

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

Consolidated interim financial statements
for the six-month period
ended 30 June 2014

Vietnam Dairy Products Joint Stock Company and its subsidiaries 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.

Board of Management

Mdm Mai Kieu Lien	Chairwoman
Mr Le Song Lai	Member
Ms Ngo Thi Thu Trang	Member
Mr Ng Jui Sia	Member
Mr Le Anh Minh	Member
Ms Le Thi Bang Tam	Member
Mr Ha Van Tham	Member (until 11 March 2014)

Board of Directors

Mdm Mai Kieu Lien	Chief Executive Officer
Ms Nguyen Thi Thanh Hoa	Executive Director Production and Products Development
Ms Nguyen Thi Nhu Hang	Executive Director Dairy Farm Development
Ms Ngo Thi Thu Trang	Executive Director - Finance
Mr Tran Minh Van	Executive Director – Project
Mr Nguyen Quoc Khanh	Executive Director – Supply chain
Mr Mai Hoai Anh	Executive Director – Sales
Ms Nguyen Huu Ngoc Tran	Acting Executive Director – Marketing (until 15 January 2014)
Mr Phan Minh Tien	Executive Director – Marketing (from 20 May 2014)

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 (collectively referred to as “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 30 June 2014 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 will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and which enable these consolidated interim financial statements to be prepared in compliance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the relevant requirements of the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial statements. The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated interim financial statements set out on pages 4 to 56 which give a true and fair view of the consolidated financial position of the Group as at 30 June 2014, and of the consolidated results of operations and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the relevant requirements of the Vietnamese Accounting System for enterprises 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, 31 July 2014

FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders

Vietnam Dairy Products Joint Stock Company and its subsidiaries

We have reviewed the accompanying consolidated interim financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”), which comprise the consolidated balance sheet as at 30 June 2014, the related consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorized for issue by the Company’s Board of Directors on 31 July 2014, as set out on pages 4 to 56. These consolidated interim financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with the Vietnamese Standards on Auditing applicable to Review Engagements. The standards require that we plan and perform the review to obtain moderate assurance as to whether the consolidated interim financial statements are free of material misstatements. A review primarily involves inquiries of the Group’s personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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, in all material respects, of the consolidated financial position of Vietnam Dairy Products Joint Stock Company and its subsidiaries as at 30 June 2014 and of their consolidated results of operations and their consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the relevant requirements of the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial statements.

KPMG Limited’s Branch in Ho Chi Minh City

Vietnam

Operating Registration Certificate No.: 4114000230

Review Report No.: 14-01-245



Practicing Auditor Registration

Certificate No. 0863-2013-007-1

Deputy General Director

Ho Chi Minh City, 31 July 2014

Nguyen Thanh Nghi

Practicing Auditor Registration

Certificate No. 0304-2013-007-1

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 30 June 2014

Form B 01a – DN/HN

	Code	Note	30/6/2014 VND	31/12/2013 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		13,778,291,683,771	13,018,930,127,438
Cash and cash equivalents	110	6	1,219,936,043,702	2,745,645,325,950
Cash	111		689,911,851,239	1,394,534,283,673
Cash equivalents	112		530,024,192,463	1,351,111,042,277
Short-term investments	120	7	5,917,347,091,318	4,167,317,622,318
Short-term investments	121		6,063,292,575,718	4,313,292,575,718
Allowance for diminution in the value of short-term investments	129		(145,945,484,400)	(145,974,953,400)
Accounts receivable	130		2,239,065,946,679	2,728,421,414,532
Accounts receivable – trade	131		1,682,251,662,275	1,894,721,027,784
Prepayments to suppliers	132		297,206,010,826	423,820,755,014
Other receivables	135	8	265,780,237,413	417,266,719,643
Allowance for doubtful debts	139	38(b)	(6,171,963,835)	(7,387,087,909)
Inventories	140	9	4,259,769,334,087	3,217,483,048,888
Inventories	141		4,273,413,117,553	3,227,859,954,432
Allowance for inventories	149		(13,643,783,466)	(10,376,905,544)
Other current assets	150		142,173,267,985	160,062,715,750
Short-term prepayments	151		61,300,020,920	129,708,362,747
Deductible value added tax	152		31,537,060,993	25,468,115,542
Other current assets	158		49,336,186,072	4,886,237,461

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 2014 (continued)

Form B 01a – DN/HN

	Code	Note	30/6/2014 VND	31/12/2013 VND
Long-term assets				
(200 = 210 + 220 + 240 + 250 + 260 +269)	200		9,955,953,497,083	9,856,483,929,198
Accounts receivable – long-term	210		3,698,683,669	736,666,667
Other long-term receivables	218		3,698,683,669	736,666,667
Fixed assets	220		8,821,435,295,369	8,918,416,535,379
Tangible fixed assets	221	10	7,781,941,594,915	7,849,058,771,126
<i>Cost</i>	222		11,566,765,240,349	11,147,267,493,199
<i>Accumulated depreciation</i>	223		(3,784,823,645,434)	(3,298,208,722,073)
Intangible fixed assets	227	11	540,416,334,915	531,485,413,625
<i>Cost</i>	228		685,428,886,400	690,742,242,273
<i>Accumulated amortisation</i>	229		(145,012,551,485)	(159,256,828,648)
Construction in progress	230	12	499,077,365,539	537,872,350,628
Investment property	240	13	103,600,345,899	149,445,717,001
<i>Cost</i>	241		132,849,190,358	176,332,062,888
<i>Accumulated depreciation</i>	242		(29,248,844,459)	(26,886,345,887)
Long-term investments	250	14	494,551,977,550	318,308,294,039
Investments in associates and joint-ventures	252		313,319,111,451	284,629,299,345
Other long-term investments	258		191,271,452,425	43,927,626,956
Allowance for diminution in the value of long-term investments	259		(10,038,586,326)	(10,248,632,262)
Other long-term assets	260		362,797,037,390	295,112,796,930
Long-term prepayments	261	15	196,204,979,134	171,151,838,315
Deferred tax assets	262	16	159,403,167,095	115,300,622,640
Other long-term assets	268		7,188,891,161	8,660,335,975
Goodwill	269	17	169,870,157,206	174,463,919,182
TOTAL ASSETS (270 = 100 + 200)	270		23,734,245,180,854	22,875,414,056,636

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 2014 (continued)

Form B 01a – DN/HN

	Code	Note	30/6/2014 VND	31/12/2013 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		5,119,511,114,009	5,307,060,807,329
Current liabilities	310		4,624,642,854,725	4,956,397,594,108
Short-term borrowings	311	18	66,825,762,412	178,943,692,147
Accounts payable – trade	312		2,354,369,079,371	1,968,257,136,188
Advances from customers	313		17,653,657,080	20,929,404,542
Taxes payable to State Treasury	314	19	512,564,636,095	456,725,904,986
Payables to employees	315		116,513,026,857	137,540,107,294
Accrued expenses	316	20	694,956,152,027	490,760,970,004
Other payables	319	21	599,446,227,344	1,341,762,807,045
Bonus and welfare fund	323		262,314,313,539	361,477,571,902
Long-term liabilities	330		494,868,259,284	350,663,213,221
Other long-term liabilities	333		5,580,630,094	5,036,159,560
Long-term borrowings	334	22	326,808,491,393	184,142,784,403
Deferred tax liabilities	335		84,453,521,075	91,065,600,000
Provision for severance allowance	337	23	77,950,919,000	69,583,293,250
Unearned revenue	338		74,697,722	835,376,008
EQUITY (400 = 410)	400		18,552,031,822,579	17,545,489,315,423
Owners' equity	410	24	18,552,031,822,579	17,545,489,315,423
Share capital	411	25	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	25	(5,388,109,959)	(5,068,507,959)
Foreign exchange differences	416		496,768,421	-
Investment and development fund	417		1,239,815,387,659	950,237,983,612
Financial reserve	418		833,955,796,000	833,955,796,000
Retained profits	420		6,866,599,920,458	6,149,811,983,770
MINORITY INTEREST	439	27	62,702,244,266	22,863,933,884
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		23,734,245,180,854	22,875,414,056,636

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 2014 (continued)**


Form B 01a – DN/HN

OFF BALANCE SHEET ITEMS

	30/6/2014	31/12/2013
Foreign currencies included in cash and cash equivalents:		
USD	6,005,236	16,776,618
EUR	1,538	21,606

31 July 2014

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 2014

Form B 02a – DN/HN

	Code	Note	Three-month period ended		Six-month period ended	
			30/6/2014	30/6/2013	30/6/2014	30/6/2013
			VND	VND	VND	VND
Total revenue	01	28	9,439,872,135,375	8,234,419,301,214	17,283,850,105,014	15,051,819,242,453
Less revenue deductions	02	28	207,529,993,653	163,966,629,910	373,361,616,056	304,967,511,077
Net revenue (10 = 01 - 02)	10	28	9,232,342,141,722	8,070,452,671,304	16,910,488,488,958	14,746,851,731,376
Cost of sales	11	29	6,067,063,430,918	4,948,104,950,134	11,180,704,589,966	9,168,342,400,629
Gross profit (20 = 10 - 11)	20		3,165,278,710,804	3,122,347,721,170	5,729,783,898,992	5,578,509,330,747
Financial income	21	30	132,596,919,103	129,367,036,632	260,197,229,206	239,186,577,341
Financial expenses	22	31	30,036,221,972	22,644,656,796	38,921,202,828	43,723,001,279
<i>In which: Interest expense</i>	23		<i>12,410,656,942</i>	<i>-</i>	<i>23,081,979,699</i>	<i>-</i>
Selling expenses	24	32	1,158,497,483,244	879,032,986,417	1,979,518,334,129	1,447,492,923,993
General and administration expenses	25	33	203,140,968,830	159,278,435,934	373,830,088,034	297,514,329,009
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30		1,906,200,955,861	2,190,758,678,655	3,597,711,503,207	4,028,965,653,807
Other income	31	34	75,057,403,348	60,324,998,160	121,379,475,727	95,364,779,678
Other expenses	32	35	31,630,383,828	10,856,251,677	36,990,034,423	22,124,147,008
Results of other activities (40 = 31 - 32)	40		43,427,019,520	49,468,746,483	84,389,441,304	73,240,632,670
Share of profit in associates and jointly controlled entities	45		20,342,364,897	6,323,125,419	31,224,812,106	12,266,974,566

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 2014 (continued)

Form B 02a – DN/HN

	Code	Note	Three-month period ended		Six-month period ended	
			30/6/2014	30/6/2013	30/6/2014	30/6/2013
			VND	VND	VND	VND
Profit before tax (50 = 30 + 40 + 45)	50		1,969,970,340,278	2,246,550,550,557	3,713,325,756,617	4,114,473,261,043
Income tax expense – current	51	36	439,313,895,004	440,979,068,238	786,610,878,654	765,649,666,027
Income tax expense – deferred	52	36	(45,913,409,285)	(37,204,925,477)	(44,102,544,455)	(24,791,049,987)
Net profit after tax (60 = 50 - 51 - 52)	60		1,576,569,854,559	1,842,776,407,796	2,970,817,422,418	3,373,614,645,003
Attributable to:						
Minority interest	61	27	1,134,105,039	-	8,000,035,634	-
Equity holders of the Company	62		1,575,435,749,520	1,842,776,407,796	2,962,817,386,784	3,373,614,645,003
Basic earnings per share	70	37	1,890	2,211	3,555	4,047

31 July 2014

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 six-month period ended 30 June 2014
(Indirect method)

Form B 03a – DN/HN

	Code Note	Six-month period ended	
		30/6/2014	30/6/2013
		VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	01	3,713,325,756,617	4,114,473,261,043
Adjustments for			
Depreciation and amortisation	02	508,581,202,613	335,048,204,461
Allowances and provisions	03	4,490,383,932	15,528,583,072
Unrealised foreign exchange gains	04	(4,245,680,474)	(3,592,823,387)
Losses on disposals of fixed assets	05	6,234,942,158	338,734,177
Dividends and interest income	05	(248,292,374,936)	(191,907,183,590)
Gains from other investing activities	05	(22,044,783,738)	(2,807,130,762)
Interest expense	06	23,081,979,699	-
Operating profit before changes in working capital	08	3,981,131,425,871	4,267,081,645,014
Change in receivables	09	437,554,509,119	(180,298,548,156)
Change in inventories	10	(1,105,369,434,521)	(444,005,116,302)
Change in payables and other liabilities	11	380,978,850,091	(281,006,053,249)
Change in prepayments	12	41,492,503,842	(33,596,903,109)
		3,735,787,854,402	3,328,175,024,198
Interest paid	13	(23,125,439,806)	-
Income tax paid	14	(689,618,423,732)	(578,129,398,087)
Other receipts from operating activities	15	966,420,000	1,698,001,520
Other payments for operating activities	16	(385,754,889,954)	(502,509,454,886)
Net cash flows from operating activities	20	2,638,255,520,910	2,249,234,172,745

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 2014
(Indirect method – continued)

Form B 03a – DN/HN

	Code Note	Six-month period ended	
		30/6/2014 VND	30/6/2013 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets	21	(289,465,822,621)	(605,016,802,693)
Collections on disposals of fixed assets	22	26,656,972,850	12,339,785,910
Payments for purchase of debt instruments of other entities	23	(100,000,000,000)	-
Increase in time deposits	24	(1,796,596,000,000)	(1,123,100,000,000)
Proceeds from sales of debt instruments of other entities	25		302,336,515,321
Payments for investments in other entities	25	(747,825,469)	-
Collections on investments in other entities	26	2,535,000,000	1,800,000,000
Collections on loan to other entities	26		30,000,000,000
Receipts of interests and dividends	27	298,043,365,099	192,291,345,187
Increase in cash from a subsidiary		86,515,208	-
Net cash flows from investing activities	30	(1,859,487,794,933)	(1,189,349,156,275)

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

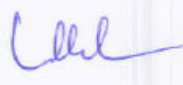
Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2014
(Indirect method – continued)

Form B 03a – DN/HN

	Code Note	Six-month period ended	
		30/6/2014 VND	30/6/2013 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from capital contribution by minority interest	31	1,301,716,303	-
Payments for shares repurchases	32	(319,602,000)	(280,737,959)
Proceeds from short-term and long-term borrowings	33	252,760,555,160	-
Payments to settle loan principals	34	(226,025,390,062)	-
Payments of dividends	36	(2,333,645,730,800)	(1,500,283,567,800)
Net cash flows from financing activities	40	(2,305,928,451,399)	(1,500,564,305,759)
Net cash flows during the period (50 = 20 + 30 + 40)	50	(1,527,160,725,422)	(440,679,289,289)
Cash and cash equivalents at the beginning of the period	60	2,745,645,325,950	1,252,120,160,804
Effect of exchange rate fluctuations on cash and cash equivalents	61	690,441,619	1,044,357,818
Currency translation differences		761,001,555	-
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70 6	1,219,936,043,702	812,485,229,333

31 July 2014

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 six-month period ended
30 June 2014

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 incorporated as a joint stock company in Vietnam. The principal activities of the Company are to:

- 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 2014 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	100.00%	100.00%
Lamson Dairy Products One Member Company Limited	100.00%	100.00%
International Real Estate One Member Limited Company (*)	100.00%	100.00%
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	100.00%	100.00%
Thong Nhat Thanh Hoa Dairy Cow Limited Company	96.33%	96.33%
Driftwood Dairy Holdings Corporation	70.00%	70.00%
Angkor Dairy Products Co., Ltd.	51.00%	51.00%
Associates		
Asia Saigon Food Ingredients Joint Stock Company	15.00%	15.00%
Miraka Limited	19.30%	19.30%
Jointly controlled entity		
Horizon Apartment – Business Cooperation Contract	24.50%	24.50%

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

- (*) On 24 February 2014, the Company's Board of Management passed a resolution to liquidate this subsidiary. As of 30 June 2014, the liquidation process has not been completed.

Driftwood Dairy Holdings Corporation is incorporated and operating in the United State of America, Angkor Dairy Products Co., Ltd. is incorporated and operating in Cambodia, Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia is incorporated and operating in Poland, other subsidiaries are incorporated and operating in Vietnam.

As at 30 June 2014, the Group had 5,970 employees (31/12/2013: 5,619 employees).

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 relevant requirements of the Vietnamese Accounting System for enterprises and the relevant statutory requirements 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 the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

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

(d) Accounting currency

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

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 interim 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.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

(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 interim 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.

(b) *Foreign currency*

(i) *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.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

(ii) Foreign operations

The assets and liabilities of the foreign operation are translated into VND at rates of exchange ruling at the balance sheet date. The income and expenses of the foreign operation are translated into VND at the average rates of exchange during the period.

Foreign currency differences are recognised directly in the foreign exchange differences in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange differences is transferred to profit or loss.

(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 shares listed or non-listed, bonds and investment funds 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 2014 (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.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

(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
- others 3 years

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments are collected;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use rights certificate issued by competent authority.

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 stated at cost and 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.

(iii) Others

Others represented trade mark and customer relationship, which are acquired through business combination and are initially recognised at fair value. Trade mark and customer relationship are amortised on a straight-line basis over 4-10 years.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

(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, 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:

▪ land use rights	49 years
▪ 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.

(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.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

(ii) Tools and instruments

Tools and instruments include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets (“Circular 45”). Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 1 to 3 years. Other tools and supplies represent the cost of tools used for production and administration processes and are amortised on a straight line basis over 2 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.

(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.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as at 30 June 2014 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.

(o) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Group's consolidated financial position and consolidated 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.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

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.

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.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

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.

(p) Taxation

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

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

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

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

(q) Share capital and treasury shares

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

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

(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.

(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).

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

(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.

Dividends are declared and paid based on the estimated earnings of the year. 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 is made in accordance with the Group's Charter as follows:

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

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

(w) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. 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.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

(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.

Vietnam Dairy Products Joint Stock Company and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

Form B 09a – DN/HN

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 (“Oversea”).

	Domestic		Oversea		Total	
	(Customers located in Vietnam)		(Customers located in countries other than Vietnam)			
	Six-month period ended		Six-month period ended		Six-month period ended	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	VND	VND	VND	VND	VND	VND
Net sales	13,986,307,494,105	12,834,203,544,724	2,924,180,994,853	1,912,648,186,652	16,910,488,488,958	14,746,851,731,376
Cost of sales	(8,826,207,614,424)	(7,710,933,183,429)	(2,354,496,975,542)	(1,457,409,217,200)	(11,180,704,589,966)	(9,168,342,400,629)
Segment income	5,160,099,879,681	5,123,270,361,295	569,684,019,311	455,238,969,452	5,729,783,898,992	5,578,509,330,747

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

5. Significant transactions

New investments in Angkor Dairy Products Co., Ltd. and Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia

On 6 January 2014, the Company established a subsidiary named Angkor Dairy Products Co., Ltd. in Cambodia. Total charter capital of this subsidiary is USD23,000,000, of which, the Company contributed 51%. As at 30 June 2014, the Company has transferred VND108 billion as capital contribution to this subsidiary.

On 27 May 2014, the Company established a 100% owned subsidiary named Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia in Poland. Total charter capital of this subsidiary is USD3,000,000. As at 30 June 2014, the Company has transferred VND7 billion as capital contribution to this subsidiary.

6. Cash and cash equivalents

	30/6/2014	31/12/2013
	VND	VND
Cash on hand	1,180,419,651	1,290,261,776
Cash in banks	688,731,431,588	1,393,244,021,897
Cash equivalents	530,024,192,463	1,351,111,042,277
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	1,219,936,043,702	2,745,645,325,950
	<hr/> <hr/>	<hr/> <hr/>

7. Short-term investments

	30/6/2014	31/12/2013
	VND	VND
Short-term investments in:		
▪ Listed securities	188,758,772,692	188,758,772,692
▪ Unlisted securities	82,533,803,026	82,533,803,026
▪ Term deposits	5,350,000,000,000	3,600,000,000,000
▪ Other short-term investments	442,000,000,000	442,000,000,000
	<hr/>	<hr/>
	6,063,292,575,718	4,313,292,575,718
Allowance for diminution in value of short-term investments	(145,945,484,400)	(145,974,953,400)
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	5,917,347,091,318	4,167,317,622,318
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Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

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

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Opening balance	145,974,953,400	130,028,675,620
Increase in allowance during the period	3,819,781,000	18,517,620,410
Written back	(3,849,250,000)	(5,382,424,920)
Allowance utilised during the period	-	(670,000,000)
	<hr/>	<hr/>
Closing balance	145,945,484,400	142,493,871,110
	<hr/> <hr/>	<hr/> <hr/>

8. Other receivables

	30/6/2014	31/12/2013
	VND	VND
Interest income on deposits	142,581,023,277	186,194,305,557
Import tax refundable	87,978,411,706	126,227,097,567
Personal income tax refundable	21,043,728,788	-
Shortage of assets awaiting for resolution	3,485,504,470	737,900,941
Rebates receivable from suppliers	-	80,172,000,489
Dividend receivables	-	6,280,283,226
Others	10,691,569,172	17,655,131,863
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	265,780,237,413	417,266,719,643
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Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

9. Inventories

	30/6/2014	31/12/2013
	VND	VND
Goods in transit	1,040,618,856,713	545,709,876,853
Raw materials	2,017,127,215,643	1,672,882,301,994
Tools and supplies	8,156,456,458	8,098,365,017
Work in progress	126,504,558,427	138,430,291,511
Finished goods	1,042,172,330,667	837,395,279,814
Merchandise inventories	35,862,804,008	24,520,590,546
Goods on consignment	2,970,895,637	823,248,697
	<hr/>	<hr/>
	4,273,413,117,553	3,227,859,954,432
Allowance for inventories	(13,643,783,466)	(10,376,905,544)
	<hr/>	<hr/>
	4,259,769,334,087	3,217,483,048,888
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Movements in the allowance for inventories during the period were as follows:

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Opening balance	10,376,905,544	3,455,165,385
Increase in allowance during the period	12,388,355,173	2,780,108,963
Allowance utilised during the period	(110,473,414)	(346,020,901)
Written back	(9,011,003,837)	(2,556,276,982)
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Closing balance	13,643,783,466	3,332,976,465
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Vietnam Dairy Products Joint Stock Company and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

Form B 09a – DN/HN

10. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Livestock VND	Others VND	Total VND
Cost							
Opening balance	2,126,117,218,387	7,747,429,057,274	592,136,887,627	400,572,098,813	228,946,974,351	52,065,256,747	11,147,267,493,199
Additions	9,731,784,484	44,886,954,657	16,450,906,849	7,194,036,615	-	2,939,949,428	81,203,632,033
Transfers from construction in progress	98,955,164,902	154,088,208,974	48,298,177,550	4,254,143,544	-	373,520,370	305,969,215,340
Transfers from inventories	-	-	-	-	57,734,323,436	-	57,734,323,436
Reclassification	-	(1,265,791,229)	-	1,265,791,229	-	-	-
Disposals	(3,933,883,908)	(2,745,593,157)	(8,975,057,357)	(130,200,000)	(14,961,918,656)	-	(30,746,653,078)
Translation differences	634,511,505	3,443,517,408	560,708,182	142,544,319	-	555,948,005	5,337,229,419
Closing balance	2,231,504,795,370	7,945,836,353,927	648,471,622,851	413,298,414,520	271,719,379,131	55,934,674,550	11,566,765,240,349
Accumulated depreciation							
Opening balance	365,323,412,697	2,413,392,957,350	204,968,808,243	188,696,967,596	82,411,226,983	43,415,349,204	3,298,208,722,073
Charge for the period	53,242,637,919	365,974,090,320	27,754,228,925	26,910,836,622	21,212,000,957	2,812,874,613	497,906,669,356
Reclassifications	47,463,481	(47,463,481)	-	-	-	-	-
Disposals	(2,519,852,226)	(2,663,609,616)	(3,552,287,414)	(130,200,000)	(5,991,536,319)	-	(14,857,485,575)
Translation differences	314,438,830	2,477,546,110	199,185,910	108,016,740	-	466,551,990	3,565,739,580
Closing balance	416,408,100,701	2,779,133,520,683	229,369,935,664	215,585,620,958	97,631,691,621	46,694,775,807	3,784,823,645,434
Net book value							
Opening balance	1,760,793,805,690	5,334,036,099,924	387,168,079,384	211,875,131,217	146,535,747,368	8,649,907,543	7,849,058,771,126
Closing balance	1,815,096,694,669	5,166,702,833,244	419,101,687,187	197,712,793,562	174,087,687,510	9,239,898,743	7,781,941,594,915

Included in the cost of tangible fixed assets were assets costing VND906,707,100,948 which were fully depreciated as of 30 June 2014 (31/12/2013: VND829,810,123,906), but which are still in active use.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

11. Intangible fixed assets

	Land use rights VND	Software VND	Others VND	Total VND
Cost				
Opening balance	527,261,303,957	94,970,936,419	68,510,001,897	690,742,242,273
Addition	33,384,184,840	-	-	33,384,184,840
Disposals	(18,693,719,659)	-	(22,805,280,000)	(41,498,999,659)
Translation differences	2,296,030,843	-	505,428,103	2,801,458,946
Closing balance	544,247,799,981	94,970,936,419	46,210,150,000	685,428,886,400
Accumulated amortisation				
Opening balance	56,128,172,644	55,185,134,556	47,943,521,448	159,256,828,648
Charge for the period	3,145,751,348	3,981,155,098	1,125,577,189	8,252,483,635
Disposals	-	-	(22,805,280,000)	(22,805,280,000)
Translation differences	3,301,655	-	305,217,547	308,519,202
Closing balance	59,277,225,647	59,166,289,654	26,569,036,184	145,012,551,485
Net book value				
Opening balance	471,133,131,313	39,785,801,863	20,566,480,449	531,485,413,625
Closing balance	484,970,574,334	35,804,646,765	19,641,113,816	540,416,334,915

Included in the cost of intangible fixed assets were assets costing VND47,704,588,915 which were fully amortised as of 30 June 2014 (31 December 2013: VND47,704,588,915), but which are still in use.

12. Construction in progress

	Six-month period ended	
	30/6/2014 VND	30/6/2013 VND
Opening balance	537,872,350,628	3,565,241,433,334
Additions	269,910,022,261	529,776,036,649
Transfers to tangible fixed assets	(305,969,215,340)	(1,991,034,595,678)
Transfers to intangible fixed assets	-	(30,097,930,832)
Other decreases	(2,994,974,594)	(963,072,848)
Translation differences	259,182,584	-
Closing balance	499,077,365,539	2,072,921,870,625

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

Major constructions in progress relate to the following locations:

	30/6/2014	31/12/2013
	VND	VND
Vietnam Dairy Cow One Member Limited Company	225,044,343,881	194,630,030,013
Dairy Cow farms	83,857,456,360	35,827,102,037
Lam Son Dairy Products One Member Limited Company	56,767,647,313	81,641,906,162
Can Tho branch	52,101,510,922	52,101,510,922
Driftwood Dairy Holdings Corporation	21,002,384,340	-
Vietnam milk factory	15,031,839,777	27,693,383,103
Angkor Milk Dairy Products Company	9,653,507,535	-
Vietnam powder milk factory	6,857,174,231	22,234,884,364
Tien Son milk factory	-	92,638,406,909
Lam Son milk factory	-	7,800,711,948
Others	28,761,501,180	23,304,415,170
	<hr/>	<hr/>
	499,077,365,539	537,872,350,628
	<hr/>	<hr/>

13. Investment property

	Land use rights	Infrastructure	Buildings	Total
	VND	VND	VND	VND
Cost				
Opening balance	82,224,238,170	6,607,141,091	87,500,683,627	176,332,062,888
Reclassification to other current assets	(43,339,950,000)	(142,922,530)	-	(43,482,872,530)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	38,884,288,170	6,464,218,561	87,500,683,627	132,849,190,358
Accumulated amortisation				
Opening balance	264,518,968	2,711,691,094	23,910,135,825	26,886,345,887
Charge for the period	396,778,452	323,210,928	1,702,060,242	2,422,049,622
Reclassification to other current assets	-	(59,551,050)	-	(59,551,050)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	661,297,420	2,975,350,972	25,612,196,067	29,248,844,459
Net book value				
Opening balance	81,959,719,202	3,895,449,997	63,590,547,802	149,445,717,001
Closing balance	38,222,990,750	3,488,867,589	61,888,487,560	103,600,345,899
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Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

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

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

Included in the cost of investment property was assets costing VND7,228,577,143 which were fully depreciated as of 30 June 2014 (31/12/2013: VND7,228,577,143), but which are still in active use.

14. Long-term investments

	% of ownership	% of voting right	30/6/2014 VND	31/12/2013 VND
Long-term equity investments in associates and a jointly control entity				
▪ Miraka Limited	19.3% (*)	19.3% (*)	274,991,237,595	248,670,851,841
▪ Asia Saigon Food Ingredients Joint Stock Company	15.0% (*)	15.0% (*)	31,080,189,030	27,975,762,678
▪ Horizon Apartment – Business Cooperation Contract	24.5% (*)	24.5% (*)	7,247,684,826	7,982,684,826
			313,319,111,451	284,629,299,345
Long-term corporate bonds				
▪ Ho Chi Minh City Development Joint Stock Commercial Bank			100,000,000,000	-
Other long-term investments				
▪ Long-term deposits			46,596,000,000	-
▪ Investment funds			21,677,078,220	21,677,078,220
▪ Others			22,998,374,205	22,250,548,736
			91,271,452,425	43,927,626,956
			504,590,563,876	328,556,926,301
Allowance for diminution in value of long-term investments			(10,038,586,326)	(10,248,632,262)
			494,551,977,550	318,308,294,039

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

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

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

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Opening balance	10,248,632,262	14,355,884,467
Increase in allowance during the period	-	309,731,888
Written back	(210,045,936)	-
	<hr/>	<hr/>
Closing balance	10,038,586,326	14,665,616,355
	<hr/> <hr/>	<hr/> <hr/>

15. Long-term prepayments

	Prepaid land costs	Tools and instruments	Other prepayments	Total
	VND	VND	VND	VND
Opening balance	6,432,866,456	83,951,133,124	80,767,838,735	171,151,838,315
Additions	1,906,554,154	77,080,213,324	28,116,241,825	107,103,009,303
Transfer to expenses	(1,763,075,173)	(31,438,986,096)	(22,973,349,033)	(56,175,410,302)
Transfer to short-term prepayments	(1,130,204,051)	(23,929,410,340)	(849,955,137)	(25,909,569,528)
Translation differences	-	-	35,111,346	35,111,346
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	5,446,141,386	105,662,950,012	85,095,887,736	196,204,979,134
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Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

16. Deferred tax assets

Deferred tax assets were recognised on the following:

	30/6/2014	31/12/2013
	VND	VND
Deferred tax assets:		
Foreign exchange differences	-	597,622,666
Accrued expenses and provisions	160,185,251,211	114,702,999,974
	<hr/>	<hr/>
Total deferred tax assets	160,185,251,211	115,300,622,640
	<hr/>	<hr/>
Deferred tax liabilities:		
Foreign exchange differences	(782,084,116)	-
	<hr/>	<hr/>
	159,403,167,095	115,300,622,640
	<hr/>	<hr/>

17. Goodwill

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Opening balance	174,463,919,182	13,662,186,598
Adjustment	4,586,266,392	-
Charge for the period	(9,180,028,368)	(606,717,564)
Other decreases	-	(4,864,781,928)
	<hr/>	<hr/>
Closing balance	169,870,157,206	8,190,687,106
	<hr/>	<hr/>

18. Short-term borrowings

	30/6/2014	31/12/2013
	VND	VND
Short-term borrowings	46,212,202,412	517,000,000
Current portion of long-term borrowings and liabilities (Note 22)	20,613,560,000	178,426,692,147
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	66,825,762,412	178,943,692,147
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Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

19. Taxes payable to State Treasury

	30/6/2014	31/12/2013
	VND	VND
Value added tax	71,302,007,847	106,950,956,654
Corporate income tax	436,355,114,760	336,889,518,369
Personal income tax	3,597,722,468	12,853,254,782
Import tax	3,649,000	-
Other taxes	1,306,142,020	32,175,181
	<hr/>	<hr/>
	512,564,636,095	456,725,904,986
	<hr/> <hr/>	<hr/> <hr/>

20. Accrued expenses

	30/6/2014	31/12/2013
	VND	VND
Sale incentives for distributors	256,630,575,009	218,642,778,937
Advertising expenses	211,929,380,721	66,981,178,134
Transportation expenses	67,346,286,429	40,344,338,573
Repairs and maintenance expenses	20,016,262,783	12,478,798,051
Fuel expenses	15,085,722,830	18,140,900,939
Expenses for outsourced employees	12,640,054,749	13,071,225,266
Interest expense	344,340,150	384,249,613
Rental fee	13,193,976,387	-
Others	97,769,552,969	120,717,500,491
	<hr/>	<hr/>
	694,956,152,027	490,760,970,004
	<hr/> <hr/>	<hr/> <hr/>

21. Other payables

	30/6/2014	31/12/2013
	VND	VND
Other payables relating to financial investments (*)	461,266,759,155	448,007,419,155
Import duty payables	43,882,090,457	108,992,820,343
Short-term deposits received	18,605,485,594	21,931,607,492
Insurance and trade union fees	1,616,634,561	945,240,476
Dividend payables	-	664,944,528,680
Others	74,075,257,577	96,941,190,899
	<hr/>	<hr/>
	599,446,227,344	1,341,762,807,045
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Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

- (*) 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.

22. Long-term borrowings

	30/6/2014	31/12/2013
	VND	VND
Long-term borrowings	347,422,051,393	362,569,476,550
Repayable within twelve months (Note 18)	(20,613,560,000)	(178,426,692,147)
	<hr/>	<hr/>
Repayable after twelve months	326,808,491,393	184,142,784,403
	<hr/>	<hr/>

Terms and conditions of long-term borrowings were as follows:

	Currency	Annual interest rate	Year of maturity	30/6/2014	31/12/2013
				VND	VND
Wells Fargo					
Loan 1	USD	3.75%	2016	-	74,835,285,880
Loan 2	USD	4.25%	2016	109,775,725,000	115,940,000,000
Loan 3	USD	4.25%	2016	18,469,813,645	24,111,957,480
Lincoln National	USD	15.00%	2015	-	131,742,706,320
Sumitomo Mitsui Banking Corporation	USD	1.98%	2017	208,691,000,000	-
Individuals	VND	None	2039	10,485,512,748	15,939,526,870
				<hr/>	<hr/>
				347,422,051,393	362,569,476,550
				<hr/>	<hr/>

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

23. Provision for severance allowance

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

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Opening balance	69,583,293,250	59,635,777,000
Provision made during the period	8,593,969,617	10,541,348,383
Provision used during the period	(226,343,867)	(290,361,800)
Written back	-	(115,474,167)
	<hr/>	<hr/>
Closing balance	77,950,919,000	69,771,289,416
	<hr/> <hr/>	<hr/> <hr/>

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

Form B 09a – DN/HN

24. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Financial reserve VND	Retained profits VND	Total VND
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
Decrease in bonus share issued	-	-	(38,950,000)	-	22,835,000	-	16,115,000	-
Purchase of treasury shares	-	-	(244,705,000)	-	-	-	-	(244,705,000)
Net profit for the period	-	-	-	-	-	-	3,160,519,017,831	3,160,519,017,831
Appropriation to equity funds and bonus and welfare fund	-	-	-	-	411,021,852,445	78,216,899,773	(801,774,365,487)	(312,535,613,269)
Dividends	-	-	-	-	-	-	(2,333,722,570,800)	(2,333,722,570,800)
Balance at 1 January 2014	8,339,557,960,000	1,276,994,100,000	(5,068,507,959)	-	950,237,983,612	833,955,796,000	6,149,811,983,770	17,545,489,315,423
Purchase of treasury shares	-	-	(319,602,000)	-	-	-	-	(319,602,000)
Net profit for the period	-	-	-	-	-	-	2,962,817,386,784	2,962,817,386,784
Appropriation to equity funds and bonus and welfare fund	-	-	-	-	289,577,404,047	-	(579,154,808,096)	(289,577,404,049)
Dividends (Note 26)	-	-	-	-	-	-	(1,666,874,642,000)	(1,666,874,642,000)
Currency translation differences	-	-	-	496,768,421	-	-	-	496,768,421
Balance at 30 June 2014	8,339,557,960,000	1,276,994,100,000	(5,388,109,959)	496,768,421	1,239,815,387,659	833,955,796,000	6,866,599,920,458	18,552,031,822,579

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

25. Share capital

The Company's authorised and issued share capital is:

	30/6/2014		31/12/2013	
	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
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	(518,475)	(5,388,109,959)	(488,735)	(5,068,507,959)
Shares currently in circulation				
Ordinary shares	833,437,321	8,334,169,850,041	833,467,061	8,334,489,452,041

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

26. Dividend

The Shareholders of the Company on 25 April 2014 resolved to distribute dividends amounting to VND1,667 billion (VND2,000 per share) (for the six-month period ended 30 June 2013: VND1,500 billion (VND1,800 per share)).

27. Minority interest

Movements in minority interest during the period were as follow:

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Opening balance	22,863,933,884	-
Capital contribution by cash	1,301,716,303	-
Capital contribution by assets	33,384,184,840	-
Adjustment	(3,443,683,856)	-
Foreign exchange difference	596,057,461	-
Net profit for the period	8,000,035,634	-
Closing balance	62,702,244,266	-

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

28. Total revenue

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

Net revenue comprised:

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Total revenue		
▪ Sales of finished goods	16,945,349,181,621	14,832,170,254,001
▪ Sales of merchandise goods	309,849,785,598	204,589,077,802
▪ Rental income from investment property	7,627,336,655	5,654,695,633
▪ Other services	21,023,801,140	9,405,215,017
	<hr/>	<hr/>
	17,283,850,105,014	15,051,819,242,453
Less sales deductions		
▪ Sale discounts (*)	(333,567,449,812)	(299,039,349,901)
▪ Sale returns	(39,794,166,244)	(5,928,161,176)
	<hr/>	<hr/>
	(373,361,616,056)	(304,967,511,077)
Net revenue	<hr/> <hr/>	<hr/> <hr/>
	16,910,488,488,958	14,746,851,731,376

- (*) With reference to the Decision No. 1079/QD-BTC dated 20 May 2014 of the Ministry of Finance, the Company offered certain discounts for dairy products for infants under the age of six sold to the Company's distributors but have not sold to end customers at the effective date of this Decision. Included in sales discounts for the six-month period ended 30 June 2014 was an amount of VND13,370,424,369 related to such discounts (for the period ended 30 June 2013: nil).

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

29. Cost of sales

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Total cost of sales		
▪ Finished goods sold	10,899,891,979,888	8,962,852,753,502
▪ Merchandise goods sold	254,221,377,008	169,432,882,759
▪ Rental of investment property	3,227,024,003	3,058,673,762
▪ Other services	1,814,568,257	792,936,755
▪ Inventories losses	3,147,479,491	4,096,098,374
▪ Under-capacity costs	15,024,809,983	27,885,223,496
▪ Increase of allowance for inventories	3,377,351,336	223,831,981
	<hr/>	<hr/>
	11,180,704,589,966	9,168,342,400,629
	<hr/> <hr/>	<hr/> <hr/>

30. Financial income

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Interest income from deposits	242,998,837,940	160,314,632,621
Interest income from bonds	155,555,556	20,411,986,300
Interest income on loans granted	-	625,185,469
Realised foreign exchange gains	7,651,994,356	43,674,274,065
Unrealised foreign exchange gains	4,245,680,474	3,592,823,387
Dividends	5,145,160,880	10,555,379,200
Gains on disposal of securities	-	12,258,500
Others	-	37,799
	<hr/>	<hr/>
	260,197,229,206	239,186,577,341
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Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

31. Financial expenses

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Interest expense on loans	23,081,979,699	-
Payment discounts for distributors	9,550,902,229	15,347,931,131
Realised foreign exchange losses	6,111,685,309	10,482,277,474
Interest expense on deposits received	416,150,527	455,671,011
(Write back allowance)/allowance for short-term investments	(239,514,936)	13,444,927,377
Others	-	3,992,194,286
	<hr/>	<hr/>
	38,921,202,828	43,723,001,279
	<hr/>	<hr/>

32. Selling expenses

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Staff costs	232,386,170,229	91,992,354,002
Materials expenses	31,671,994,771	28,417,286,908
Tools and supplies expenses	58,418,020,722	37,897,097,807
Depreciation expenses	13,570,723,688	12,962,757,109
Expenses of damaged goods	8,564,573,835	6,592,393,974
Transportation expenses	231,374,182,693	172,510,087,139
Outside service expenses	91,020,009,743	70,792,148,997
Advertising expenses	461,620,680,128	391,833,949,737
Market research expenses	4,313,323,370	5,102,563,494
Promotion expenses	376,751,722,992	222,228,099,653
Product display expenses	174,778,479,139	161,126,572,907
Support and commission expenses for distributors	295,048,452,819	246,037,612,266
	<hr/>	<hr/>
	1,979,518,334,129	1,447,492,923,993
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Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

33. General and administration expenses

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Staff costs	149,546,076,470	99,967,253,190
Materials expenses	7,801,694,874	7,914,006,673
Office supplies	6,763,488,747	2,733,214,831
Depreciation expenses	33,174,122,004	33,119,730,831
Fees and duties	3,616,545,545	3,800,198,785
Allowance for doubtful debts and provision for severance allowance	9,946,517,149	12,370,230,429
Transportation for internal transfers of goods	21,678,049,020	23,263,629,147
Outside service expenses	80,840,992,392	67,113,803,712
Loading expenses	8,008,589,279	9,914,271,414
Per-diem allowances	10,475,825,442	8,480,334,845
Bank charges	5,324,012,926	1,811,050,431
Others	36,654,174,186	27,026,604,721
	<hr/>	<hr/>
	373,830,088,034	297,514,329,009
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34. Other income

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Proceeds from disposals of tools, supplies and technical equipments	47,446,530,171	47,391,248,340
Rebate income	15,160,011,201	26,560,408,695
Proceeds from disposals of tangible fixed assets	28,416,095,004	14,350,527,874
Compensations received from other parties	8,278,154,540	209,469,232
Others	22,078,684,811	6,853,125,537
	<hr/>	<hr/>
	121,379,475,727	95,364,779,678
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Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

35. Other expenses

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Book value of fixed assets disposed	34,582,887,162	14,689,262,051
Cost of tools, supplies and scrap disposed	-	84,657,482
Others	2,407,147,261	7,350,227,475
	<hr/>	<hr/>
	36,990,034,423	22,124,147,008
	<hr/>	<hr/>

36. Income tax

(i) Recognised in the statement of income

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Current tax expense		
Current year	784,396,260,686	755,628,376,234
Under provision in prior year	2,214,617,968	10,021,289,793
	<hr/>	<hr/>
	786,610,878,654	765,649,666,027
	<hr/>	<hr/>
Deferred tax expense		
Origination and reversal of temporary differences	(44,102,544,455)	(24,791,049,987)
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Income tax expense	742,508,334,199	740,858,616,040
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Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

(ii) Reconciliation of effective tax rate

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Profit before tax	3,713,325,756,617	4,114,473,261,043
Tax at the Company's tax rate	816,931,666,456	1,028,618,315,261
Tax rate differential applied to Company's branches and factories	(55,771,672,141)	(150,148,658,572)
Non-taxable income	2,139,563,023	(3,349,897,836)
Non-deductible expenses	1,861,006,335	1,802,466,716
Tax incentives	(19,709,622,454)	(134,575,009,766)
Deferred tax assets not previously recognised	(5,157,224,988)	(11,509,889,556)
Under provision in prior year	2,214,617,968	10,021,289,793
	<u>742,508,334,199</u>	<u>740,858,616,040</u>

(iii) Applicable tax rates

The companies in the Group are required to pay income tax at rates ranging from 15% to 40%, depending on locations of its factories, on taxable profits. In the Group, the Company, Lam Son Dairy One Member Company Limited, Thong Nhat Thanh Hoa Dairy Cow Limited Company and Driftwood Dairy Holdings Corporation incurred the income tax charges. Other companies have no taxable income.

37. Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2014 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	
	30/6/2014	30/6/2013
	VND	VND
Net profit for the period – attributable to ordinary shareholders	2,962,817,386,784	3,373,614,645,003
	<u>2,962,817,386,784</u>	<u>3,373,614,645,003</u>

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

(ii) Weighted average number of ordinary shares

	Six-month period ended	
	30/6/2014	30/6/2013
Number of ordinary shares at the beginning of the period	833,467,061	833,525,676
Purchase of treasury shares	(19,042)	-
Weighted average number of ordinary shares at the end of the period	833,448,019	833,525,676

As of 30 June 2014, the Company did not have potentially dilutive ordinary shares.

38. 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 presents 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 Group'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.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

(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	30/6/2014 VND	31/12/2013 VND
Cash and cash equivalents	(ii)	1,218,755,624,051	2,744,355,064,174
Short-term and long-term deposits	(ii)	5,396,596,000,000	3,600,000,000,000
Trade and other receivables	(iii)	1,945,558,619,522	2,305,337,326,185
Long-term corporate bonds	(iv)	100,000,000,000	-
		8,660,910,243,573	8,649,692,390,359

(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's 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 if 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.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

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

	30/6/2014	31/12/2013
	VND	VND
Past due 1 – 30 days	68,963,375,669	182,137,670,525
Past due 31 – 60 days	159,555,865	1,522,157,190
Past due 61 – 90 days	609,723,901	132,616,901
Past due more than 90 days	166,581,220	166,581,220
	<hr/>	<hr/>
	69,899,236,655	183,959,025,836
	<hr/>	<hr/>

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

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Opening balance	7,387,087,909	3,852,583,886
Increase in allowance during the period	1,352,547,532	1,859,823,713
Allowance utilised during the period	(2,607,330,646)	(10,500,000)
Translation differences	39,659,040	-
	<hr/>	<hr/>
Closing balance	6,171,963,835	5,701,907,599
	<hr/>	<hr/>

(iv) Long-term corporate bonds

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

There was no allowance for diminution in the value of the investments in long-term corporate bonds as at 30 June 2014.

(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.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

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

30 June 2014

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND	More than 5 years VND
Short-term borrowings	66,825,762,412	72,024,635,183	72,024,635,183	-	-	-
Accounts payable – trade	2,354,369,079,371	2,354,369,079,371	2,354,369,079,371	-	-	-
Payables to employees	116,513,026,857	116,513,026,857	116,513,026,857	-	-	-
Accrued expenses	694,956,152,027	694,956,152,027	694,956,152,027	-	-	-
Other payables	599,446,227,344	599,446,227,344	599,446,227,344	-	-	-
Other long-term liabilities	5,580,630,094	5,580,630,094	-	5,580,630,094	-	-
Long-term borrowings	326,808,491,393	350,105,607,578	31,717,470,074	50,514,218,277	257,388,406,479	10,485,512,748
	4,164,499,369,498	4,192,995,358,454	3,869,026,590,856	56,094,848,371	257,388,406,479	10,485,512,748

31 December 2013

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND	More than 5 years VND
Short-term borrowings	178,943,692,147	204,657,303,863	204,657,303,863	-	-	-
Accounts payable – trade	1,968,257,136,188	1,968,257,136,188	1,968,257,136,188	-	-	-
Payables to employees	137,540,107,294	137,540,107,294	137,540,107,294	-	-	-
Accrued expenses	490,760,970,004	490,760,970,004	490,760,970,004	-	-	-
Other payables	1,341,762,807,045	1,341,762,807,045	1,341,762,807,045	-	-	-
Other long-term liabilities	5,036,159,560	5,036,159,560	-	5,036,159,560	-	-
Long-term borrowings	184,142,784,403	198,513,958,271	-	50,652,124,622	131,922,306,779	15,939,526,870
	4,306,443,656,641	4,346,528,442,225	4,142,978,324,394	55,688,284,182	131,922,306,779	15,939,526,870

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

(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 operations 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.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

(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 the reporting dates, the Group had the following net monetary asset/(liability) position exposed to currency risk:

	30 June 2014		31 December 2013	
	USD	EUR	USD	EUR
Cash and cash in banks	6,005,236	1,538	16,776,618	21,606
Trade and other receivables	20,153,892	-	40,228,189	-
Accounts payable – trade	(37,741,002)	(5,296,344)	(28,256,420)	(6,860,000)
	(11,581,874)	(5,294,806)	28,748,387	(6,840,209)

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

	Exchange rate as at	
	30/6/2014 VND	31/12/2013 VND
USD1	21,295	21,080
EUR1	28,844	28,956

The possible impact on the consolidated net profit after tax of the Group of foreign exchange movements, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at reporting dates, is not considered significant.

(ii) Interest rate risk

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

(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 2 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 after tax would have been VND8,020,790,544 higher/lower (31 December 2013: VND7,526,266,200).

Vietnam Dairy Products Joint Stock Company and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

Form B 09a – DN/HN

(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	30/6/2014		31/12/2013	
		Carrying amount VND	Fair value VND	Carrying amount VND	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	37,880,304,000	9,521,269,292	26,326,080,000
Categorised as held-to-maturity investments:					
- Long-term corporate bonds	(v)	100,000,000,000	Note (v)	-	-
Categorised as loans and receivables:					
- Cash and cash equivalents	(i)	1,218,755,624,051	1,218,755,624,051	2,744,355,064,174	2,744,355,064,174
- Short-term and long-term deposits	(i)	5,396,596,000,000	5,396,596,000,000	3,600,000,000,000	3,600,000,000,000
- Trade and other receivables	(i)	1,945,558,619,522	1,945,558,619,522	2,305,337,326,185	2,305,337,326,185
Categorised as available-for-sale					
- Short-term investments in listed equity instruments	(ii)	179,237,503,400	102,830,712,800	179,237,503,400	100,350,264,600
- Short-term investments in unlisted equity instruments	(iii)	82,533,803,026	12,995,150,626	82,533,803,026	15,446,113,626
- Other short-term investments	(v)	442,000,000,000	Note (v)	442,000,000,000	Note (v)
- Long-term investments in investment funds	(iv)	21,677,078,220	11,638,491,894	21,677,078,220	11,428,445,958
- Other long-term investments	(v)	22,998,374,205	Note (v)	22,250,548,736	Note (v)
Categorised as liabilities at amortised cost:					
- Trade and other payables	(i)	(4,164,499,369,498)	(4,164,499,369,498)	(4,306,443,656,641)	(4,306,443,656,641)

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

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

The Group has not determined fair values of these financial instruments for disclosure in the consolidated interim financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. There fair values of these financial instruments may differ from their carrying amounts.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2014 (continued)

Form B 09a – DN/HN

39. Significant transactions with related parties


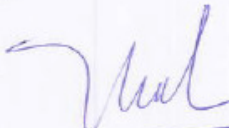

In addition to related party balances disclosed in other notes to the consolidated interim financial statements, the Group had the following transactions with related parties during the period:


Related Party	Relationship	Nature of transaction	Six-month period ended	
			30/6/2014 VND	30/6/2013 VND
Miraka Limited	Associate	Purchases of goods	229,692,619,200	106,307,306,170
Asia Saigon Food Ingredients Joint Stock Group	Associate	Purchases of goods Sales of services and goods	- 331,149,070	9,510,655,000 -
Board of Management's and Board of Directors' members		Compensation	36,586,082,401	40,157,034,015
The State Capital Investment Corporation		Payments of dividends	1,052,049,600,000	676,317,600,000

39. Production and business costs by element

	Six-month period ended	
	30/6/2014 VND	30/6/2013 VND
Raw material costs included in production costs	10,293,618,128,999	8,500,294,516,761
Labour costs and staff costs	799,286,729,130	452,587,203,931
Depreciation and amortisation	508,581,202,613	329,321,250,885
Outside services	682,518,842,565	534,713,245,247
Other expenses	1,582,785,240,861	1,158,882,480,089

31 July 2014

Prepared by:   Approved by: 



Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance

Mai Kieu Lien
Chief Executive Officer