appropriation to financial reserve fund will cease when the amount reaches 10% of the Group's paid in capital. Utilisation of the above reserve funds requires approval of the shareholders, the Board of Directors, or Chief Executive Officer depending on the nature and magnitude of the transactions involved as stated in the Group's Charter and financial regulations.

(w) Earnings per share

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

(x) Segment reporting

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

(y) Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties and the related parties, as defined by the Vietnamese Accounting Standard No 26 - *Related parties*.

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4. Segment reporting

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

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling, 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	
	Nine-month period ended		Nine-month period ended		Nine-month period ended	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012	30/9/2013	30/9/2012
	VND	VND	VND	VND	VND	VND
Net sales	19,420,862,485,060	16,589,245,060,886	3,353,706,921,626	2,916,865,005,415	22,774,569,406,686	19,506,110,066,301
Cost of sales	(11,729,085,474,534)	(10,641,254,888,664)	(2,532,035,617,702)	(2,302,084,691,316)	(14,261,121,092,236)	(12,943,339,579,980)
Segment income	7,691,777,010,526	5,947,990,172,222	821,671,303,924	614,780,314,099	8,513,448,314,450	6,562,770,486,321

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5. Cash and cash equivalents

	30/9/2013	31/12/2012
	VND	VND
Cash on hand	1,101,765,607	1,007,244,458
Cash in banks	523,334,595,071	850,362,916,346
Cash in transit	-	750,000,000
Cash equivalents	1,160,000,000,000	400,000,000,000
	<hr/>	<hr/>
	1,684,436,360,678	1,252,120,160,804
	<hr/> <hr/>	<hr/> <hr/>

6. Short-term investments

	30/9/2013	31/12/2012
	VND	VND
Short-term investments in:		
▪ Listed securities	188,758,772,692	211,020,970,112
▪ Unlisted securities	82,533,803,026	82,283,660,000
▪ Term deposits	3,250,000,000,000	2,974,000,000,000
▪ Institution bonds	50,000,000,000	300,000,000,000
▪ Other short-term investments	442,000,000,000	472,000,000,000
	<hr/>	<hr/>
	4,013,292,575,718	4,039,304,630,112
Allowance for diminution in value of short-term investments	(143,575,884,110)	(130,028,675,620)
	<hr/>	<hr/>
	3,869,716,691,608	3,909,275,954,492
	<hr/> <hr/>	<hr/> <hr/>

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

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Opening balance	130,028,675,620	79,244,243,600
Increase in allowance during the period	24,082,943,610	-
Allowance utilised during the period	(1,449,609,300)	-
Written back	(9,086,125,820)	(4,676,552,180)
	<hr/>	<hr/>
Closing balance	143,575,884,110	74,567,691,420
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Notes to the consolidated interim financial statements for the nine-month period ended
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7. Other receivables

	30/9/2013	31/12/2012
	VND	VND
Shortage of assets awaiting for resolution	98,750,870	-
Interest receivable from term deposits	118,418,894,596	55,733,508,797
Interest receivable from bonds and loans	1,002,739,726	27,586,763,700
Import tax refundable	150,603,483,415	235,708,097,835
Rebates receivable from suppliers	-	76,841,890,627
Others	7,510,992,494	7,884,229,656
	<hr/>	<hr/>
	277,634,861,101	403,754,490,615
	<hr/>	<hr/>

8. Inventories

	30/9/2013	31/12/2012
	VND	VND
Goods in transit	492,690,016,484	702,869,203,610
Raw materials	1,833,314,584,847	2,041,420,485,347
Tools and supplies	7,848,558,818	8,332,323,313
Work in progress	155,005,409,414	89,198,796,393
Finished goods	747,616,417,908	591,779,813,093
Merchandise inventories	25,779,685,800	20,857,268,341
Goods on consignment	-	21,842,627,806
	<hr/>	<hr/>
	3,262,254,673,271	3,476,300,517,903
Allowance for inventories	(3,504,492,055)	(3,455,165,385)
	<hr/>	<hr/>
	3,258,750,181,216	3,472,845,352,518
	<hr/>	<hr/>

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

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Opening balance	3,455,165,385	4,933,906,670
Increase in allowance during the period	4,260,059,262	6,849,947,372
Allowance utilised during the period	(473,954,358)	(272,436,458)
Written back	(3,736,778,234)	(7,229,398,431)
	<hr/>	<hr/>
Closing balance	3,504,492,055	4,282,019,153
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9. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Livestock VND	Total VND
Cost						
Opening balance	1,187,312,617,245	4,404,145,312,663	362,119,442,659	316,019,727,093	243,278,216,767	6,512,875,316,427
Additions	18,213,631,229	147,353,525,555	27,967,895,643	77,876,396,039	1,418,527,662	272,829,976,128
Transfers from construction in progress	727,170,337,153	2,788,895,547,841	176,864,244,762	23,556,417,346	-	3,716,486,547,102
Transfers from inventories	-	-	-	-	37,886,504,839	37,886,504,839
Transfers to investment property	(3,460,558,894)	(469,928,364)	-	-	-	(3,930,487,258)
Transfers to long-term prepayments (*)	(1,097,097,639)	(10,388,099,548)	(1,244,306,113)	(41,876,973,950)	(37,202,623,488)	(91,809,100,738)
Disposals	(48,181,818)	(13,560,429,936)	(9,139,244,562)	(6,947,440,811)	(22,684,359,687)	(52,379,656,814)
Reclassifications	24,286,147	(1,615,293,099)	1,195,238,095	631,314,857	-	235,546,000
Closing balance	1,928,115,033,423	7,314,360,635,112	557,763,270,484	369,259,440,574	222,696,266,093	10,392,194,645,686
Accumulated depreciation						
Opening balance	264,232,142,882	1,641,426,724,725	151,530,046,106	162,403,480,845	69,839,462,266	2,289,431,856,824
Charge for the period	53,956,264,946	389,994,639,055	28,894,013,415	38,859,250,411	30,125,503,022	541,829,670,849
Transfers to investment property	(1,353,912,542)	(293,316,235)	-	-	-	(1,647,228,777)
Transfers to long-term prepayments (*)	(596,349,982)	(4,466,990,118)	(311,799,285)	(28,501,936,668)	(15,926,112,622)	(49,803,188,675)
Disposals	(43,965,901)	(11,646,806,969)	(5,337,564,530)	(6,890,305,055)	(7,625,959,504)	(31,544,601,959)
Reclassifications	4,144,043	(1,012,102,832)	946,573,604	61,385,185	-	-
Closing balance	316,198,323,446	2,014,002,147,626	175,721,269,310	165,931,874,718	76,412,893,162	2,748,266,508,262
Net book value						
Opening balance	923,080,474,363	2,762,718,587,938	210,589,396,553	153,616,246,248	173,438,754,501	4,223,443,459,603
Closing balance	1,611,916,709,977	5,300,358,487,486	382,042,001,174	203,327,565,856	146,283,372,931	7,643,928,137,424

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(*) The transfers to long-term prepayments represents net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 2 of Circular 45, i.e. costing less than VND30 million. These assets are reclassified to long-term prepayments (Note 14).

Included in the cost of tangible fixed assets were assets costing VND798,576,403,245 which were fully depreciated as of 30 September 2013 (31 December 2012: VND671,586,199,605), but which are still in active use.

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10. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	324,478,280,840	62,701,742,344	387,180,023,184
Additions	37,683,017,909	7,592,114,000	45,275,131,909
Transfers from construction in progress	30,097,930,832	22,453,203,066	52,551,133,898
Transfers to investment property	(15,850,800,000)	-	(15,850,800,000)
Transfers to long-term prepayments (*)	-	(264,952,072)	(264,952,072)
Disposals	-	(702,055,800)	(702,055,800)
Reclassifications	-	(235,546,000)	(235,546,000)
Other decreases	(62,055,125,624)	-	(62,055,125,624)
	<hr/>		
Closing balance	314,353,303,957	91,544,505,538	405,897,809,495
Accumulated amortisation			
Opening balance	82,756,148,988	50,808,218,640	133,564,367,628
Charges for the period	3,898,938,798	3,295,519,832	7,194,458,630
Transfers to long-term prepayments (*)	-	(129,993,863)	(129,993,863)
Disposals	-	(702,055,800)	(702,055,800)
Other decreases	(31,957,194,792)	-	(31,957,194,792)
	<hr/>		
Closing balance	54,697,892,994	53,271,688,809	107,969,581,803
Net book value			
Opening balance	241,722,131,852	11,893,523,704	253,615,655,556
Closing balance	259,655,410,963	38,272,816,729	297,928,227,692
	<hr/> <hr/>		

(*) The transfers to long-term prepayments represents net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 2 of Circular 45, i.e. costing less than VND30 million. These assets are reclassified to long-term prepayments (Note 14).

Included in the cost of intangible fixed assets were assets costing VND47,181,268,915 which were fully amortised as of 30 September 2013 (31 December 2012: VND45,221,516,597), but which are still in use.

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11. Construction in progress

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Opening balance	3,565,241,433,334	1,295,087,396,884
Additions	703,228,905,277	2,635,005,253,989
Transfers to tangible fixed assets	(3,716,486,547,102)	(873,209,765,952)
Transfers to intangible fixed assets	(52,551,133,898)	-
Transfer to investment property	(38,884,288,170)	-
Other decreases	(42,665,612,006)	(4,849,797,989)
	<hr/>	<hr/>
Closing balance	417,882,757,435	3,052,033,086,932
	<hr/> <hr/>	<hr/> <hr/>

Major constructions in progress relate to the following locations:

	30/9/2013	31/12/2012
	VND	VND
Vietnam milk factory	13,606,101,782	1,819,204,239,183
Vietnam powder milk factory	93,414,685,394	1,509,809,070,248
Can Tho branch	45,164,072,740	45,086,527,051
Dairy Cow farms (*)	35,387,917,941	35,366,294,536
Lam Son milk factory (*)	51,646,733,362	4,045,436,097
Da Nang milk factory	-	21,448,226,014
Tien Son milk factory	60,479,640,260	-
Saigon milk factory	62,750,400	591,352,078
Others	118,120,855,556	129,690,288,127
	<hr/>	<hr/>
	417,882,757,435	3,565,241,433,334
	<hr/> <hr/>	<hr/> <hr/>

(*) These constructions belong to the Company.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the nine-month period ended
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12. Investment property

	Land use rights VND	Infrastructure VND	Buildings VND	Total VND
Cost				
Opening balance	27,489,150,000	5,994,290,197	84,183,047,263	117,666,487,460
Transfers from construction in progress	38,884,288,170	-	-	38,884,288,170
Transfers from intangible fixed assets	15,850,800,000	-	-	15,850,800,000
Transfers from tangible fixed assets	-	612,850,894	3,317,636,364	3,930,487,258
Closing balance	82,224,238,170	6,607,141,091	87,500,683,627	176,332,062,888
Accumulated depreciation				
Opening balance	-	1,743,730,508	19,208,367,862	20,952,098,370
Charge for the period	66,129,742	474,926,209	2,529,160,861	3,070,216,812
Transfers from tangible fixed assets	-	324,282,781	1,322,945,996	1,647,228,777
Closing balance	66,129,742	2,542,939,498	23,060,474,719	25,669,543,959
Net book value				
Opening balance	27,489,150,000	4,250,559,689	64,974,679,401	96,714,389,090
Closing balance	82,158,108,428	4,064,201,593	64,440,208,908	150,662,518,929

The Group's investment property represents land use rights, infrastructure and buildings held for earning rental income.

The fair value of investment property has not been determined as there was no recent market transaction for similar property in the same location as the Group's investment property.

Included in the cost of investment property was assets costing VND7,228,577,143 which were fully depreciated as of 30 September 2013 (31 December 2012: VND6,976,800,000), but which are still in active use.

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13. Long-term investments

	% of ownership	% of voting right	30/9/2013 VND	31/12/2012 VND
Long-term equity investments in associates and jointly controlled entity				
▪ Miraka Limited	19.3% (*)	19.3% (*)	202,358,426,904	178,904,317,366
▪ Asia Saigon Food Ingredients Joint Stock Company	15.0% (*)	15.0% (*)	25,709,320,137	21,888,373,590
▪ Horizon Apartment – Business Cooperation Contract	24.5%	24.5%	7,982,684,826	9,942,684,826
▪ Dairy Cow Development Project	-	-	-	7,209,270,725
			<hr/>	<hr/>
			236,050,431,867	217,944,646,507
Other long-term investments				
▪ Long-term corporate bonds			-	50,000,000,000
▪ Investment funds			26,022,737,046	30,540,000,000
▪ Others			300,000,000	300,000,000
			<hr/>	<hr/>
			26,322,737,046	80,840,000,000
			<hr/>	<hr/>
			262,373,168,913	298,784,646,507
Allowance for diminution in value of long-term investments			(14,585,981,484)	(14,355,884,467)
			<hr/>	<hr/>
			247,787,187,429	284,428,762,040

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

	Nine-month period ended	
	30/9/2013 VND	30/9/2012 VND
Opening balance	14,355,884,467	142,350,792,629
Increase in allowance during the period	230,097,017	-
Written back	-	(52,984,796,583)
	<hr/>	<hr/>
Closing balance	14,585,981,484	89,365,996,046

(*) Management assessed that the Group had significant influence over these two entities because two members of the Group's Board of Directors are Board of Management members of these two entities.

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Notes to the consolidated interim financial statements for the nine-month period ended
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14. Long-term prepayments

	Prepaid land costs VND	Tools and supplies VND	Other prepayments VND	Total VND
Opening balance	2,159,885,571	37,556,491,051	1,357,601,500	41,073,978,122
Additions	5,484,732,312	93,622,094,210	28,329,518,898	127,436,345,420
Transfer from tangible fixed assets (*)	-	42,005,912,063	-	42,005,912,063
Transfer from intangible fixed assets (*)	-	134,958,209	-	134,958,209
Transfers to short- term prepayments	(771,537,916)	(64,742,318,404)	(888,389,963)	(66,402,246,283)
Transfers to expenses	(417,344,745)	(30,525,178,084)	(3,666,804,884)	(34,609,327,713)
Closing balance	6,455,735,222	78,051,959,045	25,131,925,551	109,639,619,818

(*) Transfers from fixed assets represents the net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets, i.e. costing less than VND30 million, as regulated in Article 2 of Circular 45. These assets were reclassified from tangible and intangible fixed assets during the period (Note 9 and Note 10). The remaining net book values of these assets are amortised on a straight line basis over their remaining estimated useful lives, but not exceeding three years.

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15. Deferred tax assets

Deferred tax assets were recognised on the following:

	30/9/2013 VND	31/12/2012 VND
Foreign exchange differences	1,325,548,881	2,593,255,781
Accrued expenses and provisions	147,200,180,428	105,408,691,291
	<hr/>	<hr/>
	148,525,729,309	108,001,947,072
	<hr/>	<hr/>

16. Goodwill

	Nine-month period ended	
	30/9/2013 VND	30/9/2012 VND
Opening balance	13,662,186,598	15,503,335,522
Charge for the period	(910,076,346)	(1,380,861,693)
Other decreases	(4,864,781,928)	-
	<hr/>	<hr/>
Closing balance	7,887,328,324	14,122,473,829
	<hr/>	<hr/>

17. Taxes payable to State Treasury

	30/9/2013 VND	31/12/2012 VND
Value added tax	61,249,691,414	59,106,005,706
Import tax	679,693,355	3,932,727,653
Income tax	381,435,472,570	252,860,913,932
Personal income tax	24,922,479,927	18,020,617,756
Other taxes	169,188,175	32,604,800
	<hr/>	<hr/>
	468,456,525,441	333,952,869,847
	<hr/>	<hr/>

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Notes to the consolidated interim financial statements for the nine-month period ended
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18. Accrued expenses

	30/9/2013	31/12/2012
	VND	VND
Sale incentives for distributors	172,786,029,719	172,183,794,781
Advertising expenses	213,389,151,010	116,910,036,213
Display expenses	4,635,570,460	-
Transportation expenses	34,352,185,960	23,976,054,607
Fuel expenses	18,162,906,654	7,115,522,438
Repairs and maintenance expenses	16,622,565,838	5,797,227,711
Expenses for outsourced employees	13,136,864,000	11,164,299,513
Others	48,212,769,914	27,956,701,587
	<hr/>	<hr/>
	521,298,043,555	365,103,636,850
	<hr/>	<hr/>

19. Other payables

	30/9/2013	31/12/2012
	VND	VND
Short-term deposits received	18,806,534,217	18,642,185,025
Import duty payables	151,241,683,704	176,541,502,888
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Insurance and trade union fees	950,617,494	582,711,892
Others	13,931,951,931	20,363,229,449
	<hr/>	<hr/>
	632,938,206,501	664,137,048,409
	<hr/>	<hr/>

(*) Other payables relating to financial investments included an advance payment of VND447,822,000,000 received from a third party in respect of the future transfer of the Group'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.

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20. Bonus and welfare fund

This fund is established by appropriating from retained profits as approved by the shareholders. This fund is used to pay bonus and welfare to the Group's employees in accordance with the Group's bonus and welfare policies. Movements of bonus and welfare fund during the period were as follows:

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Opening balance	406,397,724,109	346,372,825,269
Appropriation from retained profits	501,574,275,867	414,587,536,507
Utilisation	(661,293,998,611)	(426,260,813,488)
Closing balance	246,678,001,365	334,699,548,288

21. Provision for severance allowance

Movements of the provision during the period were as follows:

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Opening balance	59,635,777,000	66,923,897,268
Provision made during the period	10,510,406,716	1,194,819,670
Provision used during the period	(446,586,800)	(609,785,501)
Written back	(84,532,500)	(490,508,070)
Closing balance	69,615,064,416	67,018,423,367

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22. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Financial reserve VND	Retained profits VND	Total VND
Balance at 1 January 2012	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
Purchase of treasury shares	-	-	(1,900,759,000)	-	-	-	(1,900,759,000)
Net profit for the period	-	-	-	-	-	4,171,506,916,656	4,171,506,916,656
Appropriation to equity funds and bonus and welfare fund	-	-	-	576,420,895,078	-	(991,008,431,585)	(414,587,536,507)
Dividends	-	-	-	-	-	(2,222,994,056,000)	(2,222,994,056,000)
Balance at 30 September 2012	5,561,147,540,000	1,276,994,100,000	(4,422,553,000)	1,484,445,131,462	556,114,754,000	5,134,950,789,171	14,009,229,761,633
Bonus shares issued	2,778,410,420,000	-	-	(1,628,883,194,992)	-	(1,149,527,225,008)	-
Purchase of treasury shares	-	-	(81,562,000)	-	-	-	(81,562,000)
Net profit for the period	-	-	-	-	-	1,647,947,800,427	1,647,947,800,427
Appropriation to equity funds and bonus and welfare fund	-	-	-	238,327,081,259	32,287,268,008	(434,613,753,469)	(163,999,404,202)
Balance at 1 January 2013	8,339,557,960,000	1,276,994,100,000	(4,504,115,000)	93,889,017,729	588,402,022,008	5,198,757,611,121	15,493,096,595,858
Decrease in bonus share issued	-	-	(38,950,000)	22,835,000	-	16,115,000	-
Purchase of treasury shares	-	-	(410,584,959)	-	-	-	(410,584,959)
Net profit for the period	-	-	-	-	-	5,064,083,649,694	5,064,083,649,694
Appropriation to equity funds and bonus and welfare fund	-	-	-	670,915,027,802	245,553,773,992	(1,418,043,077,661)	(501,574,275,867)
Dividends (Note 24)	-	-	-	-	-	(3,167,235,049,800)	(3,167,235,049,800)
Balance at 30 September 2013	8,339,557,960,000	1,276,994,100,000	(4,953,649,959)	764,826,880,531	833,955,796,000	5,677,579,248,354	16,887,960,334,926

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23. Share capital

The Group's authorised and issued share capital are:

	30/9/2013		31/12/2012	
	Number of shares	VND	Number of shares	VND
Authorised share capital	833,955,796	8,339,557,960,000	833,955,796	8,339,557,960,000
<hr/>				
Issued ordinary shares				
Ordinary shares	833,955,796	8,339,557,960,000	833,955,796	8,339,557,960,000
Treasury ordinary shares				
Ordinary shares	(480,055)	(4,953,649,959)	(430,120)	(4,504,115,000)
<hr/>				
Shares currently in circulation				
Ordinary shares	833,475,741	8,334,604,310,041	833,525,676	8,335,053,845,000
<hr/>				

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

24. Dividends

The Shareholders of the Group on 26 April 2013 and 31 July 2013 resolved to distribute dividends amounting to VND1.5 billion (VND1,800 per share) and VND1.6 billion (VND2,000 per share), respectively.

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25. Total revenue

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

Net sales comprised

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Total revenue		
▪ Sales of finished goods	22,935,972,382,506	19,567,826,734,673
▪ Sales of merchandise goods	280,962,155,401	305,775,582,527
▪ Rental income from investment property	8,476,516,514	9,035,582,061
▪ Other services	16,988,081,960	14,604,265,561
	<hr/>	<hr/>
	23,242,399,136,381	19,897,242,164,822
	<hr/>	<hr/>
Less sales deductions		
▪ Sale discounts	(453,597,197,766)	(386,270,358,732)
▪ Sale returns	(14,232,531,929)	(4,861,739,789)
	<hr/>	<hr/>
	(467,829,729,695)	(391,132,098,521)
	<hr/>	<hr/>
Net sales	22,774,569,406,686	19,506,110,066,301
	<hr/> <hr/>	<hr/> <hr/>

26. Cost of sales

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Total cost of sales		
▪ Finished goods sold	13,967,535,606,238	12,647,698,905,373
▪ Merchandise goods sold	236,264,582,356	250,460,659,616
▪ Rental of investment property	5,185,545,944	4,233,076,344
▪ Other services	1,308,910,691	661,645,960
▪ Inventories losses	5,624,077,645	3,362,470,436
▪ Under-capacity costs	44,679,088,334	37,302,273,310
▪ Increase/(written back) of allowance for inventories	523,281,028	(379,451,059)
	<hr/>	<hr/>
	14,261,121,092,236	12,943,339,579,980
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27. Financial income

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Interest income from deposits	261,405,073,838	193,022,239,357
Interest income from bonds	21,924,315,067	64,989,683,668
Interest income on loans granted	625,185,469	345,000,000
Gains on disposal of securities	12,258,500	8,790,592,000
Dividends	12,450,439,200	22,660,029,400
Realised foreign exchange gains	76,604,151,228	75,495,333,381
Others	638	74,153,628
	<hr/>	<hr/>
	373,021,423,940	365,377,031,434
	<hr/> <hr/>	<hr/> <hr/>

28. Financial expenses

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Payment discounts for distributors	21,428,536,272	24,685,160,237
Interest expenses on loans	-	3,114,837,973
Interest expense on deposits received	638,377,901	712,465,808
Realised foreign exchange losses	22,089,496,474	34,043,857,467
Unrealised foreign exchange losses	11,218,423,101	11,809,532,150
Allowance/(written back allowance) for long-term investments	15,226,914,807	(57,661,348,763)
Others	2,848,919,246	2,614,464,544
	<hr/>	<hr/>
	73,450,667,801	19,318,969,416
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29. Selling expenses

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Advertising expenses	649,365,244,962	392,121,009,119
Promotion expenses	645,903,156,809	462,892,231,458
Support and commission expenses for distributors	360,218,279,604	264,617,449,905
Staff costs	140,411,023,990	111,627,969,282
Material expenses	45,007,546,614	41,317,762,414
Tools and supplies expenses	58,996,771,447	43,535,567,986
Depreciation expenses	18,945,327,899	19,029,423,857
Expenses of damaged goods	10,048,771,650	10,111,610,844
Transportation expenses	279,371,039,992	230,369,707,244
Outside service expenses	115,356,494,236	69,925,316,074
	<hr/>	<hr/>
	2,323,623,657,203	1,645,548,048,183
	<hr/> <hr/>	<hr/> <hr/>

30. General and administration expenses

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Staff cost	150,799,078,760	121,454,229,671
Material expenses	12,410,151,610	9,067,969,630
Office supplies	5,702,581,175	2,857,137,599
Depreciation expenses	47,865,694,770	44,080,247,800
Fees and duties	5,884,071,827	12,449,735,021
Allowance for doubtful debts and provision for severance allowance	12,366,180,429	2,703,416,946
Transportation for internal transfer of goods	33,417,353,851	39,101,394,257
Outside service expenses	107,373,117,786	89,158,506,954
Loading expenses	15,185,385,543	20,400,160,721
Per-diem allowances	13,120,082,283	12,372,035,073
Bank charges	2,759,846,783	5,154,107,588
Others	41,691,466,748	28,587,571,350
	<hr/>	<hr/>
	448,575,011,565	387,386,512,610
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31. Other income

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Proceeds from disposals of tangible fixed assets	19,007,120,725	31,334,554,157
Proceeds from sales of tools, supplies and technical equipments	71,771,645,104	72,603,816,437
Compensation received from other parties	484,683,795	560,186,906
Rebate income	26,587,323,772	83,297,566,668
Others	13,305,321,311	10,945,970,791
	<hr/>	<hr/>
	131,156,094,707	198,742,094,959
	<hr/>	<hr/>

32. Other expenses

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Book value of tangible fixed assets disposed	20,835,054,855	48,046,197,262
Cost of tools, supplies and scrap disposed	241,111,666	52,817,138
Others	9,294,145,757	1,921,789,640
	<hr/>	<hr/>
	30,370,312,278	50,020,804,040
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33. Income tax

(i) Recognised in the statement of income

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Current tax expense		
Current period	1,136,173,076,228	866,474,410,087
Under provision in prior year	10,948,296,649	18,236,511,541
	<hr/> 1,147,121,372,877	<hr/> 884,710,921,628
Deferred tax benefit		
Origination and reversal of temporary differences	(40,523,782,237)	(20,951,998,611)
	<hr/> 1,106,597,590,640	<hr/> 863,758,923,017

(ii) Reconciliation of effective tax rate

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Profit before tax	6,170,681,240,334	5,035,265,839,673
Tax at the Group's tax rate	1,542,670,310,084	1,258,816,459,918
Tax rate differential applied to Group's subsidiaries and branches	(227,752,150,021)	(215,852,516,779)
Non-taxable income	(10,959,435,279)	(14,380,081,324)
Non-deductible expenses	5,597,856,195	2,343,626,554
Tax incentives	(204,359,087,057)	(189,107,725,075)
Deferred tax assets previously not recognised	(9,548,199,931)	-
Current tax losses in subsidiaries for which no deferred income tax asset was recognised	-	3,702,648,182
Under provision in prior year	10,948,296,649	18,236,511,541
	<hr/> 1,106,597,590,640	<hr/> 863,758,923,017

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(iii) Applicable tax rate

The Company, its branches and its subsidiaries have obligation to pay the Government income tax as follows:

Entity	Current tax rate	Tax incentives
Vietnam Dairy Products Joint Stock Company		
The head office	25%	None
Can Tho Milk factory	15% until 2014 and 22% afterwards	Exemption from 2004 to 2006 and 50% reduction from 2007 to 2013.
Dielac Milk factory	15% until 2014 and 22% afterwards	Exemption from 2004 to 2006 and 50% reduction from 2007 to 2013.
Saigon Milk factory	25%	Exemption from 2003 to 2005 and 50% reduction from 2006 to 2012.
Nghe An Milk factory	25%	None
Binh Dinh Milk factory	25%	None
Thong Nhat Milk factory	25%	None
Truong Tho Milk factory	25%	None
Ha Noi branch	25%	None
Da Nang branch	25%	None
Can Tho branch	25%	None
HCM Logistics Enterprise	25%	None
Hanoi Logistics Enterprise	25%	None
An Khang Clinic	25%	None
Tien Son Milk factory	25%	Exemption from 2008 to 2010 and 50% reduction from 2011 to 2015.
Vietnam Dairy factory	25%	None
Vietnam beverage factory	25%	None
Da Nang Dairy factory	25%	None

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Entity	Current tax rate	Tax incentives
Vietnam milk powder factory	25%	None
Vietnam Dairy Cow One Member Limited Company		
Head office and Tuyen Quang branch	15% until 2018 and 22% afterwards	Exemption from 2009 to 2011 and 50% reduction from 2012 to 2018.
Binh Dinh branch	25%	Exemption in 2009 and 50% reduction from 2010 to 2013.
Nghe An branch	25%	None
Thanh Hoa branch	25%	None
Lam Dong branch	25%	None
Lamson Dairy Products One Member Company Limited	15% until 2018 and 22% afterwards	Exemption for 3 years from 2009 to 2011 and 50% reduction from 2012 to 2018.
International Real Estate One Member Limited Company	25%	None

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34. Basic earnings per share

The calculation of basic earnings per share for the period ended 30 September 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) *Net profit attributable to ordinary shareholders*

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Net profit for the period – attributable to ordinary shareholders	5,064,083,649,694	4,171,506,916,656

(ii) *Weighted average number of ordinary shares*

	Nine-month period ended	
	30/9/2013	30/9/2012
Number of ordinary shares at the beginning of the period	833,525,676	555,867,614
Effect of bonus shares issued	-	277,892,334
Purchase of treasury shares	(9,609)	(82,946)
Weighted average number of ordinary shares at the beginning and the end of the period	833,516,067	833,677,002

As of 30 September 2013, the Group did not have potentially dilutive ordinary shares.

35. Financial instruments

(a) Financial risk management

(i) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presented information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks.

The Company's Board of Management oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set 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. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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(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 and investments in debt securities.

(i) Exposure to credit risk

The total of carrying amounts of financial assets issued represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	30/9/2013 VND	31/12/2012 VND
Cash and cash equivalents	(ii)	1,683,334,595,071	1,251,112,916,346
Term deposits	(ii)	3,250,000,000,000	2,974,000,000,000
Trade and other receivables	(iii)	2,012,445,405,370	1,669,743,665,741
Short-term investments – debt instruments	(iv)	50,000,000,000	300,000,000,000
Long-term investments – debt instruments	(iv)	-	50,000,000,000
		6,995,780,000,441	6,244,856,582,087

(ii) Cash and cash equivalents and term deposits

Cash and cash equivalents and term deposits at banks of the Group are mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

(iii) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, the Group management 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. Credit purchase limit is established for each customer, which represents the maximum open amount without requiring approval from the Chief Executive Officer. The limit is reviewed in needed. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Trade and other receivables that are neither past due nor impaired are mostly companies with good collection track records with the Group. Management believes that those receivables are of high credit quality.

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The aging of trade and other receivables at period-end that were past due but not impaired was as follows:

	30/9/2013	31/12/2012
	VND	VND
Past due 1 – 30 days	13,777,290,069	13,392,747,256
Past due 31 – 60 days	23,856,000	214,534,274
Past due 61 – 90 days	309,539,181	574,491,413
Past due more than 90 days	148,901,632	-
	<hr/>	<hr/>
	14,259,586,882	14,181,772,943
	<hr/>	<hr/>

Movements in the allowance for doubtful debts during the period were as follows:

	Nine-month period ended	
	30/9/2013	30/9/2012
	VND	VND
Opening balance	3,852,583,886	1,918,007,430
Increase in allowance during the period	1,855,773,713	1,989,091,910
Written off	(3,762,737,192)	(17,000,411)
	<hr/>	<hr/>
Closing balance	1,945,620,407	3,890,098,929
	<hr/>	<hr/>

(iv) Short-term and long-term investments – debt instruments

The Group's exposure to credit risk by investing in bonds is influenced by individual characteristics of instrument issuers. In managing this risk, the Group management analyses the creditworthiness of the issuers before acquiring the instruments. Management assessed that the issuers had good track records and believe that credit risk on those instruments is low.

There is no allowance for diminution in the value of the investments in debt instruments during the period.

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(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The financial liabilities with fixed or determinable payments have the following contractual maturities:

30 September 2013

	Carrying Amount VND	Contractual cash flows VND	Within 1 year VND
Accounts payable – trade	1,703,381,547,568	1,703,381,547,568	1,703,381,547,568
Payables to employees	107,820,123,099	107,820,123,099	107,820,123,099
Accrued expenses	521,298,043,555	521,298,043,555	521,298,043,555
Other payables	632,938,206,501	632,938,206,501	632,938,206,501
	<hr/> 2,965,437,920,723	<hr/> 2,965,437,920,723	<hr/> 2,965,437,920,723 <hr/>

31 December 2012

	Carrying Amount VND	Contractual cash flows VND	Within 1 year VND
Accounts payable – trade	2,247,659,149,802	2,247,659,149,802	2,247,659,149,802
Payables to employees	106,150,509,860	106,150,509,860	106,150,509,860
Accrued expenses	365,103,636,850	365,103,636,850	365,103,636,850
Other payables	664,137,048,409	664,137,048,409	664,137,048,409
	<hr/> 3,383,050,344,921	<hr/> 3,383,050,344,921	<hr/> 3,383,050,344,921 <hr/>

The Group manages its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in short-term and long-term investments.

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(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's results of operation or the value of its holdings of financial instruments. 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 currency risk on sales and purchases that are denominated in a currency other than the accounting currency of the Group, which is the VND. The currencies in which these transactions primarily are denominated are U.S Dollars (USD) and Euro (EUR).

The Group's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures.

Exposure to currency risk

At 30 September 2013, the Group had the following net monetary asset position exposed to currency risk:

	30 September 2013		31 December 2012	
	USD	EUR	USD	EUR
Cash and cash in banks	7,109,651	119,630	11,737,838	49,848
Trade and other receivables	41,495,293	-	26,862,852	9,151
Trade and other payables	(18,647,740)	(6,434,162)	(35,559,707)	(12,185,695)
	<hr/>	<hr/>	<hr/>	<hr/>
	29,957,204	(6,314,532)	3,040,983	(12,126,696)
	<hr/>	<hr/>	<hr/>	<hr/>

The followings are the significant exchange rates applied by the Group:

	Exchange rate as at	
	30/9/2013	31/12/2012
	VND	VND
USD 1	21,085	20,800
EUR 1	28,243	27,301
	<hr/>	<hr/>

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Below is an analysis of the possible impact on the net profit of the Group, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at reporting date. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases:

	Effect to net profit VND
30 September 2013	
USD (5% strengthening)	23,686,786,903
EUR (5% strengthening)	(6,687,799,752)
	<hr/> <hr/>
31 December 2012	
USD (5% strengthening)	2,371,967,217
EUR (5% weakening)	12,415,160,621
	<hr/> <hr/>

The opposite movement of the currencies would have the equal but opposite effect to the net profit of the Group.

(ii) Interest rate risk

The changes of interest rates would not have significant impact on the net profit of the Group.

(iii) Price risk

The Group invests in equity investments of listed and unlisted companies and is exposed to risks of price fluctuation 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 condition of Vietnam and behaviours of investors, which are all out of the Board's control. These factors have caused conditions to be volatile in the past two years.

For 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 consolidated net profit would have been VND7,655,446,875 higher/lower (31 December 2012: VND10,425,695,430).

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(e) Fair values versus carrying amount

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	Note	30/9/2013 Carrying amount VND	30/9/2013 Fair value VND	31/12/2012 Carrying amount VND	31/12/2012 Fair value VND
Categorised as financial assets at fair value through profit or loss:					
- Short-term investments in listed equity instruments	(ii)	9,521,269,292	24,278,496,000	9,521,269,292	23,839,728,000
Categorised as held-to-maturity investments:					
- Term deposits	(i)	3,250,000,000,000	3,250,000,000,000	2,974,000,000,000	2,974,000,000,000
- Institution bonds	(v)	50,000,000,000	Note (v)	300,000,000,000	Note (v)
- Long-term corporate bonds	(v)	-	Note (v)	50,000,000,000	Note (v)
Categorised as loans and receivables:					
- Cash and cash equivalents	(i)	1,683,334,595,071	1,683,334,595,071	1,251,112,916,346	1,251,112,916,346
- Trade and other receivables	(i)	2,012,445,405,370	2,012,445,405,370	1,669,743,665,741	1,669,743,665,741
Categorised as available-for-sale					
- Short-term investments in listed equity instruments	(ii)	179,237,503,400	102,072,653,800	201,499,700,820	140,029,324,400
- Short-term investments in unlisted equity instruments	(iii)	82,533,803,026	16,122,773,916	82,283,660,000	13,725,392,800
- Other short-term investments	(v)	442,000,000,000	Note (v)	472,000,000,000	Note (v)
- Long-term investments in investment funds	(iv)	26,022,737,046	11,436,755,562	30,540,000,000	16,184,115,533
- Other long-term investments	(v)	300,000,000	Note (v)	300,000,000	Note (v)
Categorised as liabilities at amortised cost:					
- Trade and other payables	(i)	(2,965,437,920,723)	(2,965,437,920,723)	(3,383,050,344,921)	(3,383,050,344,921)

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(i) *Cash and cash equivalents, term deposits, trade and other receivables, trade and other payables*

The carrying amounts of these financial assets and financial liabilities approximate their respective fair values due to the short-term maturity of these instruments.

(ii) *Short-term investments in listed equity securities*

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.

(iii) *Short-term investments in unlisted equity securities*

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

(iv) *Investment funds*

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

(v) *Institution bonds, other short-term investments, long-term corporate bonds and other long-term investments*

The Group has not determined fair values of these financial assets for disclosure in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because (i) quoted prices in active market is not available for these financial assets and liabilities; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case where quoted prices in active market is not available. Fair value of these financial instruments may be different from their carrying values.

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36. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the consolidated interim financial statements, the Group had the following transactions with related parties during the period:

Related Party	Relationship	Nature of transaction	Nine-month period ended	
			30/9/2013 VND	30/9/2012 VND
Miraka Limited	Associate	Purchase of goods	144,640,037,360	374,654,961,201
Asia Saigon Food Ingredients Joint Stock Group	Associate	Purchase of goods	11,414,335,000	29,797,622,500
		Sale of services and goods	148,282,989	-
Board of Management's and Board of Directors' members		Compensation	51,308,331,520	45,246,447,718
The State Capital Investment Corporation		Payment of dividends	1,427,781,600,000	1,001,952,000,000

37. Production and business costs by element

	Nine-month period ended	
	30/9/2013 VND	30/9/2012 VND
Raw material costs included in production costs	13,330,509,575,947	12,098,412,512,556
Labour costs and staff costs	706,677,054,939	537,643,229,473
Depreciation and amortisation	546,420,009,438	389,079,655,424
Outside services	863,889,676,028	674,813,273,777
Other expenses	1,858,819,167,828	1,265,661,361,370

28 October 2013

Prepared by:   Approved by: 



Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance

Mai Kieu Lien
Chief Executive Officer