

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

Consolidated interim financial statements
for the six-month period ended
30 June 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 – Supply chain
Ms Nguyen Thi Nhu Hang	Executive Director Dairy Farm Development
Ms Ngo Thi Thu Trang	Executive Director – Finance
Mr Tran Minh Van	Executive Director – Project
Mr Nguyen Quoc Khanh	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 30 June 2013 and of the consolidated results of operations and cash flows for the six-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 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 55 which give a true and fair view of the consolidated financial position of the Group as at 30 June 2013, and of the consolidated results of operations and cash flows for the six-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, 12 August 2013



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street
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The Socialist Republic of Vietnam

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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 30 June 2013, the related consolidated statements of income and cash flows for the six-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 12 August 2013, as set out on pages 4 to 55. 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 six-month period ended 30 June 2012 were reviewed by another firm of auditors who report dated 1 August 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 June 2013 and the consolidated results of their operations and their cash flows for the six-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
Practicing Auditor Registration
No. 0863-2013-007-1
Deputy General Director

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

Ho Chi Minh City, 12 August 2013

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

Form B 01a – DN/HN

	Code	Note	30/6/2013 VND	31/12/2012 VND
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		12,077,326,003,950	11,110,610,188,964
Cash and cash equivalents	110	5	812,485,229,333	1,252,120,160,804
Cash	111		727,485,229,333	852,120,160,804
Cash equivalents	112		85,000,000,000	400,000,000,000
Short-term investments	120	6	4,690,836,761,292	3,909,275,954,492
Short-term investments	121		4,833,330,632,402	4,039,304,630,112
Allowance for diminution in the value of short-term investments	129		(142,493,871,110)	(130,028,675,620)
Accounts receivable	130		2,412,771,906,031	2,246,362,984,001
Accounts receivable – trade	131		1,485,966,392,617	1,269,841,759,012
Prepayments to suppliers	132		679,488,450,242	576,619,318,260
Other receivables	135	7	253,018,970,771	403,754,490,615
Allowance for doubtful debts	139	34(b)	(5,701,907,599)	(3,852,583,886)
Inventories	140	8	3,881,704,034,688	3,472,845,352,518
Inventories	141		3,885,037,011,153	3,476,300,517,903
Allowance for inventories	149		(3,332,976,465)	(3,455,165,385)
Other current assets	150		279,528,072,606	230,005,737,149
Short-term prepayments	151		108,170,508,111	72,343,567,655
Deductible value added tax	152		169,557,811,981	154,118,437,302
Other current assets	158		1,799,752,514	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 June 2013 (continued)

Form B 01a – DN/HN

	Code	Note	30/6/2013 VND	31/12/2012 VND
Long-term assets (200 = 220 + 240 + 250 + 260)	200		9,037,212,764,812	8,587,258,231,415
Fixed assets	220		8,417,743,279,497	8,042,300,548,493
Tangible fixed assets	221	9	6,071,619,014,892	4,223,443,459,603
<i>Cost</i>	222		8,616,265,249,765	6,512,875,316,427
<i>Accumulated depreciation</i>	223		(2,544,646,234,873)	(2,289,431,856,824)
Intangible fixed assets	227	10	273,202,393,980	253,615,655,556
<i>Cost</i>	228		378,238,074,429	387,180,023,184
<i>Accumulated amortisation</i>	229		(105,035,680,449)	(133,564,367,628)
Construction in progress	230	11	2,072,921,870,625	3,565,241,433,334
Investment property	240	12	110,678,109,172	96,714,389,090
<i>Cost</i>	241		133,660,209,990	117,666,487,460
<i>Accumulated depreciation</i>	242		(22,982,100,818)	(20,952,098,370)
Long-term investments	250	13	285,040,218,673	284,428,762,040
Investments in associates and joint-ventures	252		221,202,350,349	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		(14,665,616,355)	(14,355,884,467)
Other long-term assets	260		223,751,157,470	163,814,531,792
Long-term prepayments	261	14	81,691,053,305	41,073,978,122
Deferred tax assets	262	15	132,792,997,059	108,001,947,072
Other long-term assets	268		1,076,420,000	1,076,420,000
Goodwill	269	16	8,190,687,106	13,662,186,598
TOTAL ASSETS (270 = 100 + 200)	270		21,114,538,768,762	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 June 2013 (continued)

Form B 01a – DN/HN

	Code	Note	30/6/2013 VND	31/12/2012 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		4,083,065,582,101	4,204,771,824,521
Current liabilities	310		4,013,167,930,550	4,144,990,303,291
Accounts payable – trade	312		2,036,039,250,350	2,247,659,149,802
Advances from customers	313		32,845,817,190	21,589,364,414
Taxes payable to State Treasury	314	17	545,088,728,812	333,952,869,847
Payables to employees	315		96,446,026,330	106,150,509,860
Accrued expenses	316	18	469,609,879,334	365,103,636,850
Other payables	319	19	594,657,347,821	664,137,048,409
Bonus and welfare fund	323	20	238,480,880,713	406,397,724,109
Long-term liabilities	330		69,897,651,551	59,781,521,230
Provision for severance allowance	337	21	69,771,289,416	59,635,777,000
Unearned revenue	338		126,362,135	145,744,230
EQUITY (400 = 410)	400		17,031,473,186,661	15,493,096,595,858
Owners' equity	410	22	17,031,473,186,661	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	(4,784,852,959)	(4,504,115,000)
Investment and development fund	417		539,193,296,167	93,889,017,729
Financial reserve	418		755,738,896,227	588,402,022,008
Retained profits	420		6,124,773,787,226	5,198,757,611,121
TOTAL RESOURCES (440 = 300 + 400)	440		21,114,538,768,762	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 June 2013 (continued)**

Form B 01a – DN/HN

OFF BALANCE SHEET ITEM

	30/6/2013	31/12/2012
Foreign currencies included in cash and cash equivalents:		
USD	10,444,883	11,737,838
EUR	2,586,524	49,848

12 August 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 six-month period ended 30 June 2013

Form B 02a – DN/HN

	Code	Note	Six-month period ended	
			30/6/2013 VND	30/6/2012 VND
Total revenue	01	24	15,051,819,242,453	13,136,076,482,443
Less revenue deductions	02	24	304,967,511,077	248,807,786,998
Net revenue (10 = 01 - 02)	10		14,746,851,731,376	12,887,268,695,445
Cost of sales	11	25	9,168,342,400,629	8,666,011,823,680
Gross profit (20 = 10 - 11)	20		5,578,509,330,747	4,221,256,871,765
Financial income	21	26	239,186,577,341	293,775,439,055
Financial expenses	22	27	43,723,001,279	678,645,137
<i>In which: Interest expense</i>	23		-	3,024,271,376
Selling expenses	24	28	1,447,492,923,993	1,043,964,185,006
General and administration expenses	25	29	297,514,329,009	247,075,029,282
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30		4,028,965,653,807	3,223,314,451,395
Other income	31	30	95,364,779,678	162,522,212,766
Other expenses	32	31	22,124,147,008	29,463,640,156
Results of other activities (40 = 31 - 32)	40		73,240,632,670	133,058,572,610

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 six-month period ended 30 June 2013
(continued)

Form B 02a – DN/HN

	Code	Note	Six-month period ended	
			30/6/2013 VND	30/6/2012 VND
Share of profit in associates and jointly controlled entities	41		12,266,974,566	13,359,425,519
Profit before tax (50 = 30 + 40 + 41)	50		4,114,473,261,043	3,369,732,449,524
Income tax expense – current	51	32	765,649,666,027	628,128,482,092
Income tax benefit – deferred	52	32	(24,791,049,987)	(34,515,417,693)
Net profit after tax (60 = 50 - 51 - 52)	60		3,373,614,645,003	2,776,119,385,125
Basic earnings per share	70	33	4,047	3,330

12 August 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 cash flows for the six-month period ended 30 June 2013
(Indirect method)

Form B 03a – DN/HN

	Code	Note	Six-month period ended	
			30/6/2013	30/6/2012
			VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		4,114,473,261,043	3,369,732,449,524
Adjustments for				
Depreciation and amortisation	02		335,048,204,461	249,082,423,024
Allowances and provisions	03		15,528,583,072	(53,020,781,388)
Unrealised foreign exchange losses	04		(3,592,823,387)	(5,956,138,285)
Losses on disposal of fixed assets disposal	05		338,734,177	6,986,890,037
Dividends and interest income	05		(191,907,183,590)	(219,082,647,730)
Profit from other investing activities	05		(2,807,130,762)	(18,566,677,626)
Interest expense	06		-	3,024,271,376
Operating profit before changes in working capital	08		4,267,081,645,014	3,332,199,788,932
Change in receivables	09		(180,298,548,156)	(451,773,466,487)
Change in inventories	10		(444,005,116,302)	(1,067,405,113,720)
Change in payables and other liabilities	11		(281,006,053,249)	518,763,263,271
Change in prepayments	12		(33,596,903,109)	(40,178,898,920)
			3,328,175,024,198	2,291,605,573,076
Interest paid	13		-	(2,085,568,320)
Income tax paid	14		(578,129,398,087)	(463,655,712,761)
Other receipts from operating activities	15		1,698,001,520	3,684,175,480
Other payments for operating activities	16		(502,509,454,886)	(301,734,216,630)
Net cash flows from operating activities	20		2,249,234,172,745	1,527,814,250,845

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 six-month period ended 30 June 2013
(Indirect method - continued)

Form B 03a – DN/HN

	Code	Note	Six-month period ended	
			30/6/2013 VND	30/6/2012 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(605,016,802,693)	(2,030,337,650,430)
Proceeds from disposals of fixed assets	22		12,339,785,910	6,839,832,475
(Increase)/decrease on time deposits	23		(1,123,100,000,000)	90,000,000,000
Proceeds from sales of equity instruments of other entities	24		302,336,515,321	20,280,948,816
Collections on investments in other entities	25		1,800,000,000	-
Collections on loan to other entity	25		30,000,000,000	18,000,000,000
Receipts of dividends and interest	27		192,291,345,187	259,065,554,069
Net cash flows from investing activities	30		(1,189,349,156,275)	(1,636,151,315,070)

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 six-month period ended 30 June 2013
(Indirect method - continued)

Form B 03a – DN/HN

	Code	Note	Six-month period ended	
			30/6/2013	30/6/2012
			VND	VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for shares repurchases	32		(280,737,959)	(1,625,245,000)
Proceeds from short-term and long-term borrowings	33		-	208,500,000,000
Payments of dividends	36		(1,500,283,567,800)	(1,111,585,988,000)
Net cash flows from financing activities	40		(1,500,564,305,759)	(904,711,233,000)
Net cash flows during the period (50 = 20 + 30 + 40)	50		(440,679,289,289)	(1,013,048,297,225)
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		1,044,357,818	265,090,666
Cash and cash equivalents at the end of the period (70 = 50 + 60)	70	5	812,485,229,333	2,143,732,190,431

12 August 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
Notes to the consolidated interim financial statements for the six-month period ended
30 June 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 six-month period ended 30 June 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 June 2013, the Group had 5,389 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 six-month period ended
30 June 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 six-month period ended
30 June 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 six-month period ended
30 June 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 six-month period ended
30 June 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. 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 30 June 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 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 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*.

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

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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	
	Six-month period ended	Six-month period ended	Six-month period ended	Six-month period ended	Six-month period ended	Six-month period ended
	30/6/2013	30/6/2012	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	VND	VND	VND	VND	VND	VND
Net sales	12,834,203,544,724	10,533,936,174,532	1,912,648,186,652	2,353,332,520,913	14,746,851,731,376	12,887,268,695,445
Cost of sales	(7,710,933,183,429)	(6,824,235,931,912)	(1,457,409,217,200)	(1,841,775,891,768)	(9,168,342,400,629)	(8,666,011,823,680)
Segment income	5,123,270,361,295	3,709,700,242,620	455,238,969,452	511,556,629,145	5,578,509,330,747	4,221,256,871,765

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5. Cash and cash equivalents

	30/6/2013	31/12/2012
	VND	VND
Cash on hand	1,806,796,404	1,007,244,458
Cash in banks	725,678,432,929	850,362,916,346
Cash in transit	-	750,000,000
Cash equivalents	85,000,000,000	400,000,000,000
	<hr/>	<hr/>
	812,485,229,333	1,252,120,160,804
	<hr/>	<hr/>

6. Short-term investments

	30/6/2013	31/12/2012
	VND	VND
Short-term investments in:		
▪ Listed securities	208,820,293,992	211,020,970,112
▪ Unlisted securities	82,510,338,410	82,283,660,000
▪ Term deposits	4,100,000,000,000	2,974,000,000,000
▪ Institution bonds	-	300,000,000,000
▪ Other short-term investments	442,000,000,000	472,000,000,000
	<hr/>	<hr/>
	4,833,330,632,402	4,039,304,630,112
Allowance for diminution in value of short-term investments	(142,493,871,110)	(130,028,675,620)
	<hr/>	<hr/>
	4,690,836,761,292	3,909,275,954,492
	<hr/>	<hr/>

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

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Opening balance	130,028,675,620	79,244,243,600
Increase in allowance during the period	18,517,620,410	-
Allowance utilised during the period	(670,000,000)	-
Written back	(5,382,424,920)	(7,072,775,780)
	<hr/>	<hr/>
Closing balance	142,493,871,110	72,171,467,820
	<hr/>	<hr/>

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7. Other receivables

	30/6/2013	31/12/2012
	VND	VND
Shortage of assets awaiting for resolution	594,092,975	-
Interest receivable from term deposits	82,936,111,110	55,733,508,797
Interest receivable from bonds and loans	-	27,586,763,700
Import tax refundable	158,982,155,283	235,708,097,835
Rebates receivable from suppliers	-	76,841,890,627
Others	10,506,611,403	7,884,229,656
	<hr/>	<hr/>
	253,018,970,771	403,754,490,615
	<hr/> <hr/>	<hr/> <hr/>

8. Inventories

	30/6/2013	31/12/2012
	VND	VND
Goods in transit	737,166,548,846	702,869,203,610
Raw materials	2,329,384,475,791	2,041,420,485,347
Tools and supplies	3,976,691,832	8,332,323,313
Work in progress	149,103,700,971	89,198,796,393
Finished goods	625,695,954,555	591,779,813,093
Merchandise inventories	16,018,735,038	20,857,268,341
Goods on consignment	23,690,904,120	21,842,627,806
	<hr/>	<hr/>
	3,885,037,011,153	3,476,300,517,903
Allowance for inventories	(3,332,976,465)	(3,455,165,385)
	<hr/>	<hr/>
	3,881,704,034,688	3,472,845,352,518
	<hr/> <hr/>	<hr/> <hr/>

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

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Opening balance	3,455,165,385	4,933,906,670
Increase in allowance during the period	2,780,108,963	4,558,669,891
Allowance utilised during the period	(346,020,901)	(182,747,828)
Written back	(2,556,276,982)	(4,670,192,916)
	<hr/>	<hr/>
Closing balance	3,332,976,465	4,639,635,817
	<hr/> <hr/>	<hr/> <hr/>

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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	17,546,646,656	138,235,397,828	20,070,660,908	30,229,441,320	1,418,527,662	207,500,674,374
Transfers from construction in progress	335,906,252,538	1,587,571,344,460	63,172,973,808	4,384,024,872	-	1,991,034,595,678
Transfers from inventories	-	-	-	-	34,772,408,790	34,772,408,790
Transfers to investment properties	(142,922,530)	-	-	-	-	(142,922,530)
Transfers to long-term prepayments	(1,047,404,899)	(10,323,924,520)	(1,199,052,995)	(41,342,890,232)	(37,202,623,488)	(91,115,896,134)
Disposals	(48,181,818)	(11,691,846,913)	(5,387,053,169)	(6,845,504,144)	(14,921,886,796)	(38,894,472,840)
Reclassifications	24,286,147	(1,926,497,259)	1,195,238,095	942,519,017	-	235,546,000
Closing balance	1,539,551,293,339	6,106,009,786,259	439,972,209,306	303,387,317,926	227,344,642,935	8,616,265,249,765
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	33,819,124,412	229,826,538,488	17,253,211,489	26,922,677,238	20,967,059,656	328,788,611,283
Transfers to investment properties	(30,966,546)	-	-	-	-	(30,966,546)
Transfers to long-term prepayments	(568,845,936)	(4,413,231,768)	(300,486,009)	(28,129,379,564)	(15,926,112,622)	(49,338,055,899)
Disposals	(43,965,901)	(9,807,584,042)	(3,065,213,670)	(6,821,579,386)	(4,466,867,790)	(24,205,210,789)
Reclassifications	4,144,043	(1,841,046,613)	1,464,313,225	372,589,345	-	-
Closing balance	297,411,632,954	1,855,191,400,790	166,881,871,141	154,747,788,478	70,413,541,510	2,544,646,234,873
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	1,242,139,660,385	4,250,818,385,469	273,090,338,165	148,639,529,448	156,931,101,425	6,071,619,014,892

Included in the cost of tangible fixed assets were assets costing VND685,539,370,026 which were fully depreciated as of 30 June 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	2,385,582,000	40,068,599,909
Transfers from construction in progress	30,097,930,832	-	30,097,930,832
Transfers to investment properties	(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)
Closing balance	314,353,303,957	63,884,770,472	378,238,074,429
Accumulated amortisation			
Opening balance	82,756,148,988	50,808,218,640	133,564,367,628
Charges for the period	2,468,659,152	1,791,898,124	4,260,557,276
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)
Closing balance	53,267,613,348	51,768,067,101	105,035,680,449
Net book value			
Opening balance	241,722,131,852	11,893,523,704	253,615,655,556
Closing balance	261,085,690,609	12,116,703,371	273,202,393,980

Included in the cost of intangible fixed assets were assets costing VND47,142,964,915 which were fully amortised as of 30 June 2013 (31 December 2012: VND45,221,516,597), but which are still in use.

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11. Construction in progress

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Opening balance	3,565,241,433,334	1,295,087,396,884
Additions	529,776,036,649	2,228,466,679,685
Transfers to tangible fixed assets	(1,991,034,595,678)	(550,014,069,418)
Transfers to intangible fixed assets	(30,097,930,832)	-
Other decreases	(963,072,848)	(3,338,170,781)
	<hr/>	<hr/>
Closing balance	2,072,921,870,625	2,970,201,836,370
	<hr/> <hr/>	<hr/> <hr/>

Major constructions in progress relate to the following locations:

	30/6/2013	31/12/2012
	VND	VND
Vietnam milk factory	720,517,099,011	1,819,204,239,183
Vietnam powder milk factory	1,068,849,105,001	1,509,809,070,248
Can Tho branch	45,164,072,740	45,086,527,051
Dairy Cow farms (*)	42,205,457,959	35,366,294,536
Lam Son milk factory (*)	43,884,003,069	4,045,436,097
Da Nang milk factory	1,175,768,237	21,448,226,014
Saigon milk factory	-	591,352,078
Others	151,126,364,608	129,690,288,127
	<hr/>	<hr/>
	2,072,921,870,625	3,565,241,433,334
	<hr/> <hr/>	<hr/> <hr/>

(*) These constructions belong to the Company.

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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 intangible fixed assets	15,850,800,000	-	-	15,850,800,000
Transfers from tangible fixed assets	-	142,922,530	-	142,922,530
<hr/>				
Closing balance	43,339,950,000	6,137,212,727	84,183,047,263	133,660,209,990
<hr/>				
Accumulated depreciation				
Opening balance	-	1,743,730,508	19,208,367,862	20,952,098,370
Charge for the period	-	314,006,760	1,685,029,142	1,999,035,902
Transfers from tangible fixed assets	-	30,966,546	-	30,966,546
<hr/>				
Closing balance	-	2,088,703,814	20,893,397,004	22,982,100,818
<hr/>				
Net book value				
Opening balance	27,489,150,000	4,250,559,689	64,974,679,401	96,714,389,090
Closing balance	43,339,950,000	4,048,508,913	63,289,650,259	110,678,109,172
<hr/>				

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 VND7,228,577,143 which were fully depreciated as of 30 June 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	30/6/2013 VND	31/12/2012 VND
Long-term equity investments in associates and jointly controlled entity				
▪ Miraka Limited	19.3% (*)	19.3% (*)	188,003,263,570	178,904,317,366
▪ Asia Saigon Food Ingredients Joint Stock Company	15.0% (*)	15.0% (*)	23,256,401,953	21,888,373,590
▪ Horizon Apartment – Business Cooperation Contract	24.5%	24.5%	9,942,684,826	9,942,684,826
▪ Dairy Cow Development Project		25.0%	-	7,209,270,725
			<hr/>	<hr/>
			221,202,350,349	217,944,646,507
<hr/>				
Other long-term investments				
▪ Long-term corporate bonds			50,000,000,000	50,000,000,000
▪ Investment funds			28,203,484,679	30,540,000,000
▪ Others			300,000,000	300,000,000
			<hr/>	<hr/>
			78,503,484,679	80,840,000,000
			<hr/>	<hr/>
			299,705,835,028	298,784,646,507
Allowance for diminution in value of long-term investments			(14,665,616,355)	(14,355,884,467)
			<hr/>	<hr/>
			285,040,218,673	284,428,762,040

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

	Six-month period ended	
	30/6/2013 VND	30/6/2012 VND
Opening balance	14,355,884,467	142,350,792,629
Increase in allowance during the period	309,731,888	-
Written back	-	(47,870,295,560)
	<hr/>	<hr/>
Closing balance	14,665,616,355	94,480,497,069

(*) 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 six-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	15,699,234,727	23,214,857,824	41,073,978,122
Additions	476,595,357	53,368,488,084	3,153,457,527	56,998,540,968
Transfer from tangible fixed assets	-	18,244,866,294	23,532,973,941	41,777,840,235
Transfer from intangible fixed assets	-	134,958,209	-	134,958,209
Transfers to short- term prepayments	(690,770,834)	(47,753,292,020)	(871,490,339)	(49,315,553,193)
Transfers to expenses	-	(801,208,765)	(8,177,502,271)	(8,978,711,036)
Closing balance	1,945,710,094	38,893,046,529	40,852,296,682	81,691,053,305

15. Deferred tax assets

Deferred tax assets were recognised on the following:

	30/6/2013 VND	31/12/2012 VND
Foreign exchange differences	(1,534,358,206)	2,593,255,781
Accrued expenses and provisions	134,327,355,265	105,408,691,291
	132,792,997,059	108,001,947,072

16. Goodwill

	Six-month period ended	
	30/6/2013 VND	30/6/2012 VND
Opening balance	13,662,186,598	15,503,335,522
Charge for the period	(606,717,564)	(920,574,462)
Other decreases	(4,864,781,928)	-
Closing balance	8,190,687,106	14,582,761,060

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17. Taxes payable to State Treasury

	30/6/2013	31/12/2012
	VND	VND
Value added tax	88,617,461,062	59,106,005,706
Import tax	6,270,083,769	3,932,727,653
Income tax	440,381,181,872	252,860,913,932
Personal income tax	9,615,074,719	18,020,617,756
Other taxes	204,927,390	32,604,800
	<hr/>	<hr/>
	545,088,728,812	333,952,869,847
	<hr/>	<hr/>

18. Accrued expenses

	30/6/2013	31/12/2012
	VND	VND
Sales incentives for distributors	173,740,803,444	172,183,794,781
Advertising expenses	187,380,509,592	116,910,036,213
Display expenses	27,272,731	-
Transportation expenses	39,497,162,148	23,976,054,607
Fuel expenses	12,959,102,685	7,115,522,438
Repairs and maintenance expenses	11,989,877,056	5,797,227,711
Expenses for outsourced employees	13,518,705,201	11,164,299,513
Others	30,496,446,477	27,956,701,587
	<hr/>	<hr/>
	469,609,879,334	365,103,636,850
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19. Other payables

	30/6/2013	31/12/2012
	VND	VND
Short-term deposits received	17,493,111,577	18,642,185,025
Import duty payables	105,813,084,304	176,541,502,888
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Insurance and trade union fees	1,257,769,359	582,711,892
Others	22,085,963,426	20,363,229,449
	<hr/>	<hr/>
	594,657,347,821	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.

20. Bonus and welfare fund

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Opening balance	406,397,724,109	346,372,825,269
Appropriation from retained profits	334,673,748,441	275,308,355,335
Other increase	10,000,000	-
Utilisation	(502,600,591,837)	(301,524,864,418)
	<hr/>	<hr/>
Closing balance	238,480,880,713	320,156,316,186
	<hr/>	<hr/>

21. Provision for severance allowance

Movements of provision for severance allowance during the period were as follows:

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Opening balance	59,635,777,000	66,923,897,268
Provision made during the period	10,541,348,383	980,047,890
Provision used during the period	(290,361,800)	(439,210,501)
Written back	(115,474,167)	(478,362,356)
	<hr/>	<hr/>
Closing balance	69,771,289,416	66,986,372,301
	<hr/>	<hr/>

Vietnam Dairy Products Joint Stock Company and its subsidiaries

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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	-	-	(1,625,245,000)	-	-	-	(1,625,245,000)
Net profit for the period	-	-	-	-	-	2,776,119,385,125	2,776,119,385,125
Appropriation to equity funds and bonus and welfare fund	-	-	-	379,518,826,891	-	(654,827,182,226)	(275,308,355,335)
Dividends	-	-	-	-	-	(1,111,585,988,000)	(1,111,585,988,000)
Balance at 30 June 2012	5,561,147,540,000	1,276,994,100,000	(4,147,039,000)	1,287,543,063,275	556,114,754,000	5,187,152,574,999	13,864,804,993,274
Bonus shares issued	2,778,410,420,000	-	-	(1,628,883,194,992)	-	(1,149,527,225,008)	-
Purchase of treasury shares	-	-	(357,076,000)	-	-	-	(357,076,000)
Net profit for the period	-	-	-	-	-	3,043,335,331,958	3,043,335,331,958
Appropriation to equity funds and bonus and welfare fund	-	-	-	435,229,149,446	32,287,268,008	(770,795,002,828)	(303,278,585,374)
Dividends	-	-	-	-	-	(1,111,408,068,000)	(1,111,408,068,000)
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
Purchase of treasury shares	-	-	(280,737,959)	-	-	-	(280,737,959)
Net profit for the period	-	-	-	-	-	3,373,614,645,003	3,373,614,645,003
Appropriation to equity funds and bonus and welfare fund	-	-	-	445,304,278,438	167,336,874,219	(947,314,901,098)	(334,673,748,441)
Dividends	-	-	-	-	-	(1,500,283,567,800)	(1,500,283,567,800)
Balance at 30 June 2013	8,339,557,960,000	1,276,994,100,000	(4,784,852,959)	539,193,296,167	755,738,896,227	6,124,773,787,226	17,031,473,186,661

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23. Share capital

The Group's authorised and issued share capital are:

	30/6/2013		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	(430,120)	(4,784,852,959)	(430,120)	(4,504,115,000)
<hr/>				
Shares currently in circulation				
Ordinary shares	833,525,676	8,334,773,107,041	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.

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24. Total revenue

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

Net sales comprised

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Total revenue		
▪ Sales of finished goods	14,832,170,254,001	12,929,689,814,357
▪ Sales of merchandise goods	204,589,077,802	191,866,701,802
▪ Rental income from investment property	5,654,695,633	6,202,269,870
▪ Other services	9,405,215,017	8,317,696,414
	<hr/>	<hr/>
	15,051,819,242,453	13,136,076,482,443
	<hr/>	<hr/>
Less sales deductions		
▪ Sales discounts	(299,039,349,901)	(245,968,259,789)
▪ Sales returns	(5,928,161,176)	(2,839,527,209)
	<hr/>	<hr/>
	(304,967,511,077)	(248,807,786,998)
	<hr/>	<hr/>
Net sales	14,746,851,731,376	12,887,268,695,445
	<hr/> <hr/>	<hr/> <hr/>

25. Cost of sales

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Total cost of sales		
▪ Finished goods sold	8,962,852,753,502	8,489,373,709,886
▪ Merchandise goods sold	169,432,882,759	155,444,066,230
▪ Rental of investment properties	3,058,673,762	2,780,017,005
▪ Other services	792,936,755	376,892,307
▪ Inventories losses	4,096,098,374	1,424,558,762
▪ Under-capacity costs	27,885,223,496	16,724,102,515
▪ Increase/(written back) of allowance for inventories	223,831,981	(111,523,025)
	<hr/>	<hr/>
	9,168,342,400,629	8,666,011,823,680
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26. Financial income

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Interest income from deposits	160,314,632,621	146,848,398,680
Interest income from bonds	20,411,986,300	49,229,227,050
Interest income on loans granted	625,185,469	345,000,000
Gains on disposal of securities	12,258,500	8,790,592,000
Dividends	10,555,379,200	22,660,022,000
Realised foreign exchange gains	43,674,274,065	54,158,177,845
Unrealised foreign exchange gains	3,592,823,387	11,686,643,727
Others	37,799	57,377,753
	<hr/>	<hr/>
	239,186,577,341	293,775,439,055
	<hr/> <hr/>	<hr/> <hr/>

27. Financial expenses

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Payment discounts for distributors	15,347,931,131	14,918,796,190
Interest expenses on loans	-	3,024,271,376
Interest expense on deposits received	455,671,011	450,219,563
Realised foreign exchange losses	10,482,277,474	29,488,184,708
Unrealised foreign exchange losses	-	5,730,505,442
Allowance/(written back allowance) for long-term investments	13,444,927,377	(54,943,071,340)
Others	3,992,194,286	2,009,739,198
	<hr/>	<hr/>
	43,723,001,279	678,645,137
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28. Selling expenses

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Advertising expenses	393,813,121,267	227,371,372,153
Promotion expenses	383,354,672,560	313,186,798,625
Support and commission expenses for distributors	246,037,612,266	168,034,728,320
Staff costs	91,992,354,002	71,231,292,140
Material expenses	28,417,286,908	26,728,703,104
Tools and supplies expenses	37,897,097,807	25,674,803,590
Depreciation expenses	12,962,757,109	12,976,344,913
Expenses of damaged goods	6,592,393,974	6,304,641,934
Transportation expenses	172,510,087,139	150,404,477,781
Outside service expenses	73,915,540,961	42,051,022,446
	<hr/>	<hr/>
	1,447,492,923,993	1,043,964,185,006
	<hr/>	<hr/>

29. General and administration expenses

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Staff cost	99,967,253,190	78,059,364,362
Material expenses	7,914,006,673	5,540,322,055
Office supplies	2,733,214,831	1,912,644,982
Depreciation expenses	33,119,730,831	28,852,245,961
Fees and duties	3,800,198,785	3,127,734,276
Allowance for doubtful debts and provision for severance allowance	12,370,230,429	2,545,511,947
Transportation for internal transfer of goods	23,263,629,147	26,215,964,191
Outside service expenses	67,113,803,712	56,996,780,676
Loading expenses	9,914,271,414	13,947,969,482
Per-diem allowances	8,480,334,845	7,207,117,294
Bank charges	1,811,050,431	3,848,554,060
Others	27,026,604,721	18,820,819,996
	<hr/>	<hr/>
	297,514,329,009	247,075,029,282
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30. Other income

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Proceeds from disposals of tangible fixed assets	14,350,527,874	20,592,437,233
Proceeds from sales of tools, supplies and technical equipments	47,391,248,340	50,301,668,124
Compensation received from other parties	209,469,232	416,292,316
Rebate income	26,560,408,695	82,504,432,630
Others	6,853,125,537	8,707,382,463
	<hr/>	<hr/>
	95,364,779,678	162,522,212,766
	<hr/>	<hr/>

31. Other expenses

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Book value of tangible fixed assets disposed	14,689,262,051	27,578,672,725
Cost of tools, supplies and scrap disposed	84,657,482	13,780,000
Others	7,350,227,475	1,871,187,431
	<hr/>	<hr/>
	22,124,147,008	29,463,640,156
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32. Income tax

(i) Recognised in the statement of income

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Current tax expense		
Current period	755,628,376,234	609,891,970,551
Under provision in prior year	10,021,289,793	18,236,511,541
	<hr/>	<hr/>
	765,649,666,027	628,128,482,092
	<hr/>	<hr/>
Deferred tax benefit		
Origination and reversal of temporary differences	(24,791,049,987)	(34,515,417,693)
	<hr/>	<hr/>
Income tax expense	740,858,616,040	593,613,064,399
	<hr/>	<hr/>

(ii) Recognised in the statement of income

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Profit before tax	4,114,473,261,043	3,369,732,449,524
	<hr/>	<hr/>
Tax at the Group's tax rate	1,028,618,315,261	842,433,112,381
Tax rate difference between Group's subsidiaries and branches	(150,148,658,572)	(140,228,586,577)
Non-taxable income	(3,349,897,836)	(10,479,500,886)
Non-deductible expenses	1,802,466,716	4,153,493,176
Tax incentives	(134,575,009,766)	(120,274,379,759)
Deferred tax assets previously not recognised	(11,509,889,555)	(7,133,507,750)
Current tax losses in subsidiaries for which no deferred income tax asset was recognised	-	6,905,922,273
Under provision in prior year	10,021,289,793	18,236,511,541
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	740,858,616,040	593,613,064,399
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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 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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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 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
Lamson Dairy Products One Member Company Limited	15% until 2018 and 25% 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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33. Basic earnings per share

The calculation of basic earnings per share for the period ended 30 June 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

	Six-month period ended	
	30/6/2013	30/6/2012
	VND	VND
Net profit for the period – attributable to ordinary shareholders	3,373,614,645,003	2,776,119,385,125

(ii) Weighted average number of ordinary shares

	Six-month period ended	
	30/6/2013	30/6/2012
Number of ordinary shares at the beginning of the period	833,525,676	555,867,614
Effect of bonus shares issued	-	277,911,087
Purchase of treasury shares	-	(45,440)
Weighted average number of ordinary shares at the beginning and the end of the period	833,525,676	833,733,261

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

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34. 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	30/6/2013 VND	31/12/2012 VND
Cash and cash equivalents	(ii)	810,678,432,929	1,251,112,916,346
Term deposits	(ii)	4,100,000,000,000	2,974,000,000,000
Trade and other receivables	(iii)	1,733,283,455,789	1,669,743,665,741
Short-term investments – debt instruments	(iv)	-	300,000,000,000
Long-term investments – debt instruments	(iv)	50,000,000,000	50,000,000,000
		6,693,961,888,718	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:

	30/6/2013 VND	31/12/2012 VND
Past due 1 – 30 days	10,597,761,933	13,392,747,256
Past due 31 – 60 days	183,567,518	214,534,274
Past due 61 – 90 days	30,574,304	574,491,413
Past due more than 90 days	1,092,747,014	-
	<hr/> 11,904,650,769	<hr/> 14,181,772,943 <hr/>

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

	Six-month period ended	
	30/6/2013 VND	30/6/2012 VND
Opening balance	3,852,583,886	1,918,007,430
Increase in allowance during the period	1,859,823,713	2,063,062,977
Written off	(10,500,000)	(17,000,411)
Written back	-	(29,250,000)
	<hr/> 5,701,907,599	<hr/> 3,934,819,996 <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:

30 June 2013

	Carrying Amount VND	Contractual cash flows VND	Within 1 year VND
Accounts payable – trade	2,036,039,250,350	2,036,039,250,350	2,036,039,250,350
Payables to employees	96,446,026,330	96,446,026,330	96,446,026,330
Accrued expenses	469,609,879,334	469,609,879,334	469,609,879,334
Other payables	594,657,347,821	594,657,347,821	594,657,347,821
	3,196,752,503,835	3,196,752,503,835	3,196,752,503,835

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
	3,383,050,344,921	3,383,050,344,921	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 30 June 2013, the Group had the following net monetary asset position exposed to currency risk:

	30 June 2013		31 December 2012	
	USD	EUR	USD	EUR
Cash and cash in banks	10,444,883	2,586,524	11,737,838	49,848
Trade and other receivables	30,685,835	-	26,862,852	9,151
Accounts payable – trade	(30,888,082)	(10,669,640)	(35,559,707)	(12,185,695)
	10,242,636	(8,083,116)	3,040,983	(12,126,696)

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

	Exchange rate as at	
	30/6/2013	31/12/2012
	VND	VND
USD 1	21,150	20,800
EUR 1	27,541	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:

	Effect to net profit VND
30 June 2013	
USD (5% strengthening)	8,123,690,997
EUR (5% strengthening)	(8,348,141,672)
<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 VND9,334,397,595 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	30/6/2013 Carrying amount VND	30/6/2013 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	25,741,056,000	9,521,269,292	23,839,728,000
Categorised as held-to-maturity investments:					
- Term deposits	(i)	4,100,000,000,000	4,100,000,000,000	2,974,000,000,000	2,974,000,000,000
- Institution bonds	(v)	-	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)	810,678,432,929	810,678,432,929	1,251,112,916,346	1,251,112,916,346
- Trade and other receivables	(i)	1,733,283,455,789	1,733,283,455,789	1,669,743,665,741	1,669,743,665,741
Categorised as available-for-sale					
- Short-term investments in listed equity instruments	(ii)	199,299,024,700	124,458,665,800	201,499,700,820	140,029,324,400
- Short-term investments in unlisted equity instruments	(iii)	82,510,338,410	14,856,834,000	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	13,537,868,324	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)	(3,196,752,503,835)	(3,196,752,503,835)	(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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35. 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	Six-month period ended	
			30/6/2013 VND	30/6/2012 VND
Miraka Limited	Associate	Purchase of goods	106,307,306,170	290,084,130,234
Asia Saigon Food Ingredients Joint Stock Group	Associate	Purchase of goods	9,510,655,000	23,745,432,500
Board of Management's and Board of Directors' members		Compensation	40,157,034,015	33,157,265,368
The State Capital Investment Corporation		Payment of dividends	676,317,600,000	500,976,000,000

36. Production and business costs by element

	Six-month period ended	
	30/6/2013 VND	30/6/2012 VND
Raw material costs included in production costs	8,500,294,516,761	8,318,867,581,046
Labour costs and staff costs	452,587,203,931	343,540,140,409
Depreciation and amortisation	329,321,250,885	249,082,423,022
Outside services	537,836,637,211	432,582,719,518
Other expenses	1,155,330,892,595	803,442,462,504

12 August 2013

Prepared by:  

Approved by: 



Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance

Mai Kieu Lien
Chief Executive Officer