

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

Consolidated interim financial statements  
for the three-month period ended  
31 March 2013

## **Vietnam Dairy Products Joint Stock Company Corporate Information**

### **Business Registration Certification**

4103001932  
0300588569

20 November 2003  
24 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 24 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
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 – Supply chain
Ms Nguyen Thi Nhu Hang	Executive Director Diary Farm Development
Ms Ngo Thi Thu Trang	Executive Director – Finance
Mr Tran Minh Van	Executive Director – Project
Mr Nguyen Quoc Khanh	Executive Director Production and Products Development
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 at 31 March 2013 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 Group 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 these consolidated interim financial statements to be prepared in accordance with Vietnamese Accounting Standards 27 – *Interim Financial Reporting*, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements. The Board of Directors are 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 54 which give a true and fair view of the consolidated financial position of the Group as at 31 March 2013, and of the consolidated results of operations and cash flows for the three-month period then ended in accordance with Vietnamese Accounting Standards 27 – *Interim Financial Reporting*, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements.

On behalf of the Board of Directors



Mai Kieu Lien  
Chief Executive Officer

Ho Chi Minh City, 28 May 2013

# THE INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**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 31 March 2013, the related consolidated statements of income and cash flows for the three-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 May 2013, as set out on pages 4 to 54. 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 statement of the Group as of and for the three-month period ended 31 March 2012 were reviewed by another firm of auditors who report dated 3 May 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 31 March 2013 and the consolidated results of their operations and their cash flows for the three-month period then ended in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, 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  
CPA No. N0863/KTV  
Deputy General Director

  
\_\_\_\_\_  
Nguyen Thanh Nghi  
CPA No. 0304/KTV

Ho Chi Minh City, 28 May 2013

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Consolidated balance sheet as at 31 March 2013**

Form B 01a – DN/HN

	Code	Note	31/3/2013 VND	31/12/2012 VND
<b>ASSETS</b>				
<b>Current assets</b>				
<b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>11,885,819,757,336</b>	<b>11,110,610,188,964</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>1,633,381,902,213</b>	<b>1,252,120,160,804</b>
Cash	111		773,381,902,213	852,120,160,804
Cash equivalents	112		860,000,000,000	400,000,000,000
<b>Short-term investments</b>	<b>120</b>	<b>6</b>	<b>3,926,641,975,882</b>	<b>3,909,275,954,492</b>
Short-term investments	121		4,063,170,331,922	4,039,304,630,112
Allowance for diminution in the value of short-term investments	129		(136,528,356,040)	(130,028,675,620)
<b>Accounts receivable</b>	<b>130</b>		<b>2,313,882,601,252</b>	<b>2,246,362,984,001</b>
Accounts receivable – trade	131		1,178,971,026,407	1,269,841,759,012
Prepayments to suppliers	132		751,565,977,402	576,619,318,260
Other receivables	135	7	389,065,205,042	403,754,490,615
Allowance for doubtful debts	139	35(b)	(5,719,607,599)	(3,852,583,886)
<b>Inventories</b>	<b>140</b>	<b>8</b>	<b>3,763,211,894,998</b>	<b>3,472,845,352,518</b>
Inventories	141		3,767,593,427,362	3,476,300,517,903
Allowance for inventories	149		(4,381,532,364)	(3,455,165,385)
<b>Other current assets</b>	<b>150</b>		<b>248,701,382,991</b>	<b>230,005,737,149</b>
Short-term prepayments	151		94,138,118,086	72,343,567,655
Deductible value added tax	152		152,511,877,995	154,118,437,302
Other current assets	158		2,051,386,910	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 31 March 2013 (continued)**

Form B 01a – DN/HN

	Code	Note	31/3/2013 VND	31/12/2012 VND
<b>Long-term assets</b> <b>(200 = 220 + 240 + 250 + 260)</b>	<b>200</b>		<b>8,703,020,109,674</b>	<b>8,587,258,231,415</b>
<b>Fixed assets</b>	<b>220</b>		<b>8,168,338,799,595</b>	<b>8,042,300,548,493</b>
Tangible fixed assets	221	9	4,555,504,342,815	4,223,443,459,603
<i>Cost</i>	222		6,984,387,781,642	6,512,875,316,427
<i>Accumulated depreciation</i>	223		(2,428,883,438,827)	(2,289,431,856,824)
Intangible fixed assets	227	10	207,817,873,127	253,615,655,556
<i>Cost</i>	228		310,854,741,760	387,180,023,184
<i>Accumulated amortisation</i>	229		(103,036,868,633)	(133,564,367,628)
Construction in progress	230	11	3,405,016,583,653	3,565,241,433,334
<b>Investment property</b>	<b>240</b>	<b>12</b>	<b>111,680,774,334</b>	<b>96,714,389,090</b>
<i>Cost</i>	241		133,660,209,990	117,666,487,460
<i>Accumulated depreciation</i>	242		(21,979,435,656)	(20,952,098,370)
<b>Long-term investments</b>	<b>250</b>	<b>13</b>	<b>282,888,887,661</b>	<b>284,428,762,040</b>
Investments in associates, joint-ventures	252		216,679,224,929	217,944,646,507
Other long-term investments	258		78,503,484,679	80,840,000,000
Allowance for diminution in the value of long-term investments	259		(12,293,821,947)	(14,355,884,467)
<b>Other long-term assets</b>	<b>260</b>		<b>140,111,648,084</b>	<b>163,814,531,792</b>
Long-term prepayments	261	14	34,953,110,614	41,073,978,122
Deferred tax assets	262	15	95,588,071,582	108,001,947,072
Other long-term assets	268		1,076,420,000	1,076,420,000
Goodwill	269	16	8,494,045,888	13,662,186,598
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>20,588,839,867,010</b>	<b>19,697,868,420,379</b>

*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 31 March 2013 (continued)**

Form B 01a – DN/HN

	Code	Note	31/3/2013 VND	31/12/2012 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>3,717,442,885,609</b>	<b>4,204,771,824,521</b>
<b>Current liabilities</b>	<b>310</b>		<b>3,657,763,640,534</b>	<b>4,144,990,303,291</b>
Accounts payable – trade	312	17	1,963,663,787,947	2,247,659,149,802
Advances from customers	313		19,577,811,278	21,589,364,414
Taxes payable to State Treasury	314	18	411,515,510,169	333,952,869,847
Payables to employees	315		79,140,727,031	106,150,509,860
Accrued expenses	316	19	318,370,952,862	365,103,636,850
Other payables	319	20	673,973,340,171	664,137,048,409
Bonus and welfare fund	323	21	191,521,511,076	406,397,724,109
<b>Long-term liabilities</b>	<b>330</b>		<b>59,679,245,075</b>	<b>59,781,521,230</b>
Provision for severance allowance	337	22	59,516,770,500	59,635,777,000
Unearned revenue	338		162,474,575	145,744,230
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>16,871,396,981,401</b>	<b>15,493,096,595,858</b>
<b>Owners' equity</b>	<b>410</b>	<b>23</b>	<b>16,871,396,981,401</b>	<b>15,493,096,595,858</b>
Share capital	411	24	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	24	(4,609,454,000)	(4,504,115,000)
Investment and development fund	417		297,685,912,159	93,889,017,729
Financial reserve	418		664,618,278,340	588,402,022,008
Retained profits	420		6,297,150,184,902	5,198,757,611,121
<b>TOTAL RESOURCES</b> <b>(440 = 300 + 400)</b>	<b>440</b>		<b>20,588,839,867,010</b>	<b>19,697,868,420,379</b>

*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 31 March 2013 (continued)**

**Form B 01a – DN/HN**

**OFF BALANCE SHEET ITEM**

	31/3/2013	31/12/2012
Foreign currencies included in cash and cash equivalents:		
USD	21,073,694	11,737,838
EUR	197,057	49,848

28 May 2013

Prepared by:   Approved by: 



**Le Thanh Liem**  
*Chief Accountant*

**Ngo Thi Thu Trang**  
*Executive Director - Finance*

**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 three-month period ended 31 March 2013**

Form B 02a – DN/HN

	Code	Note	Three-month period ended	
			31/3/2013 VND	31/3/2012 VND
<b>Total revenue</b>	<b>01</b>	<b>25</b>	<b>6,817,399,941,239</b>	<b>5,984,554,431,999</b>
<b>Less revenue deductions</b>	<b>02</b>	<b>25</b>	<b>141,000,881,167</b>	<b>108,236,690,257</b>
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>		<b>6,676,399,060,072</b>	<b>5,876,317,741,742</b>
<b>Cost of sales</b>	<b>11</b>	<b>26</b>	<b>4,220,237,450,495</b>	<b>4,076,562,819,507</b>
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>2,456,161,609,577</b>	<b>1,799,754,922,235</b>
Financial income	21	27	109,819,540,709	146,036,114,524
Financial expenses	22	28	21,078,344,483	(12,593,172,187)
<i>In which: Interest expense</i>	23		-	91,709,098
Selling expenses	24	29	568,459,937,576	418,432,223,719
General and administration expenses	25	30	138,235,893,075	113,303,086,984
<b>Net operating profit</b> <b>{30 = 20 + (21 - 22) - (24 + 25)}</b>	<b>30</b>		<b>1,838,206,975,152</b>	<b>1,426,648,898,243</b>
Other income	31	31	35,039,781,518	108,817,618,140
Other expenses	32	32	11,267,895,331	8,829,457,240
<b>Results of other activities</b> <b>(40 = 31 + 32)</b>	<b>40</b>		<b>23,771,886,187</b>	<b>99,988,160,900</b>

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

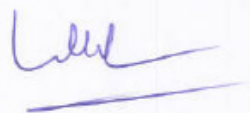
**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Consolidated statement of income for the three-month period ended 31 March 2013**  
**(continued)**

Form B 02a – DN/HN

	Code	Note	Three-month period ended	
			31/3/2013 VND	31/3/2012 VND
Share of profit in associates and jointly controlled entities			5,943,849,147	13,155,402,741
<b>Profit before tax (50 = 30 + 40 + 41)</b>	<b>50</b>		<b>1,867,922,710,486</b>	<b>1,539,792,461,884</b>
Income tax expense – current	51	33	324,670,597,789	273,506,914,614
Income tax expense/(benefit) – deferred	52	33	12,413,875,490	(4,178,648,150)
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>1,530,838,237,207</b>	<b>1,270,464,195,420</b>
<b>Basic earnings per share</b>	<b>70</b>	<b>34</b>	<b>1,837</b>	<b>1,524</b>

28 May 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 cash flows for the three-month period ended 31 March 2013**  
**(Indirect method)**

Form B 03a – DN/HN

	Code	Note	Three-month period ended	
			31/3/2013	31/3/2012
			VND	VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before tax</b>	<b>01</b>		<b>1,867,922,710,486</b>	<b>1,539,792,461,884</b>
<b>Adjustments for</b>				
Depreciation and amortisation	02		153,256,896,661	119,925,871,430
Allowances and provisions	03		7,318,993,345	(39,267,636,353)
Unrealised foreign exchange losses	04		(10,767,841,818)	8,638,094,816
Fixed asset disposal losses	05		1,414,508,892	2,861,432,601
Dividends and interest income	05		(78,646,428,467)	(111,793,866,048)
Loss/(profit) from other investing activities	05		3,212,635,876	(12,716,573,035)
Interest expense	06		-	91,709,098
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>1,943,711,474,975</b>	<b>1,507,531,494,393</b>
Change in receivables	09		(56,163,731,241)	(253,503,125,861)
Change in inventories	10		(314,325,531,999)	(632,913,327,495)
Change in payables and other liabilities	11		(244,780,908,685)	(14,802,627,920)
Change in prepayments	12		(15,625,082,924)	10,442,125,492
			<b>1,312,816,220,127</b>	<b>616,754,538,609</b>
Interest paid	13		-	(316,667)
Income tax paid	14		(263,889,132,445)	(188,626,252,010)
Other receipts from operating activities	15		2,652,000	299,000,000
Other payments for operating activities	16		(367,188,520,297)	(287,136,362,231)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>681,741,219,385</b>	<b>141,290,607,701</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets	21		(353,936,443,223)	(939,067,539,135)
Proceeds from disposals of fixed assets	22		3,292,438,182	3,631,448,399
(Increase)/decrease on time deposits	23		(50,000,000,000)	90,000,000,000
Proceeds from sales of equity instruments of other entities	24		2,336,515,321	-
Collections on loan to other entity	25		30,000,000,000	18,000,000,000
Receipts of dividends and interest income	27		70,095,213,874	99,492,879,828
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(298,212,275,846)</b>	<b>(727,943,210,908)</b>

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

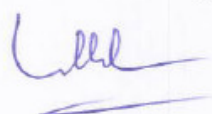
**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Consolidated statement of cash flows for the three-month period ended 31 March 2013**  
**(Indirect method - continued)**

Form B 03a – DN/HN

	Code	Note	Three-month period ended	
			31/3/2013	31/3/2012
			VND	VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments for shares repurchases	32		(105,339,000)	(672,133,000)
Proceeds from short-term and long-term borrowings	33		-	417,000,000,000
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(105,339,000)</b>	<b>416,327,867,000</b>
<b>Net cash flows during the period (50 = 20 + 30 + 40)</b>	<b>50</b>		<b>383,423,604,539</b>	<b>(170,324,736,207)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>		<b>1,252,120,160,804</b>	<b>3,156,515,396,990</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>		<b>(2,161,863,130)</b>	<b>(2,907,589,374)</b>
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60)</b>	<b>70</b>	<b>5</b>	<b>1,633,381,902,213</b>	<b>2,983,283,071,409</b>

28 May 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 three-month period ended**  
**31 March 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 three-month period ended 31 March 2013 comprise the Company and its subsidiaries and the Group’s interest in associates and a jointly controlled entity as listed below:

<b>Subsidiaries</b>	<b>% of ownership</b>	<b>% of voting rights</b>
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%
<b>Associates</b>		
Asia Saigon Food Ingredients Joint Stock Company	15.0%	15.0%
Miraka Limited	19.3%	19.3%
<b>Jointly controlled entity</b>		
Horizon Apartment – Business Cooperation Contract	24.5%	24.5%

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

As at 31 March 2013, the Group had 5,061 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 three-month period ended**  
**31 March 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 Standard 27 - *Interim Financial Reporting*, 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 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 three-month period ended**  
**31 March 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.

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**(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.



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**(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 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 45 – 50 years.

**(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 expenditures 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 cost***

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 of 10 – 50 years.

**(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 - 3 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. The contribution to be paid by each party is calculated at 1% of the lower of an employee’s basic salary and 20 times the general minimum salary level as specified by the Government from time to time. 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 31 March 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 follow:

**(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 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.

**(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.

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**(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.

**(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.



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**(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 Chief Executive Officer, the Board of Directors or the shareholders 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").

	<b>Domestic</b>		<b>Export</b>		<b>Total</b>	
	<b>Three-month period ended</b>	<b>Three-month period ended</b>	<b>Three-month period ended</b>	<b>Three-month period ended</b>	<b>Three-month period ended</b>	<b>Three-month period ended</b>
	<b>31/3/2013</b>	<b>31/3/2012</b>	<b>31/3/2013</b>	<b>31/3/2012</b>	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Sales revenue	6,048,398,158,383	4,702,478,576,027	628,000,901,689	1,173,839,165,715	6,676,399,060,072	5,876,317,741,742
Cost of sales	(3,715,882,248,712)	(3,138,460,779,826)	(504,355,201,783)	(938,102,039,681)	(4,220,237,450,495)	(4,076,562,819,507)
Segment income	2,332,515,909,671	1,564,017,796,201	123,645,699,906	235,737,126,034	2,456,161,609,577	1,799,754,922,235

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**5. Cash and cash equivalents**

	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	1,559,945,078	1,007,244,458
Cash in banks	771,821,957,135	850,362,916,346
Cash in transit	-	750,000,000
Cash equivalents	860,000,000,000	400,000,000,000
	<hr/>	<hr/>
Cash and cash equivalents in the consolidated statements of cash flows	1,633,381,902,213	1,252,120,160,804
	<hr/> <hr/>	<hr/> <hr/>

**6. Short-term investments**

	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>VND</b>	<b>VND</b>
Short-term investments in:		
▪ Listed securities	211,059,993,512	211,020,970,112
▪ Unlisted securities	82,510,338,410	82,283,660,000
▪ Term deposits	3,027,600,000,000	2,974,000,000,000
▪ Institution bonds	300,000,000,000	300,000,000,000
▪ Other short-term investments	442,000,000,000	472,000,000,000
	<hr/>	<hr/>
	4,063,170,331,922	4,039,304,630,112
Allowance for diminution in value of short-term investments	(136,528,356,040)	(130,028,675,620)
	<hr/>	<hr/>
	3,926,641,975,882	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:

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Opening balance	130,028,675,620	79,244,243,600
Increase in allowance during the period	10,395,295,950	-
Written back	(3,895,615,530)	(4,242,768,700)
	<hr/>	<hr/>
Closing balance	136,528,356,040	75,001,474,900
	<hr/> <hr/>	<hr/> <hr/>

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**7. Other receivables**

	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>VND</b>	<b>VND</b>
Interest receivable from term deposits	51,703,678,870	55,733,508,797
Interest receivable from bonds and loans	39,267,808,220	27,586,763,700
Dividend receivable	900,000,000	-
Import tax refundable	290,197,743,755	235,708,097,835
Rebates receivable from suppliers	-	76,841,890,627
Others	6,995,974,197	7,884,229,656
	<hr/>	<hr/>
	389,065,205,042	403,754,490,615
	<hr/>	<hr/>

**8. Inventories**

	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>VND</b>	<b>VND</b>
Goods in transit	684,519,307,607	702,869,203,610
Raw materials	2,313,883,497,843	2,041,420,485,347
Tools and supplies	7,923,563,354	8,332,323,313
Work in progress	95,548,613,610	89,198,796,393
Finished goods	639,810,370,699	591,779,813,093
Merchandise inventories	25,908,074,249	20,857,268,341
Goods on consignment	-	21,842,627,806
	<hr/>	<hr/>
	3,767,593,427,362	3,476,300,517,903
Allowance for inventories	(4,381,532,364)	(3,455,165,385)
	<hr/>	<hr/>
	3,763,211,894,998	3,472,845,352,518
	<hr/>	<hr/>

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

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Opening balance	3,455,165,385	4,933,906,670
Increase in allowance during the period	1,632,294,962	1,713,054,428
Allowance utilised during the period	(87,984,753)	(85,788,346)
Written back	(617,943,230)	(2,460,854,720)
	<hr/>	<hr/>
Closing balance	4,381,532,364	4,100,318,032
	<hr/>	<hr/>

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**9. Tangible fixed assets**

	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Livestock VND</b>	<b>Total VND</b>
<b>Cost</b>						
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	2,325,617,802	35,199,886,075	5,550,230,908	11,361,895,787	-	54,437,630,572
Transfers from construction in progress	333,683,270,187	73,031,231,589	501,859,091	2,084,714,014	-	409,301,074,881
Transfers from inventories	-	-	-	-	24,619,687,532	24,619,687,532
Transfers to investment properties	(142,922,530)	-	-	-	-	(142,922,530)
Disposals	-	(1,153,810,552)	(3,844,218,462)	(5,778,694,452)	(5,926,281,774)	(16,703,005,240)
Reclassifications	-	(1,697,248,255)	1,195,238,095	502,010,160	-	-
Closing balance	1,523,178,582,704	4,509,525,371,520	365,522,552,291	324,189,652,602	261,971,622,525	6,984,387,781,642
<b>Accumulated depreciation</b>						
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	16,245,211,916	101,716,627,690	8,063,841,653	13,548,026,937	10,555,066,128	150,128,774,324
Transfers to investment properties	(30,966,546)	-	-	-	-	(30,966,546)
Disposals	-	(519,004,473)	(2,237,760,125)	(5,769,040,876)	(2,120,420,301)	(10,646,225,775)
Reclassifications	-	(1,317,454,925)	946,573,604	370,881,321	-	-
Closing balance	280,446,388,252	1,741,306,893,017	158,302,701,238	170,553,348,227	78,274,108,093	2,428,883,438,827
<b>Net book value</b>						
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	1,242,732,194,452	2,768,218,478,503	207,219,851,053	153,636,304,375	183,697,514,432	4,555,504,342,815

Included in the cost of tangible fixed assets were assets costing VND688,097,580,180 which were fully depreciated as of 31 March 2013 (31 December 2012: VND671,586,199,605), but which are still in active use.

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**10. Intangible fixed assets**

	<b>Land use rights VND</b>	<b>Software VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening balance	324,478,280,840	62,701,742,344	387,180,023,184
Additions	-	2,282,700,000	2,282,700,000
Transfers to investment properties	(15,850,800,000)	-	(15,850,800,000)
Disposals	-	(702,055,800)	(702,055,800)
Other decreases	(62,055,125,624)	-	(62,055,125,624)
	<hr/>	<hr/>	<hr/>
Closing balance	246,572,355,216	64,282,386,544	310,854,741,760
<b>Accumulated amortisation</b>			
Opening balance	82,756,148,988	50,808,218,640	133,564,367,628
Charges for the period	1,195,139,562	936,612,035	2,131,751,597
Disposals	-	(702,055,800)	(702,055,800)
Other decreases	(31,957,194,792)	-	(31,957,194,792)
	<hr/>	<hr/>	<hr/>
Closing balance	51,994,093,758	51,042,774,875	103,036,868,633
<b>Net book value</b>			
Opening balance	241,722,131,852	11,893,523,704	253,615,655,556
Closing balance	194,578,261,458	13,239,611,669	207,817,873,127
	<hr/>	<hr/>	<hr/>

Included in the cost of intangible fixed assets were assets costing VND44,826,948,797 which were fully as of 31 March 2013 (31 December 2012: VND45,221,516,597), but which are still in use.

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**11. Construction in progress**

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Opening balance	3,565,241,433,334	1,295,087,396,884
Additions	251,121,680,345	1,204,907,762,436
Transfers to tangible fixed assets	(409,301,074,881)	(152,575,211,690)
Transfers to inventories	(1,784,311,554)	-
Other decreases	(261,143,591)	(8,714,216)
	<hr/>	<hr/>
Closing balance	3,405,016,583,653	2,347,411,233,414
	<hr/> <hr/>	<hr/> <hr/>

Major constructions in progress relate to the following locations:

	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>VND</b>	<b>VND</b>
Vietnam milk factory	1,903,052,867,785	1,819,204,239,183
Vietnam powder milk factory	1,256,479,795,757	1,509,809,070,248
Can Tho branch	45,164,072,740	45,086,527,051
Dairy Cow farms (*)	44,059,921,887	35,366,294,536
Lam Son milk factory (*)	43,207,331,659	4,045,436,097
Da Nang milk factory	1,748,495,509	21,448,226,014
Saigon milk factory	6,081,057,312	591,352,078
Others	105,223,041,004	129,690,288,127
	<hr/>	<hr/>
	3,405,016,583,653	3,565,241,433,334
	<hr/> <hr/>	<hr/> <hr/>

(\*) These constructions belong to the Company.

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**12. Investment property**

	<b>Land use right VND</b>	<b>Infrastructure VND</b>	<b>Buildings VND</b>	<b>Total VND</b>
<b>Cost</b>				
Opening balance	27,489,150,000	5,994,290,197	84,183,047,263	117,666,487,460
Transfers from intangible fixed assets	15,850,800,000	-	-	15,850,800,000
Transfers from tangible fixed assets	-	142,922,530	-	142,922,530
Closing balance	43,339,950,000	6,137,212,727	84,183,047,263	133,660,209,990
<b>Accumulated depreciation</b>				
Opening balance	-	1,743,730,508	19,208,367,862	20,952,098,370
Charge for the period	-	157,003,380	839,367,360	996,370,740
Transfers from tangible fixed assets	-	30,966,546	-	30,966,546
Closing balance	-	1,931,700,434	20,047,735,222	21,979,435,656
<b>Net book value</b>				
Opening balance	27,489,150,000	4,250,559,689	64,974,679,401	96,714,389,090
Closing balance	43,339,950,000	4,205,512,293	64,135,312,041	111,680,774,334

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 properties were assets costing VND6,976,800,000 which were fully depreciated as of 31 March 2013 (31 December 2012: VND6,976,800,000), but which are still in active use.



**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
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**13. Long-term investments**

	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>VND</b>	<b>VND</b>
<b>Long-term equity investments in associates and jointly controlled entity</b>		
▪ Miraka Limited	183,797,563,441	178,904,317,366
▪ Asia Saigon Food Ingredients Joint Stock Company	22,938,976,662	21,888,373,590
▪ Horizon Apartment – Business Cooperation Contract	9,942,684,826	9,942,684,826
▪ Dairy Cow Development Project	-	7,209,270,725
	<hr/> 216,679,224,929	<hr/> 217,944,646,507
<b>Long-term corporate bonds</b>	<hr/> 50,000,000,000	<hr/> 50,000,000,000
<b>Other long-term investments</b>		
▪ Investment funds	28,203,484,679	30,540,000,000
▪ Others	300,000,000	300,000,000
	<hr/> 78,503,484,679	<hr/> 80,840,000,000
	<hr/> 295,182,709,608	<hr/> 298,784,646,507
Allowance for diminution in value of long-term investments	(12,293,821,947)	(14,355,884,467)
	<hr/> 282,888,887,661	<hr/> 284,428,762,040
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Opening balance	14,355,884,467	142,350,792,629
Written back	(2,062,062,520)	(35,275,183,162)
	<hr/> 12,293,821,947	<hr/> 107,075,609,467
	<hr/> <hr/>	<hr/> <hr/>

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Notes to the consolidated interim financial statements for the three-month period ended**  
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**14. Long-term prepayments**

	<b>Prepaid land cost VND</b>	<b>Tools and supplies VND</b>	<b>Other prepayments VND</b>	<b>Total VND</b>
Opening balance	2,159,885,571	15,699,234,727	23,214,857,824	41,073,978,122
Additions	476,595,357	16,526,872,275	1,246,527,666	18,249,995,298
Charge for the period	-	-	(3,328,384,590)	(3,328,384,590)
Transfers to short-term prepayments	(610,003,752)	(19,583,516,957)	(848,957,507)	(21,042,478,216)
Closing balance	2,026,477,176	12,642,590,045	20,284,043,393	34,953,110,614

**15. Deferred tax assets**

Deferred tax assets were recognised on the following:

	<b>31/3/2013 VND</b>	<b>31/12/2012 VND</b>
Foreign exchange differences	222,445,971	2,593,255,781
Accrued expenses and provisions	95,365,625,611	105,408,691,291
	95,588,071,582	108,001,947,072

**16. Goodwill**

	<b>Three-month period ended</b>	
	<b>31/3/2013 VND</b>	<b>31/3/2012 VND</b>
Opening balance	13,662,186,598	15,503,335,522
Charge for the period	(303,358,782)	(460,287,231)
Other decreases	(4,864,781,928)	-
Closing balance	8,494,045,888	15,043,048,291

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
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**17. Accounts payable – trade**

Accounts payable – trade included the following amounts due to related parties:

	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>VND</b>	<b>VND</b>
Amounts due to related parties	86,684,034,550	4,897,968,069

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

**18. Taxes payable to State Treasury**

	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>VND</b>	<b>VND</b>
Value added tax	83,146,749,615	59,106,005,706
Import tax	7,061,041,102	3,932,727,653
Income tax	313,642,379,276	252,860,913,932
Personal income tax	7,565,974,564	18,020,617,756
Other taxes	99,365,612	32,604,800
	<b>411,515,510,169</b>	<b>333,952,869,847</b>

**19. Accrued expenses**

	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>VND</b>	<b>VND</b>
Sales incentives for distributors	149,204,555,561	172,183,794,781
Advertising expenses	79,551,090,588	116,910,036,213
Display expenses	4,392,326,136	-
Transportation expenses	30,105,962,046	23,976,054,607
Fuel expenses	7,204,860,632	7,115,522,438
Repairs and maintenance expenses	7,479,700,835	5,797,227,711
Expenses for outsourced employees	11,686,793,109	11,164,299,513
Others	28,745,663,955	27,956,701,587
	<b>318,370,952,862</b>	<b>365,103,636,850</b>

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
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**20. Other payables**

	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>VND</b>	<b>VND</b>
Short-term deposits received	17,214,021,427	18,642,185,025
Import duty payables	183,021,404,511	176,541,502,888
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Insurance and trade union fees	1,081,177,561	582,711,892
Others	24,649,317,517	20,363,229,449
	<hr/>	<hr/>
	673,973,340,171	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.

**21. Bonus and welfare fund**

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Opening balance	406,397,724,109	346,372,825,269
Appropriation from retained profits	152,432,512,664	126,130,862,498
Utilisation	(367,308,725,697)	(286,925,037,608)
	<hr/>	<hr/>
Closing balance	191,521,511,076	185,578,650,159
	<hr/>	<hr/>

**22. Provision for severance allowance**

Movements of provision during the period were as follows:

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Opening balance	59,635,777,000	66,923,897,268
Provision made during the period	-	22,704,000
Provision used during the period	(119,006,500)	(283,535,500)
	<hr/>	<hr/>
Closing balance	59,516,770,500	66,663,065,768
	<hr/>	<hr/>

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

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**23. Changes in owner's equity**

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Financial reserve VND	Retained profits VND	Total VND
<b>Balance at 1 January 2012</b>	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	-	-	(672,133,000)	-	-	-	(672,133,000)
Net profit for the period	-	-	-	-	-	1,270,464,195,420	1,270,464,195,420
Appropriation to equity funds and bonus and welfare fund	-	-	-	177,469,458,643	-	(303,600,321,151)	(126,130,862,508)
<b>Balance at 1 April 2012</b>	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
Bonus shares issued	2,778,410,420,000	-	-	(1,628,883,194,992)	-	(1,149,527,225,008)	-
Purchase of treasury shares	-	-	(1,310,188,000)	-	-	-	(1,310,188,000)
Net profit for the period	-	-	-	-	-	4,548,990,521,663	4,548,990,521,663
Appropriation to equity funds and bonus and welfare fund	-	-	-	637,278,517,694	32,287,268,008	(1,122,021,863,903)	(452,456,078,201)
Dividends	-	-	-	-	-	(2,222,994,056,000)	(2,222,994,056,000)
<b>Balance at 1 January 2013</b>	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
Purchase of treasury shares	-	-	(105,339,000)	-	-	-	(105,339,000)
Net profit for the period	-	-	-	-	-	1,530,838,237,207	1,530,838,237,207
Appropriation to equity funds and bonus and welfare fund	-	-	-	203,796,894,430	76,216,256,332	(432,445,663,426)	(152,432,512,664)
<b>Balance at 31 March 2013</b>	8,339,557,960,000	1,276,994,100,000	(4,609,454,000)	297,685,912,159	664,618,278,340	6,297,150,184,902	16,871,396,981,401

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**24. Share capital**

The Group's authorised and issued share capital are:

	31/3/2013		31/12/2012	
	Number of shares	VND	Number of shares	VND
<b>Authorised share capital</b>	833,955,796	8,339,557,960,000	833,955,796	8,339,557,960,000
<hr/>				
<b>Issued ordinary shares</b>				
Ordinary shares	833,955,796	8,339,557,960,000	833,955,796	8,339,557,960,000
<b>Treasury ordinary shares</b>				
Ordinary shares	(430,120)	(4,609,454,000)	(430,120)	(4,504,115,000)
<hr/>				
<b>Shares currently in circulation</b>				
Ordinary shares	833,525,676	8,334,948,506,000	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.

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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

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Total revenue		
▪ Sales of finished goods	6,720,207,929,476	5,904,245,096,903
▪ Sales of merchandise goods	90,414,376,236	73,481,243,016
▪ Rental income from investment property	2,781,754,066	3,076,176,295
▪ Other services	3,995,881,461	3,751,915,785
	<hr/>	<hr/>
	6,817,399,941,239	5,984,554,431,999
	<hr/>	<hr/>
Less sales deductions		
▪ Sales discounts	(138,822,019,158)	(107,913,327,388)
▪ Sales returns	(2,178,862,009)	(323,362,869)
	<hr/>	<hr/>
	(141,000,881,167)	(108,236,690,257)
	<hr/>	<hr/>
Net sales	6,676,399,060,072	5,876,317,741,742
	<hr/> <hr/>	<hr/> <hr/>

**26. Cost of sales**

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Finished goods sold	4,133,816,781,597	4,006,573,633,586
▪ Merchandise goods sold	73,767,333,451	60,846,132,880
▪ Rental of investment properties	1,538,480,858	1,374,773,475
▪ Other services	239,992,768	209,286,675
▪ Inventories losses	2,433,998,356	566,758,827
▪ Under-capacity costs	7,426,511,733	7,740,034,356
▪ Increase/(written back) of allowance for inventories	1,014,351,732	(747,800,292)
	<hr/>	<hr/>
	4,220,237,450,495	4,076,562,819,507
	<hr/> <hr/>	<hr/> <hr/>

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**27. Financial income**

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	64,416,442,878	82,357,251,762
Interest income from bonds	11,804,794,520	25,055,532,786
Interest income on loans granted	625,185,469	345,000,000
Dividends	1,800,005,600	4,036,081,500
Realised foreign exchange gains	20,404,212,625	34,220,290,951
Unrealised foreign exchange gains	10,767,841,818	-
Others	1,057,799	21,957,525
	<hr/>	<hr/>
	109,819,540,709	146,036,114,524
	<hr/> <hr/>	<hr/> <hr/>

**28. Financial expenses**

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Payment discounts for distributors	7,940,769,508	5,259,462,098
Interest expenses on loans	-	91,709,098
Interest expense on deposits received	236,958,930	242,361,918
Realised foreign exchange losses	4,474,556,232	12,693,151,745
Unrealised foreign exchange losses	-	8,638,094,816
Allowance for short-term investments	6,499,680,420	-
Write back allowance for long-term investments	(2,062,062,520)	(39,517,951,862)
Others	3,988,441,913	-
	<hr/>	<hr/>
	21,078,344,483	(12,593,172,187)
	<hr/> <hr/>	<hr/> <hr/>



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**29. Selling expenses**

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Advertising expenses	110,985,452,362	57,339,224,301
Promotion expenses	153,951,046,497	140,310,353,929
Support and commission expenses for distributors	115,168,367,638	77,908,794,786
Staff costs	43,909,939,601	34,482,460,450
Material expenses	13,195,633,880	11,957,119,305
Tools and supplies expenses	18,861,524,276	10,527,027,633
Depreciation expenses	6,656,645,827	6,583,387,966
Expenses of damaged goods	3,217,590,079	2,397,358,170
Transportation expenses	71,653,317,325	64,580,611,349
Outside service expenses	30,860,420,091	12,345,885,830
	<hr/>	<hr/>
	568,459,937,576	418,432,223,719
	<hr/> <hr/>	<hr/> <hr/>

**30. General and administration expenses**

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Staff cost	48,080,715,581	38,543,574,451
Material expenses	3,487,327,539	2,244,813,282
Office supplies	508,678,862	937,107,140
Depreciation expenses	16,747,092,365	13,701,245,513
Fees and duties	1,642,586,707	2,085,802,514
Provision for doubtful debts and severance allowance	1,867,023,713	1,030,833,237
Transportation for internal transfer of goods	11,544,105,736	11,865,414,688
Outside service expenses	27,918,578,632	25,953,998,263
Loading expenses	4,598,839,418	3,839,363,484
Per diem allowances	3,717,798,049	2,814,773,150
Bank charges	895,132,412	2,077,266,822
Others	17,228,014,061	8,208,894,440
	<hr/>	<hr/>
	138,235,893,075	113,303,086,984
	<hr/> <hr/>	<hr/> <hr/>

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**31. Other income**

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Proceeds from disposals of tangible fixed assets	4,642,270,573	5,852,411,955
Proceeds from disposals of tools, supplies and technical equipments	22,002,982,585	23,057,653,319
Compensation received from other parties	81,540,223	162,871,237
Rebate income	4,799,341,537	75,500,607,949
Others	3,513,646,600	4,244,073,680
	<hr/>	<hr/>
	35,039,781,518	108,817,618,140
	<hr/> <hr/>	<hr/> <hr/>

**32. Other expenses**

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Book value of tangible fixed assets disposed	6,056,779,465	8,713,844,556
Cost of tools, supplies and scrap disposed	23,910,824	5,830,000
Others	5,187,205,042	109,782,684
	<hr/>	<hr/>
	11,267,895,331	8,829,457,240
	<hr/> <hr/>	<hr/> <hr/>

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
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**33. Income tax**

*(i) Recognised in the statement of income*

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
<b>Current tax expense</b>		
Current year	314,649,307,996	256,051,777,055
Under provision in prior years	10,021,289,793	17,455,137,559
	324,670,597,789	273,506,914,614
<b>Deferred tax expense/(benefit)</b>		
Origination and reversal of temporary differences	12,413,875,490	(4,178,648,150)
	337,084,473,279	269,328,266,464
	337,084,473,279	269,328,266,464

*(ii) Recognised in the statement of income*

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Profit before tax	1,867,922,710,486	1,539,792,461,884
Tax at the Group's tax rate	466,980,677,622	384,948,115,471
Tax rate difference between Group's branches and factories	(69,487,072,844)	(69,054,065,293)
Non-taxable income	588,153,276	(3,032,331,054)
Non-deductible expenses	932,881,496	3,233,163,918
Tax incentives	(60,262,477,625)	(56,843,842,155)
Deferred tax assets previously not recognised	(11,688,978,439)	(7,377,911,982)
Under provision in prior years	10,021,289,793	17,455,137,559
	337,084,473,279	269,328,266,464
	337,084,473,279	269,328,266,464

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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:

<b>Entity</b>	<b>Current tax rate</b>	<b>Tax incentives</b>
<b>Vietnam Dairy Products Joint Stock Company</b>		
The head office	25%	None
Can Tho Milk factory	15% until 2014 and 25% afterwards	Exemption from 2004 to 2006 and 50% reduction from 2007 to 2013.
Dielac Milk factory	15% until 2014 and 25% afterwards	Exemption from 2004 to 2006 and 50% reduction from 2007 to 2013.
Saigon Milk factory	15% until 2012 and 25% afterwards	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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<b>Entity</b>	<b>Current tax rate</b>	<b>Tax incentives</b>
Vietnam milk powder factory	25%	None
<b>Vietnam Dairy Cow One Member Limited Company</b>		
Head office and Tuyen Quang branch	15% until 2018 and 25% 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
<b>Lamson Dairy Products One Member Company Limited</b>	15% until 2018 and 25% afterwards	Exemption for 3 years from 2009 to 2011 and 50% reduction from 2012 to 2018.
<b>International Real Estate One Member Limited Company</b>	25%	None

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
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**34. Basic earnings per share**

The calculation of basic earnings per share for the period ended 31 March 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*

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Net profit for the period – attributable to ordinary shareholders	1,530,838,237,207	1,270,464,195,420

(ii) *Weighted average number of ordinary shares*

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
Number of ordinary shares at the beginning	833,525,676	555,867,614
Effect of bonus shares issued	-	277,918,401
Purchase of treasury shares		(30,812)
Weighted average number of ordinary shares at the beginning and the end of the period	833,525,676	833,755,203

As of 31 March 2013, the Group does 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	31/3/2013 VND	31/12/2012 VND
Cash and cash equivalents	(ii)	1,631,821,957,135	1,251,112,916,346
Term deposits	(ii)	3,027,600,000,000	2,974,000,000,000
Trade and other receivables	(iii)	1,562,316,623,850	1,669,743,665,741
Short-term investments – debt instruments	(iv)	300,000,000,000	300,000,000,000
Long-term investments – debt instruments	(iv)	50,000,000,000	50,000,000,000
		6,571,738,580,985	6,244,856,582,087
		6,571,738,580,985	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 is as follows:

	<b>31/3/2013</b> <b>VND</b>	<b>31/12/2012</b> <b>VND</b>
Past due 1 – 30 days	11,401,164,111	13,392,747,256
Past due 31 – 60 days	519,744,489	214,534,274
Past due 61 – 90 days	448,797,584	574,491,413
Past due more than 90 days	663,815,572	-
	<hr/>	<hr/>
	13,033,521,756	14,181,772,943
	<hr/>	<hr/>

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

	<b>Three-month period ended</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>VND</b>	<b>VND</b>
Opening balance	3,852,583,886	1,918,007,430
Increase in allowance during the period	1,867,023,713	998,115,801
	<hr/>	<hr/>
Closing balance	5,719,607,599	2,916,123,231
	<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's 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:

**31 March 2013**

	<b>Carrying Amount VND</b>	<b>Contractual cash flows VND</b>	<b>Within 1 year VND</b>
Accounts payable – trade	1,963,663,787,947	1,963,663,787,947	1,963,663,787,947
Payables to employees	79,140,727,031	79,140,727,031	79,140,727,031
Accrued expenses	318,370,952,862	318,370,952,862	318,370,952,862
Other payables	673,973,340,171	673,973,340,171	673,973,340,171
	<hr/> 3,035,148,808,011	<hr/> 3,035,148,808,011	<hr/> 3,035,148,808,011

**31 December 2012**

	<b>Carrying Amount VND</b>	<b>Contractual cash flows VND</b>	<b>Within 1 year VND</b>
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

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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 31 March 2013, the Group had the following net monetary asset position exposed to currency risk:

	<b>31 March 2013</b>		<b>31 March 2012</b>	
	<b>USD</b>	<b>EUR</b>	<b>USD</b>	<b>EUR</b>
Cash and cash in banks	21,073,694	197,057	11,737,838	49,848
Accounts receivable – trade	17,459,467	-	23,157,184	-
Other receivables	124,165	-	3,705,667	9,151
Accounts payable – trade	(31,779,403)	(11,004,770)	(35,559,707)	(12,185,695)
	<hr/>	<hr/>	<hr/>	<hr/>
	6,877,923	(10,807,713)	3,040,982	(12,126,696)

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

	<b>Exchange rate as at</b>	
	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>VND</b>	<b>VND</b>
USD 1	20,920	20,800
EUR 1	26,711	27,301

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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:

	<b>Effect to net profit VND</b>
<b>31 March 2013</b>	
USD (5% strengthening)	5,395,731,021
EUR (5% weakening)	10,825,680,382
	<hr/> <hr/>
<b>31 December 2012</b>	
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 VND9,889,126,740 higher/lower (31 December 2012: 10,425,695,430).

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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	31/3/2013 Carrying amount VND	31/12/2012 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	25,594,800,000	9,521,269,292	23,839,728,000
Categorised as held-to-maturity investments:					
- Term deposits	(i)	3,027,600,000,000	3,027,600,000,000	2,974,000,000,000	2,974,000,000,000
- Institution bonds	(v)	300,000,000,000	Note (v)	300,000,000,000	Note (v)
- Long-term corporate bonds	(v)	50,000,000,000	Note (v)	50,000,000,000	Note (v)
Categorised as loans and receivables:					
- Cash and cash equivalents	(i)	1,631,821,957,135	1,631,821,957,135	1,251,112,916,346	1,251,112,916,346
- Trade and other receivables	(i)	1,562,316,623,850	1,562,316,623,850	1,669,743,665,741	1,669,743,665,741
Categorised as available-for-sale					
- Short-term investments in listed equity instruments	(ii)	201,538,724,220	131,903,113,000	201,499,700,820	140,029,324,400
- Short-term investments in unlisted equity instruments	(iii)	82,510,338,410	15,626,639,990	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)	28,203,484,679	15,909,662,732	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)	(3,035,148,808,011)	(3,035,148,808,011)	(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 financial statements, the Group had the following transactions with related parties during the period:

Related Party	Relationship	Nature of transaction	Three-month period ended	
			31/3/2013 VND	31/3/2012 VND
Miraka Limited	Associate	Purchase of goods	83,522,696,250	203,492,604,941
Asia Saigon Food Ingredients Joint Stock Group	Associate	Purchase of goods	4,031,175,000	4,760,415,000
Board of Management's and Board of Directors' members		Compensation	30,107,027,427	24,807,579,338

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

	Three-month period ended	
	31/3/2013 VND	31/3/2012 VND
Raw material costs included in production costs	4,194,128,527,878	3,932,690,337,806
Labour costs and staff costs	209,478,607,771	167,744,513,332
Depreciation and amortisation	148,349,946,909	119,925,871,430
Outside services	228,010,657,486	186,969,564,354
Other expenses	439,281,553,026	314,071,450,407

28 May 2013

Prepared by:  

Approved by: 



**Le Thanh Liem**  
*Chief Accountant*

**Ngo Thi Thu Trang**  
*Executive Director - Finance*

**Mai Kieu Lien**  
*Chief Executive Officer*