

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Address: 10 Tan Trao - Tan Phu Ward - District 7 - Ho Chi Minh City

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

OFFICIAL

30 October 2014

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

**CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

**FOR THE NINE-MONTH PERIOD
ENDED 30 SEPTEMBER 2014**

FROM 01/01/2014 TO 30/9/2014

(IN FULL)

Ho Chi Minh City, October - 2014

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Address: 10 Tan Trao - Tan Phu Ward - District 7 - Ho Chi Minh City

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

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VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

CONSOLIDATED INTERIM BALANCE SHEET*(In full)***As at 30 September 2014****FORM NO. B01a-DN/HN***Unit: VND*

ASSETS	Code	Note	CONSOLIDATED	
			Closing balance	Opening balance
1	2	3	4	5
A-CURRENT ASSETS (100=110+120+130+140+150)	100		12,808,828,895,655	13,018,930,127,438
I. Cash and cash equivalents	110	VI.1	670,329,547,281	2,745,645,325,950
1. Cash	111		639,329,547,281	1,394,534,283,673
2. Cash equivalents	112		31,000,000,000	1,351,111,042,277
II. Short-term investments	120	VI.2	6,010,426,758,526	4,167,317,622,318
1. Short-term investments	121		6,157,271,306,426	4,313,292,575,718
2. Allowance for diminution in value of short-term investments	129		(146,844,547,900)	(145,974,953,400)
III. Accounts receivable – short-term	130		2,535,847,162,555	2,728,421,414,532
1. Accounts receivable – trade	131	VI.3	1,804,396,242,964	1,894,721,027,784
2. Prepayments to suppliers	132		440,963,448,155	423,820,755,014
3. Intra-company receivables	133		-	-
4. Receivables on construction contracts according to stages of completion	137		-	-
5. Other receivables	138	VI.4	296,541,613,793	417,266,719,643
6. Allowance for doubtful debts	139	VI.5	(6,054,142,357)	(7,387,087,909)
IV. Inventories	140		3,535,730,778,418	3,217,483,048,888
1. Inventories	141	VI.6	3,549,938,308,880	3,227,859,954,432
2. Allowance for inventories	149	VI.7	(14,207,530,462)	(10,376,905,544)
V. Other current assets	150		56,494,648,875	160,062,715,750
1. Short-term prepayments	151	VI.8	39,230,346,049	129,708,362,747
2. Deductible value added tax	152		10,585,212,040	25,468,115,542
3. Taxes and other receivables from State Treasury	154		9,301,173	5,362,800
4. Other current assets	158		6,669,789,613	4,880,874,661

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

CONSOLIDATED INTERIM BALANCE SHEET*(continued)*

As at 30 September 2014

FORM NO. B01a-DN/HN

Unit: VND

ASSETS	Code	Note	CONSOLIDATED	
			Closing balance	Opening balance
1	2	3	4	5
B- LONG-TERM ASSETS (200 = 210+220+240+250+260+269)	200		11,098,774,021,552	9,856,483,929,198
I. Accounts receivable – long-term	210		6,442,492,670	736,666,667
1. Long-term accounts receivable – trade	211		-	-
2. Operating capital given to dependent branches	212		-	-
3. Intra-company long-term receivables	213		-	-
4. Other long-term receivables	218		6,442,492,670	736,666,667
5. Allowance for doubtful long-term debts	219		-	-
II. Fixed assets	220		8,848,709,119,929	8,918,416,535,379
1. Tangible fixed assets	221	VI.9	7,591,004,807,888	7,849,058,771,126
- Cost	222		11,616,152,919,463	11,147,267,493,199
- Accumulated depreciation	223		(4,025,148,111,575)	(3,298,208,722,073)
2. Finance lease tangible fixed assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	VI.10	536,797,787,776	531,485,413,625
- Cost	228		685,758,247,882	690,742,242,273
- Accumulated depreciation	229		(148,960,460,106)	(159,256,828,648)
4. Construction in progress	230	VI.12	720,906,524,265	537,872,350,628
III. Investment property	240	VI.11	104,838,186,590	149,445,717,001
- Cost	241		135,349,190,358	176,332,062,888
- Accumulated depreciation	242		(30,511,003,768)	(26,886,345,887)
IV. Long-term investments	250		1,598,896,746,815	318,308,294,039
1. Investments in subsidiaries	251		-	-
2. Investments in associates, joint-ventures	252	VI.13	326,568,979,353	284,629,299,345
3. Other long-term investments	258	VI.14	1,277,336,020,900	43,927,626,956
4. Allowance for diminution in value of long-term investments	259	VI.15	(5,008,253,438)	(10,248,632,262)
V. Other long-term assets	260		374,596,885,496	295,112,796,930
1. Long-term prepayments	261	VI.16	201,152,715,870	171,151,838,315
2. Deferred tax assets	262		166,249,611,926	115,300,622,640
3. Other long-term assets	268		7,194,557,700	8,660,335,975
VI. Goodwill	269		165,290,590,052	174,463,919,182
TOTAL ASSETS (100 + 200)	270		23,907,602,917,207	22,875,414,056,636

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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For the nine-month period ended 30 September 2014

CONSOLIDATED INTERIM BALANCE SHEET*(continued)***As at 30 September 2014****FORM NO. B01a-DN/HN***Unit: VND*

RESOURCES	Code	Note	CONSOLIDATED	
			Closing balance	Opening balance
1	2	3	4	5
A- LIABILITIES (300 = 310 + 330)	300		5,662,834,497,211	5,307,060,807,329
I. Current liabilities	310		5,146,485,757,250	4,956,397,594,108
1. Short-term borrowings and liabilities	311	VI.17	1,273,922,478,239	178,943,692,147
2. Accounts payable – trade	312	VI.19	1,610,917,087,104	1,968,257,136,188
3. Advances from customers	313		14,229,030,312	20,929,404,542
4. Taxes payable to State Treasury	314	VI.20	479,668,495,308	456,725,904,986
5. Payables to employees	315		154,177,478,850	137,540,107,294
6. Accrued expenses	316	VI.21	718,490,212,863	490,760,970,004
7. Intra-company payables	317		-	-
8. Payables on construction contracts according to stages of completion	318		-	-
9. Other short-term payables	319	VI.22	637,905,375,141	1,341,762,807,045
10. Provisions – short-term	320		-	-
11. Bonus and welfare funds	321	VI.23	257,175,599,433	361,477,571,902
II. Long-term liabilities	330		516,348,739,961	350,663,213,221
1. Long-term accounts payable – trade	331		-	-
2. Long-term intra-company payables	332		-	-
3. Other long-term liabilities	333		5,092,359,237	5,036,159,560
4. Long-term borrowings and liabilities	334	VI.18	349,878,694,016	184,142,784,403
5. Deferred tax liabilities	335		84,056,932,575	91,065,600,000
6. Provision for severance allowance	336	VI.24	77,209,101,866	69,583,293,250
7. Provisions – long-term	337		-	-
8. Unearned revenue	338		111,652,267	835,376,008
9. Science and technology development fund	339		-	-
B- EQUITY (400 = 410 + 430)	400	VI.25	18,122,315,803,395	17,545,489,315,423
I. Owners' equity	410		18,122,315,803,395	17,545,489,315,423
1. Share capital	411		10,006,413,990,000	8,339,557,960,000
2. Capital surplus	412		-	1,276,994,100,000
3. Other capital	413		-	-
4. Treasury shares	414		(5,388,109,959)	(5,068,507,959)
5. Differences upon asset revaluation	415		-	-
6. Foreign exchange differences	416		(243,732,148)	-
7. Investment and development fund	417		1,378,181,089,327	950,237,983,612
8. Financial reserve	418		885,765,734,701	833,955,796,000
9. Other equity funds	419		-	-
10. Retained profits	420		5,857,586,831,474	6,149,811,983,770

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RESOURCES	Code	Note	CONSOLIDATED	
			Closing balance	Opening balance
1	2	3	4	5
11. Capital expenditure fund	421		-	-
12. Enterprise restructuring support fund	422		-	-
II. Non-business expenditure fund and other funds	430		-	-
1. Non-business expenditure fund	432		-	-
2. Non-business expenditure fund invested in fixed assets	433		-	-
C- MINORITY INTEREST	439		122,452,616,601	22,863,933,884
TOTAL RESOURCES (300 + 400 + 439)	440		23,907,602,917,207	22,875,414,056,636

OFF BALANCE SHEET ITEMS

ITEMS	Note	Closing balance	Opening balance
1. Leased assets		-	-
2. Materials and goods held for third parties or held for processing		-	-
3. Goods held on consignment for sale, collaterals or deposits		-	-
4. Bad debts written off		-	-
5. Foreign currencies: USD		4,177,198.36	16,776,617.91
EUR		1,004.55	21,605.63
6. Budget for non-business, project expenditure		-	-

Prepared by



Nguyen Duc Dieu Tho

Chief Accountant



Le Thanh Liem

Prepared on 30 October 2014

General Director



Mai Kieu Lien

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Address: 10 Tan Trao - Tan Phu Ward - District 7 - Ho Chi Minh City

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

CONSOLIDATED INTERIM STATEMENT OF INCOME*(In full)***For the nine-month period ended 30 Sep 2014****FORM NO. B02a-DN/HN***Unit: VND*

ITEMS	Code	Note	Third quarter		Nine-month period ended	
			This year	Previous year	30 Sep 2014	30 Sep 2013
1	2	3	4	5	6	7
1. Total revenue	1	VI.1	8.926.519.844.239	8.190.579.893.928	26.210.369.949.253	23.242.399.136.381
2. Revenue deductions	3	VI.1	(195.077.103.309)	(162.862.218.618)	(568.438.719.365)	(467.829.729.695)
3. Net revenue (10 = 01 + 03)	10	VI.1	8.731.442.740.930	8.027.717.675.310	25.641.931.229.888	22.774.569.406.686
4. Cost of sales	11	VI.2	(5.702.842.521.890)	(5.092.778.691.607)	(16.883.547.111.856)	(14.261.121.092.236)
5. Gross profit (20 = 10 + 11)	20		3.028.600.219.040	2.934.938.983.703	8.758.384.118.032	8.513.448.314.450
6. Financial income	21	VI.3	180.877.176.182	133.834.846.599	441.074.405.388	373.021.423.940
7. Financial expenses	22	VI.4	(34.205.341.281)	(29.727.666.522)	(73.126.544.109)	(73.450.667.801)
<i>In which: Interest expense</i>			<i>(7.423.763.901)</i>	<i>-</i>	<i>(30.505.743.600)</i>	<i>-</i>
8. Selling expenses	24	VI.8	(1.279.872.681.010)	(876.130.733.210)	(3.259.391.015.139)	(2.323.623.657.203)
9. General and administration expenses	25	VI.8	(202.711.610.267)	(151.060.682.556)	(576.541.698.301)	(448.575.011.565)
10. Net operating profit {30 = 20 + (21+22) + (24+25)}	30		1.692.687.762.664	2.011.854.748.014	5.290.399.265.871	6.040.820.401.821
11. Other income	31	VI.5	52.818.800.355	35.791.315.029	174.198.276.082	131.156.094.707
12. Other expenses	32	VI.6	(35.634.638.047)	(8.246.165.270)	(72.624.672.470)	(30.370.312.278)
13. Results of other activities (40 = 31 + 32)	40		17.184.162.308	27.545.149.759	101.573.603.612	100.785.782.429
14. Gains/(losses) in associates and jointly controlled entities	45		13.249.867.902	16.808.081.518	44.474.680.008	29.075.056.084

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ITEMS	Code	Note	Third quarter		Nine-month period ended	
			This year	Previous year	30 Sep 2014	30 Sep 2013
1	2	3	4	5	6	7
15. Profit before tax (50 = 30 + 40 + 45)	50		1.723.121.792.874	2.056.207.979.291	5.436.447.549.491	6.170.681.240.334
15. Income tax expense – current	51		(362.550.763.446)	(381.471.706.850)	(1.149.161.642.100)	(1.147.121.372.877)
16. Income tax expense – deferred	52		6.846.444.831	15.732.732.250	50.948.989.286	40.523.782.237
17. Net profit after tax (60 = 50 + 51+ 52)	60		1.367.417.474.259	1.690.469.004.691	4.338.234.896.677	5.064.083.649.694
Attributable to:						
<i>Minority interest</i>			(8.840.495.915)	-	(840.460.281)	-
<i>Equity holders of the Company</i>			1.376.257.970.174	1.690.469.004.691	4.339.075.356.958	5.064.083.649.694
18. Basic earnings per share	70	VI.7	1.266	1.690	4.339	5.063

Prepared by



Nguyen Duc Dieu Tho

Chief Accountant



Le Thanh Liem



Prepared on 30 October 2014,

General Director



Mai Kieu Lien

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS*(Indirect method)***For the nine-month period ended 30 September 2014****FORM NO. B03a-DN/HN***Unit: VND*

ITEMS	Code	Note	Nine-month period ended 30 September 2014	Nine-month period ended 30 September 2013
1	2	3	4	5
I. Cash flows from operating activities				
1. Profit before tax	1		5,436,447,549,491	6,170,681,240,334
2. Adjustments for				
- Depreciation and amortisation	2		769,665,048,321	552,094,346,291
- (Profits)/losses from allowance and provisions	3		7,426,755,781	17,605,969,548
- Unrealised foreign exchange (gains)/losses	4		(17,588,089,464)	11,218,423,101
- (Profit)/losses from other investing activities	5		(390,493,144,404)	(315,069,371,008)
- Interest expense	6	VII.4	30,505,743,600	-
3. Operating profit before changes in working capital	8		5,835,963,863,325	6,436,530,608,266
- (Increase)/decrease in receivables	9		154,126,078,509	(281,153,214,553)
- (Increase)/decrease in inventories	10		(405,144,845,932)	176,610,750,124
- Increase/(decrease) in payables (except for interest expense payables, income tax payables)	11		(166,841,163,720)	(316,633,520,126)
- (Increase)/decrease in prepayments	12		60,849,241,989	(21,613,225,958)
- Interest paid	13		(27,066,544,638)	-
- Income tax paid	14	VI.19	(1,138,596,631,884)	(1,018,546,814,239)
- Other receipts from operating activities	15		966,420,000	20,969,913,520
- Other payments for operating activities	16		(530,128,423,056)	(661,127,765,871)
Net cash flows from operating activities	20		3,784,127,994,593	4,335,036,731,163
II. Cash flows from investing activities				
1. Payments for additions to fixed assets and other long-term assets	21		(570,547,699,221)	(1,076,842,306,681)
2. Proceeds from disposals of fixed assets and other long-term investments	22		40,161,025,303	15,823,333,973
3. Payments for lending loans, purchase of debt instruments of other entities	23		(3,100,096,000,000)	(273,100,000,000)
4. Proceeds from collecting loans, sales of debt instruments of other entities	24		5,296,101,394	334,531,896,380
5. Payments for investments in other entities	25		(747,825,469)	-
6. Collections on investment in other entities	26		2,535,000,000	4,927,205,437
7. Receipts of interests and dividends	27		427,430,951,356	260,303,651,959
8. Acquisition of subsidiary	28		86,728,260	-
Net cash flows from investing activities	30		(3,195,881,718,377)	(734,356,218,932)

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

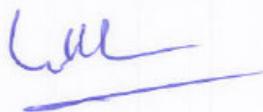
ITEMS	Code	Note	Nine-month period ended 30 September 2014	Nine-month period ended 30 September 2013
1	2	3	4	5
III. Cash flows from financing activities				
1. Proceeds from shares issued, receipt of capital contribution	31		70,252,819,590	-
2. Payments for shares returns and repurchases	32		(319,602,000)	(410,584,959)
3. Proceeds from short-term and long-term borrowings	33		1,494,641,023,057	-
4. Payments to settle loan principals	34		(227,445,225,519)	-
5. Payments to settle finance lease liabilities	35		-	-
6. Payments of dividends	36		(4,000,513,585,929)	(3,167,235,049,800)
<i>Net cash flows from financing activities</i>	40		(2,663,384,570,801)	(3,167,645,634,759)
Net cash flows during the period (20+30+40)	50		(2,075,138,294,585)	433,034,877,472
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	61		(126,726,741)	(718,677,598)
Currency translation differences			(50,757,343)	-
Cash and cash equivalents at the end of the period (50+60+61)	70		670,329,547,281	1,684,436,360,678

Prepared by



Nguyen Duc Dieu Tho

Chief Accountant



Le Thanh Liem

Prepared on 30 October 2014



General Director



Mai Kieu Lien

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

From 01 January 2014 to 30 September 2014

(These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

I. CORPORATE INFORMATION:

1. Form of ownership:

The major milestones related to the establishment and development of Vietnam Dairy Products Joint Stock Company and its subsidiaries (collectively referred to “the Group”):

- + 29 April 1993: Vietnam Dairy Products Company was established according to Decision No. 420/CNN/TCLD issued by the Ministry of Light Industry in form of a State-owned Enterprise.
- + 01 October 2003: The Company was equitised from a State-owned Enterprise of the Ministry of Industry according to Decision No. 155/2003/QĐ-BCN.
- + 20 November 2003: The Company was registered to be a joint stock company and began operating under Enterprise Laws of Vietnam and its Business Registration Certificate No. 4103001932 was issued by Ho Chi Minh City Investment and Planning Department.
- + 28 December 2005: The State Securities Commission of Vietnam issued Listed Licence No. 42/UBCK-GPYN.
- + 19 January 2006: The Company’s shares was listed on Ho Chi Minh City Stock Exchange.
- + 12 December 2006: International Real Estates One Member Limited Company was established in accordance with the Business License No. 4104000260 issued by the Department of Investment and Planning of Ho Chi Minh City.
- + 14 December 2006: Vietnam Dairy Cow One Member Limited Company was established in accordance with the Business License No. 150400003 issued by the Department of Planning and Investment of Tuyen Quang Province.
- + 26 February 2007: Lam Son Dairy Joint Stock Company was established in accordance with the Business License No. 2603000521 issued by the Department of Planning and Investment of Thanh Hoa Province.
- + 24 June 2010: Lam Son Dairy Joint Stock Company was renamed as Lam Son Dairy One Member Company Limited.

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- + 30 September 2010: Dielac Dairy One Member Company Limited was established based on the re-registration of F&N Food Vietnam Limited Company in accordance with the Investment Certificate No. 463041000209 issued by the Management of Vietnam – Singapore Industrial Park.
- + 18 September 2012: Vietnam Dairy Products Joint Stock Company issued the Decision No. 2482/QD-CTS.KSNB/2012 on the liquidation of the Dieclac Dairy One Member Limited Company to establish a dependent branch of Vietnam Dairy Products Joint Stock Company. On 25 September 2012, the Management of Vietnam – Singapore Industrial Park issued the Decision No. 37/QD-BQL on the termination of operating activities of Dieclac Dairy One Member Limited Company. On July 2013, Dieclac Dairy One Member Limited Company had finalised its process of liquidation.
- + 21 October 2013: Thong Nhat Thanh Hoa Dairy Cow Limited Company was established in accordance to Business Registration Certificate No. 2801971744 issued by the Department of Investment and Planning of Thanh Hoa Province.
- + 06 December 2013: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 663/BKHĐT-ĐTRNN issued by the Ministry of Investment and Planning, investing in Drifwood Dairy Holding Corporation in Carlifornia, the United States of America. As at 30 September 2014, the Company completed a transfer of its investment of USD7,000,000.00 and held 70% of ownership in Drifwood Dairy Holdings Corporation.
- + 06 January 2014: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 667/BKHĐT-ĐTRNN issued by the Ministry of Investment and Planning, investing in Angkor Dairy Products Limited Company in Phnompenh, Cambodia with 51% of ownership.
- + 30 May 2014: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 709//BKHĐT-ĐTRNN issued by the Ministry of Investment and Planning, to establish Vinamilk Europe sp.z.o.o in Poland with 100% of ownership.

As at 30 September 2014 :

+ The Group has dependent units, subsidiaries, associates as folows:

Branches:

- 1/ Vietnam Dairy Products Joint Stock Company’s Branch in Hanoi - 11th Floor, Tower B, Handi Resco Building, 521 Kim Ma, Ngoc Khanh Ward, Ba Dinh District, Ha Noi City.
- 2/ Vietnam Dairy Products Joint Stock Company’s Branch in Da Nang - 12 Chi Lang, Hai Chau II Ward, Hai Chau District, Da Nang City.

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3/ Vietnam Dairy Products Joint Stock Company's Branch in Can Tho - 86D Hung Vuong, Thoi Binh Ward, Ninh Kieu District, Can Tho City.

Factories:

- 1/ Thong Nhat Dairy Factory - 12 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- 2/ Truong Tho Dairy Factory - 32 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- 3/ Dielac Dairy Factory - Bien Hoa I Industrial Park, Dong Nai.
- 4/ Can Tho Dairy Factory - Tra Noc Industrial Park, Can Tho.
- 5/ Saigon Dairy Factory - Tan Thoi Hiep Industrial Park, District 12, Ho Chi Minh City.
- 6/ Nghe An Dairy Factory - Sao Nam Street, Nghi Thu Commune, Cua Lo Town, Nghe An.
- 7/ Binh Dinh Dairy Factory - 87 Hoang Van Thu, Quang Trung Ward, Quy Nhon City, Binh Dinh.
- 8/ Vietnam Beverage Factory - My Phuoc II Industrial Park, Binh Duong.
- 9/ Tien Son Dairy Factory - Tien Son Industrial Park, Bac Ninh.
- 10/ Da Nang Dairy Factory - Hoa Khanh Industrial Park, Da Nang City.
- 11/ Vietnam Powdered Milk Factory - 9 Tu Do Boulevard - Vietnam-Singapore Industrial Park, Thuan An District, Binh Duong Province.
- 12/ Vietnam Dairy Factory - My Phuoc II Industrial Park, Binh Duong.

Warehouses:

- 1/ Ho Chi Minh logistic enterprise - 32 Dang Van Bi, Thu Duc District, HCMC.
- 2/ Hanoi logistic enterprise – Km 10 Highway 5, Duong Xa Ward, Gia Lam District, Hanoi.

Clinics:

An Khang Clinics – 184-186-188 Nguyen Dinh Chieu, Ward 6, District 3, TP.HCM.

Subsidiaries:

+ Lam Son Dairy Products One Member Company Limited

- Address: Le Mon Industrial Park, Thanh Hoa Province, Vietnam.
- Percentage of equity owned by the parent company: 100%
- Percentage of voting rights of the parent company: 100%

+ Vietnam Dairy One Member Limited Company

- Address: 10 Tan Trao, Tan Phu Ward, District 7, HCMC, Vietnam.
- Percentage of equity owned by the parent company: 100%
- Percentage of voting rights of the parent company: 100%

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+ International Real Estate One Member Limited Company

- Address: 10 Tan Trao, Tan Phu Ward, District 7, HCMC, Vietnam.
- Percentage of equity owned by the parent company: 100%
- Percentage of voting rights of the parent company: 100%

+ Thong Nhat Thanh Hoa Dairy Cow Limited Company

- Address: Quarter 1, NT Thong Nhat Town, Yen Dinh Ward, Thanh Hoa Province, Vietnam.
- Percentage of equity owned by the parent company: 96.33%
- Percentage of voting rights of the parent company: 96.33%

+ Driftwood Dairy Holdings Corporation

- Address: 10724 E.Lower Azusa Rd. El Monte, California 91731-1390, USA
- Percentage of equity owned by the parent company: 70%
- Percentage of voting rights of the parent company: 70%

+ Angkor Dairy Products Co., Ltd.

- Address: Lô P2-096-097, Phnompenh Special Economic Zone (PPSEZ), Highway 4, Khan Ponsenchey, Phnompenh, Cambodia Kingdom.
- Percentage of equity owned by the parent company: 51%
- Percentage of voting rights of the parent company: 51%

+ Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia

- Address: Gwiazdzista 7a/4, 01-065 Warszawa, Poland
- Percentage of equity owned by the parent company: 100%
- Percentage of voting rights of the parent company: 100%

() On 24 February 2014, the Board of Management of Vietnam Dairy Products Joint Stock Company issued a resolution to liquidate International Real Estate One Member Limited Company. As at 30 September 2014, International Real Estate One Member Limited Company has not finalised the business liquidation process.*

Associates:

+ Asia Saigon Food Ingredients Joint Stock Company

- Address: Lot C-9E-CN, My Phuoc 3 Industrial Park, Ben Cat Ward, Binh Duong Province, Vietnam.
- Percentage of equity owned by the parent company: 15 %
- Percentage of voting rights of the parent company: 15%

+ MIRAKA Limited Company

- Address: 109 Tuwharetoa, Taupo, New Zealand.
- Percentage of equity owned by the parent company: 19.29%
- Percentage of voting rights of the parent company: 19.29%

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Jointly controlled entities:

+ Horizon Apartment

- Head Office's Address: FICO Real Estate Company
Mezzanine, Area C, 348 Ben Van Don, Ward 1, District 5, HCMC.
- Percentage of equity owned by the parent company: 24.5 %
- Percentage of voting rights of the parent company: 24.5%

2. Business activities:

According to the Business Registration License, the Group is allowed to operate in business activities as follows:

- a. manufacture and trade milk cake, soya milk, refreshment drinks, bottled milk, powdered milk, nutritious powder and other products from milk;
- b. Trade in food technology, spare parts, equipment, chemicals (excluding heavily toxic chemicals), materials;
- c. Trade in houses;
- d. Brokerage and leasing of real estate;
- e. Provide warehousing;
- f. Provide transportation by automobiles;
- g. Loading service;
- h. Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee (not manufacturing and processing in the head office);
- i. Manufacture and sell plastic package;
- j. Label printing;
- k. Manufacture and sell plastic products (not manufacturing paper powder, recycling plastic waste in the head office);
- l. Provide health care clinic services;
- m. Raise cattle, cultivation and supporting agricultural operations;
- n. Provide post-harvest services;
- o. Treat seeds for multiplication purposes.

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II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY:

1. Accounting period:

The accounting period is from 01 January to 30 September.

2. Accounting currency:

The accounting currency is Vietnam Dong (VND).

III. THE ACCOUNTING STANDARDS AND SYSTEM APPLIED:

1. The accounting system:

- The Group applied the Vietnamese Accounting System for enterprises in accordance with Decision No. 15/2006/QĐ-BTC dated 20/03/2006 and Circular No. 244/2009/TT-BTC dated 31/12/2009.
- The Group prepared the interim consolidated financial statements for the period ended 30 September 2014 in accordance with Vietnamese Accounting Standard No. 25 – Consolidated financial statements and accounting for investments in subsidiaries and Vietnamese Accounting Standard No. 27 – Interim Financial Reporting.
- The accounting system is applied consistently with the accounting system applied to the financial statements for the year ended 31 December 2013.
- None of newly issued or amended Vietnamese Accounting Standards are effective for the nine-month period ended 30 September 2014.

2. Statement of compliance with accounting standards and system:

The Board of Management ensured to comply with the requirements of Vietnamese Accounting Standards and the Vietnamese Accounting System for enterprises in preparation of the consolidated financial statements.

3. Accounting form:

The Group applies computerised accounting form.

IV. ACCOUNTING POLICIES APPLIED:

1. Basis of preparation:

- The financial statements have been prepared and presented in Vietnam Dong (“VND”), in accordance with Vietnamese Accounting System for enterprises, the Vietnamese Accounting Standards and the Vietnamese Accounting Principles generally accepted in Vietnam.
- The financial statements are prepared on a historical cost basis.

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2. Cash and cash equivalents:

a. Cash and cash recognition principles:

- Cash: comprises cash on hand, cash in banks (call deposits), cash in transit.
- The recognition principles:
 - + Cash balances: Based on cash receipts and payments slips.
 - + Cash in bank: Based on Debit and Credit Notes from banks associated with bank statements or bank confirmation at a specific point of time.
 - + Cash in transit: Based on remittance with outstanding Debit and/or Credit Notes.

b. Cash equivalents:

Are short-term investments, deposits with recoverable period or maturity less than 3 months that are easily convertible to known amounts of cash and are subject to an insignificant risk of changes in value after purchasing at the reporting date.

c. Method of translating other currencies to accounting currency:

▪ **For foreign currency transactions:**

Are translated at rate of exchange ruling at the transaction dates. All foreign exchange differences arising from these transactions are recognised as financial income and expense in statement of income.

▪ **For revaluation of the closing balance of monetary items denominated in foreign currencies:**

At the end of quarter/year: Revalue using buying exchange rates of the Commercial Bank, where the Group opens its accounts, with the largest foreign currency balance at the balance sheet date. The exchange differences from this revaluation are recognised in foreign exchange difference account, the closing balance will be transferred to financial expenses or income (according to Circular No. 179/2012/TT-BTC).

➤ **Exchange rates used for translation as at:**

31/12/2013	:	21,080 VNĐ/USD
30/9/2014	:	21,195 VNĐ/USD

3. Inventories

a. Inventory recognition principles:

- Inventories are stated at cost which includes purchasing price, processing expenses and all related costs incurred in bringing the inventories to their present location and condition.

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- In case the net realisable value lower than cost, inventories are stated at the lower (the net realisable value is determined by the estimated selling price of inventories less the estimated costs of completion and selling expenses).
- In case of finished goods and work in process produced, cost includes all directly attributable costs and manufacturing overheads at a normal operation level.

b. Inventory valuation method:

- Raw materials, fuel, spare parts, finished goods, tools and supplies, merchandise inventories are determined on a weighted average basis.
- Inventories imported during the period are recognised using the accounting exchange rate, the arising foreign exchange differences are recognised in financial income and expense.
- Movements of inventories during the period through internal transfer are recognised using the accounting price (transferring price); the differences between the accounting price and the average price will be recognised in an account of differences. At the end of the period, the differences are transferred to inventories or cost of goods sold (depending on exporting nature of these inventories).

c. Inventory accounting method:

Perpetual method.

d. Allowance for inventories:

The Group makes allowance for inventories in accordance with the guidance of Circular No. 228/2009/TT-BTC, dated 7 December 2009 issued by the Ministry of Finance.

4. Accounts receivable – trade, other receivables and method of making allowance for doubtful debts:

- Accounts receivable – trade are recognised in accordance with the accounting standard on revenue – VAS 14 on timing of recognition based on invoices and documents incurred.
- Other receivables are recognised based on reviewed/approved invoices and documents.
- Allowance for doubtful debts: is made for each of doubtful debt base on the overdue days of debts or estimated possible losses in accordance with guidance of Circular No. 228/2009/TT-BTC dated 7 December 2009.

5. Fixed asset recognition and depreciation principles:

The Group manages, uses and depreciates its fixed assets in accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013.

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a. Principles of tangible and intangible fixed assets recognition:➤ **Tangible fixed assets:**

- Tangible fixed assets are stated at: Cost less accumulated depreciation.
- Cost of tangible fixed assets comprises all costs incurred to bring the asset to its working condition for its intended use.
- The cost of imported fixed assets is recognised using the accounting exchange rate, foreign exchange differences arising from purchasing of fixed assets are recognised in financial income and expense.
- The expenditure incurred after initial recognition of tangible fixed assets is capitalised if it has resulted in an improvement from the use of tangible fixed assets beyond their originally assessed standard of performance. The expenditure which does not satisfy the above criteria is recognised as expenses during the period.
- When fixed assets are sold or disposed, the cost and accumulated depreciation are written off and any gains or losses arising from the disposal are recognised in other income or other expenses during the period.
- Development costs for cows are capitalised until they reach their mature age and transferred to fixed assets to be depreciated.

➤ **Intangible fixed assets:**

- Land use rights comprise all actual expenses that the Group has paid out relating directly to the land use area, including: purchase price, cost of compensation, site clearance, leveling and registration fees, etc.
- Software is all costs that the Group has paid out til the completion stage of testing and the software is put into use.

b. Depreciation method:

- Tangible fixed assets are depreciated on a straight-line basis. The useful lives (relating to depreciation rate) are as follows:

Groups	Timing (years)
Building and structures	10 - 50
Machinery and equipment	8 - 10
Motor vehicles, transmission equipment	10
Management tools and equipment	3 - 6
Livestock	6

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- Software is amortised over 6 years. Land use rights with indefinite period stated at cost and not amortised.

6. Financial investment recognition principles:

- Investments in securities are stated at cost; investments in associates, joint-ventures and jointly controlled entities are accounted for using the equity method.
- Allowance for diminution in value of securities is made for each type of securities which are listed and unlisted securities with market values lower than their carrying amounts in accordance with the guidance of Circular 228/2009/TT-BTC dated 07/12/2009.
- Allowance for diminution in value of financial investments in other economic organisations is made when these economic organisations suffer losses (except cases of losses anticipated in the business plans compiled before making investment) with the allowance corresponding to the Company's capital contribution portion in these economic organisations.
- When disposing an investment, differences between the net proceeds and the carrying amount are recognised in the financial income or expenses during the period.

7. Investment property

- Investment property includes land use rights, buildings, or part of buildings or land with buildings, infrastructure held by the Group in order to gain income from leasing or waiting for pricing increase other than using for manufacturing, providing goods or services, using in management purposes or selling in a normal operation period.
- Depreciation: Investment property is depreciated on a straight-line basis to reduce its cost over the estimated useful lives. The investment properties which are indefinite use rights are stated at cost and not depreciated.
- Disposal: Gains and losses from disposal of investment property are determined by the differences between the net proceeds from disposal and the carrying amount of the investment property and are recognised as income or expenses in the statement of income.

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8. Other expense recognition and capitalisation principles:

- Prepayments: stated as cost and classified into short term and long term.
- Prepayment amortisation method complies with the following principles:
 - + Based on determined useful lives: This method is applied to prepaid housing/land rental.
 - + Based on estimated useful lives: This method is applied to advertising expenses, overhaul expenses, amortised tools and supplies, etc

9. Trade and other payables:

Trade payables, borrowings and other payables are liabilities with almost reliably determined value and time and are recognised based on actual obligations incurred.

10. Accrued expense recognition principles:

- Accrued expenses are recognised based on reasonable estimate of amounts payable for goods and service used during the period.
- The Group recognises accrued expenses under main categories as follows:
 - + Promotional expenses: based on the progress of sales promotion campaign (mainly based on revenue targets)
 - + Advertising expenses: based on the progress of advertising programme and duration of advertising contracts.
 - + Housing and land rental: based on the contracts' timing.
 - + Overhaul expenses: based on approved overhaul schedule.
 - + Other expenses: based on contract's requirements.

11. Severance allowance and unemployment insurance

Severance allowance and unemployment insurance are calculated and made in accordance with the requirements of Social Insurance Law and current guidance documents.

12. Classification of financial instruments

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

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a. Financial assets

➤ Financial assets at fair value through profit or loss

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

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

➤ Held-to-maturity investments

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

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

➤ Loans and receivables

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

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

➤ 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:

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

b. Financial liabilities

➤ Financial liabilities at fair value through profit or loss

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

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

➤ Financial liabilities carried at amortised cost

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

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

13. Equity recognition principles:

- The Group's operating capital includes:
 - + Share capital: Based on actual contributed capital from shareholders.
 - + Capital surplus: Is the difference between contributed capital at par value and at share issued price.
 - + Other capital: generated from operating results.
- Profit after tax is distributed as follows:
 - + Investment and development fund: 10% of profit after tax
 - + Bonus and welfare funds: 10% of profit after tax
 - + Financial reserve: 5% of profit after tax (maximum 10% charter capital of the Company)

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14. Revenue and financial income recognition principles:

- For merchandise inventories and finished goods: Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer and there are no significant uncertainties regarding payment and related expenses and possible return of goods.
- For services: Revenue is recognised when there are no significant uncertainties regarding payment or related expenses. In case the services are rendered in many accounting periods, the amount for each period is determined in proportion to the stage of completion at the end of the period.
- For interest, dividends and shared profits: Income is recognised when the Group could receive the economic benefits from these activities and the benefits are determined reliably.
 - + Interest: Income is recognised based on duration and interest rate in each period.
 - + Dividends and shared profits: Income is recognised when the Group has rights to receive dividends or shared profits from capital contribution.

15. Financial expense recognition principles and method:

- Losses relating to financial investment activities:
 - + Losses from investments in other entities: based on actual amounts incurred.
 - + Losses from securities investments: recognised for each type of listed and unlisted securities with market values lower than their carrying amounts.
- Borrowing costs: on monthly basis on loans principal, interest rates and actual days of outstanding loans.
- Expenses related to capital contribution to associates, joint-ventures and securities transfer: based on the actual amounts incurred.
- Foreign exchange losses: based on differences between accounting exchange rates and actual payment rates.

16. Current and deferred income tax recognition principles and method:

- Income tax expense (or income tax benefit): The total current and deferred income tax expenses (or current and deferred income tax benefits) when determining profit or loss for a period.
- Current income tax: is the corporate income tax payable (or receivable) calculated based on the taxable income and corporate income tax rate of the current period. Current income tax is calculated based on taxable income and applicable tax rate for the taxable period. The taxable income is different from accounting profit because of adjustments of differences between accounting profit and taxable income based on current taxable policies.

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- Deferred income tax assets: is the income tax refundable in the future based on the deductible temporary differences;
- Deferred tax assets is recognised when it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reassessed at the balance sheet date and reduced to the extent that future taxable profit will be available against which the benefits therefrom can be utilised.
- Deferred tax assets determined at the estimated tax rate applied for the year of realisation or settlement of assets and liabilities using the tax rates enacted at the balance sheet date.
- The Group has an obligation pay income tax at the rates ranging from 15% to 25% of taxable profits, depending on location of its factories.

17. Consolidation

➤ Subsidiaries

- The subsidiaries are the entities that the Group has the power to govern the financial and operating policies, normally with more than half of the voting rights. The existence and effectiveness of the potential voting rights that presently are exercisable are taken into account in assessing that whether the Group has a control over these entities or not. The subsidiaries are consolidated fully from the date of that control transferred to the Group. The consolidation ceases when that control is no longer exists.
- The acquisition accounting method is applied by the Group to account the acquisition of subsidiaries. The purchase prices is recognised at fair values of exchanged assets, issued equity instruments and incurred or confirmed liabilities at the exchanging date, and the expenses directly relating to the purchase transaction. Determinable assets, payables and contingent liabilities recognised at consolidation are initially determined at the fair value at purchasing date, regardless of minority interest. The surplus between purchase price and cost of net assets value is considered as goodwill. If the cost of net assets value is higher than purchase price, the difference is recognised in the statement of income.
- Transactions, receivables, payables and interest, unrealised losses incurred between the Group's subsidiaries will be eliminated upon consolidation. The subsidiaries's accounting policies will be changed, if necessary, to ensure the consistency with the Group's accounting policies.

➤ Transactions and interest of the minority interest.

- The Group applies the same policies with the third parties for transactions with minority interest. Gains or losses from partly sales of minority interest is recognised in the statement of income. The purchasing from minority interest generates the goodwill, which is the surplus between the amount of payment and the net asset value stated in the subsidiary' accounting book.

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➤ Associates

- Associates are entities in which the Group has significant influence, but not control, through the holding of 20% to 50% voting rights of these entities. Investments in associates are accounted for using the equity method and stated at cost. The Group's investments in associates includes goodwill arising from investment, less accumulated depreciation of net assets.
- The Group's shared profit from investing in associates is recognised in the consolidated statement of income, the share of the reserve' movements after investing in associates is recognised in the consolidated reserve. The accumulated changes after investing in associates will be adjusted to the carrying amount of the investments. When the Group's share of losses exceeds its interest in an equity accounted investee, the recognition of such further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.
- The unrealised gains or losses from the transactions between the Group and its associates are deducted from gains from investment to associates. The associates' accounting policies will be changed, if necessary, to ensure the consistency with the Group's accounting policies.

V. FINANCIAL RISK MANAGEMENT:

Financial risk factors:

- The Group assesses the following risks from its use of financial instruments:
 - Market risk
 - Liquidity risk
 - Credit risk
- The Board of Management has overall responsibility for the establishment and oversight of the risk management principles. The Board of Management has established policies 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.

1. Market risk

- Market risk is the risk that fair value or future cash flows of a financial instrument will be affected by the volatility of market price. Market risk included 3 types of risk: currency risk, interest rate risk and other market price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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a. Currency risk

- The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than VND. These currencies are mainly USD and EUR (other currencies have insignificant transactions).
- 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 and planning a payment schedule of foreign currencies with the highest possible accuracy. The Board of Management does not use currency risk hedging transactions after considering that cost of the risk hedging financial instruments may exceed the potential risk of fluctuation in foreign exchange rates.
- The Group' currency risks for USD and EUR as follows:

As at 30 Sep 2014

	Foreign currencies		VND equivalent	
	USD	EUR	USD	EUR
Financial assets				
Cash and cash in banks	4.177.198.36	1.004.55	88.535.719.240	26.806.417
Trade and other receivables (*)	15.233.142.70	-	322.866.459.456	-
	<u>19.410.341.06</u>	<u>1.004.55</u>	<u>411.402.178.696</u>	<u>26.806.417</u>
Financial liabilities				
Trade and other paybles (**)	(10,415,546.82)	(160,964.11)	(220,757,514,850)	(4,295,327,276)
The Loans	(52,000,000.00)	-	(1,102,140,000,000)	-
	<u>(62,415,546.82)</u>	<u>(160,964.11)</u>	<u>(1,322,897,514,850)</u>	<u>(4,295,327,276)</u>
Net exposure	<u>(43,005,205.76)</u>	<u>(159,959.56)</u>	<u>(911,495,336,154)</u>	<u>(4,268,520,859)</u>

As at 31 Dec 2013

	Foreign currencies		VND equivalent	
	USD	EUR	USD	EUR
Financial assets				
Cash and cash in banks	16,776,617.91	21,605.63	353,651,105,541	625,612,622
Trade and other receivables	40,228,189.38	-	848,010,232,201	-
	<u>57,004,807.29</u>	<u>21,605.63</u>	<u>1,201,661,337,742</u>	<u>625,612,622</u>
Financial liabilities				
Trade and other paybles	(28,256,420.03)	(6,861,815.21)	(595,645,334,232)	(198,690,721,221)
Net exposure	<u>28,748,387.26</u>	<u>(6,840,209.58)</u>	<u>606,016,003,509</u>	<u>(198,065,108,599)</u>

Major exchange rates applied during the year are as follows:

	30 Sep 2014	31 Dec 2013
	VND	VND
USD	21,195	21,080
EUR	26,685	28,956

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- As at 30 Sep 2014, if VND weakening/strengthening by 5% against USD, while all other variables remain constant, profit after tax of the year is lower/higher by VND 35,548,318,110, mainly derived from foreign exchange losses/gains in translating trade receivables and payables denominated in USD.
- As at 30 Sep 2014, if the VND weakening/strengthening by 5% against the EUR, while all other variables remain constant, profit after tax of the year is lower/ higher by VND 166,472,313, mainly derived from foreign exchange losses/gains in translating the trade receivables and payables denominated in EUR.

b. 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 business performance and financial position of invested companies and market conditions. The Board manages risk related to business performance and financial position by selecting industries and entities to invest in. The risk factors related to market conditions are 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 recent years.
- For investments in listed securities, if the share prices had increased/decreased by 10% with all other variables (including tax rate) being constant, the Group's consolidated net profit after tax would have been VND 7,845,927,005 higher/lower corresponding to the tendency of price changes.

c. Interest rate risk

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

2. **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.

- Exposure to credit risk:

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

	30 Sep 2014	31 Dec 2014
Cash and cash equivalents	668,254,263,041	2,744,355,064,174
Term deposits	6,400,096,000,000	3,600,000,000,000
Trade and other receivables	2,101,326,207,070	2,305,337,326,184
Short-term investments – Debt instruments	-	-
Long-term investments – Debt instrument	300,000,000,000	-
	<u>9,469,676,470,111</u>	<u>8,649,692,390,358</u>

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- 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.

- Trade and other receivables

- The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.
- 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 amount without requiring approval from the Board of Directors. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.
- The Group makes allowance for diminution in value to present estimated losses from trade and other receivables and investments. The main components of the allowances are specific losses relevant to the specific major losses to each customers and the overall losses of similar financial assets, which are determined when these risks could have been incurred but not identified. The overall losses are determined on the statistics data of historical payments of similar financial assets.

- Short-term and long-term investments – Debt instruments

- The Group's exposure to credit risk by investing in bonds is influenced by individual characteristics of the instrument issuer. In managing this risk, the Group's 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 value of investments in debt instruments during the period.

- a. Financial assets neither past due nor impaired:

- Cash in banks and investments in bonds that are neither past due nor impaired is bank deposits and bond investments with high credit rating in Vietnam. Trade and other receivables that are neither past due nor impaired are mainly from companies with good collection history with the Group.
- Trade and other receivables of the Group that are neither past due nor impaired amount to VND 2,033,772,031,310 (2013 : VND 2,108,901,971,077).

- b. Financial assets overdue and/or impaired:

- There are no financial assets which are overdue and/or impaired but receivables.

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- Receivables past due but not impaired are as follows:

	30 Sep 2014	31 Dec 2013
Past due 1 to 30 days	58,021,770,593	182,137,670,525
Past due 31 to 60 days	11,075,712,258	1,522,157,190
Past due 61 to 90 days	319,637,819	132,616,901
Past due more than 90 days	611,982,896	166,581,220
	<u>70,029,103,566</u>	<u>183,959,025,836</u>

- Carrying amount of impaired receivables and related allowances for doubtful debts are as follows:

	30 Sep 2014	31 Dec 2013
Gross amount	3,579,214,551	19,863,417,180
Less: allowance for doubtful debts	(6,054,142,357)	(7,387,087,909)
	<u>(2,474,927,806)</u>	<u>12,476,329,271</u>

	30 Sep 2014	31 Dec 2013
Opening balance	7,387,087,909	3,852,583,886
Increase in allowance	1,985,447,532	7,317,652,651
Written-off bad debts	(3,345,728,183)	(3,783,148,628)
Currency translate difference	27,335,099	-
Closing balance	<u>6,054,142,357</u>	<u>7,387,087,909</u>

3. Liquidity risks:

- 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 frequently oversight current and future liquidity to enable the Group always have sufficient cash reserve to meet its short-term and long-term liquidity. Cash hold and net cash flows generated from operation of the Group are sufficient to pay its due liabilities in the next fiscal year.

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- Below is analysis of the Group's non-derivative financial liabilities with relevant maturities based on the remaining terms from the reporting date to their contractual maturities. The amounts stated in the below table are undiscounted contractual cash flows:

	Carrying amount	Contractual cash flows	Within 1 year	1 – 2 years	2 – 5 years	More than 5 years
As at 30 Sep 2014						
- Accounts payable – trade	1,610,917,087,104	1,610,917,087,104	1,610,917,087,104		-	-
- Payables to employess	154,177,478,850	154,177,478,850	154,177,478,850		-	-
- Accrued expenses	718,490,212,863	718,490,212,863	718,490,212,863		-	-
- Other short-term payables	637,905,375,141	637,905,375,141	637,905,375,141		-	-
- Other long-term payables	5,092,359,237	5,092,359,237	-	5,092,359,237	-	-
- Short-term borrowings and liabilities	1,273,922,478,239	1,304,271,526,117	1,304,271,526,117		-	-
- Long-term borrowings and liabilities	349,878,694,016	395,065,122,788	52,461,427,401	50,657,951,439	291,945,743,948	-
	<u>4,750,383,685,450</u>	<u>4,825,919,162,100</u>	<u>4,478,223,107,476</u>	<u>55,750,310,676</u>	<u>291,945,743,948</u>	<u>-</u>
As at 31 Dec 2014						
- 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 short-term payables	1,341,762,807,045	1,341,762,807,045	1,341,762,807,045			
- Other long-term payables	5,036,159,560	5,036,159,560	-	5,036,159,560		
- Short-term borrowings and liabilities	178,943,692,147	204,657,303,863	204,657,303,863			
- Long-term borrowings and liabilities	184,142,784,403	198,513,958,271		50,652,124,622	131,922,306,779	15,939,526,870
	<u>4,306,443,656,641</u>	<u>4,346,528,442,225</u>	<u>4,142,978,324,394</u>	<u>55,688,284,182</u>	<u>131,922,306,779</u>	<u>15,939,526,870</u>

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4. Measurement at fair values

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

	Note	30 Sep 2014		31 Dec 2013	
		Carrying amount	Fair value	Carrying amount	Fair value
Categorised as financial assets at fair value through profit or loss:					
- Short-term investments in listed held-to-maturity equity instruments	(ii)	-	-	9,521,269,292	26,326,080,000
Categorised as held-to-maturity investments:					
- Term deposits	(i)	-	-	-	-
- Corporate bonds	(v)	300,000,000,000	Note (v)	-	Note (v)
- Long-term corporate bonds	(v)		Note (v)		Note (v)
Categorised as loans and receivables:					
- Cash and cash equivalents	(i)	668,254,263,041	668,254,263,041	2,744,355,064,174	2,744,355,064,174
- Trade and other receivables	(i)	6,400,096,000,000	6,400,096,000,000	3,600,000,000,000	3,600,000,000,000
		2,101,326,207,070	2,101,326,207,070	2,305,337,326,184	2,305,337,326,184
Categorised as available-for-sale:					
- Short-term investments in listed equity instruments	(ii)	179,237,503,400	100,706,194,800	179,237,503,400	100,350,264,600
- Short-term investments in unlisted equity instruments	(iii)	82,533,803,026	14,220,632,126	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 listed equity instruments		883,159,830	958,186,951	-	-
- Long-term investments in investment funds	(iv)	10,559,408,600	5,551,155,162	21,677,078,220	11,428,445,958
- Other long-term investments	(v)	19,297,452,470	Note (v)	22,250,548,736	Note (v)
Categorised as liabilities at amortised cost:					
- Trade and other payables	(i)	(4,750,383,685,450)	(4,750,383,685,450)	(4,306,443,656,641)	(4,306,443,656,641)

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i. Cash and cash equivalents, term deposits, trade and other receivables, trade and other payables

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

ii. Short-term / Longterm investments in listed equity securities

Market value of equity securities listed on the Ho Chi Minh Stock Exchange is based on the closing prices of the last official trading date of the period/year at the Ho Chi Minh Stock Exchange.

iii. Short-term investments in unlisted equity instruments

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

iv. Long-term investments in investment funds

Market value of investment funds is based on net assets value of funds portfolio which is verified by the appointed security company and supervising bank.

v. Short-term corporate bonds, other short-term investments, long-term corporate bonds, and other long-term investments

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

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**VI. SUPPLEMENT INFORMATION TO ITEMS DISCLOSED IN
CONSOLIDATED INTERIM BALANCE SHEET:****1. Cash and cash equivalents**

	<u>Closing balance</u>	<u>Opening balance</u>
- Cash on hand	2,075,284,241	1,290,261,776
- Cash in banks	637,254,263,040	1,393,244,021,897
- Cash in transit	-	-
- Cash equivalents	31,000,000,000	1,351,111,042,277
• <i>Deposits with maturity of less than 3 months</i>	<i>31,000,000,000</i>	<i>1,351,111,042,277</i>
• <i>Shares</i>	-	-
• <i>Bonds, treasury bill, promissory note</i>	-	-
Total	<u>670,329,547,281</u>	<u>2,745,645,325,950</u>

2. Short-term investments

	<u>Closing balance</u>	<u>Opening balance</u>
- Investments in short-term securities	261,771,306,426	271,292,575,718
• <i>Listed securities</i>	<i>179,237,503,400</i>	<i>188,758,772,692</i>
• <i>Unlisted securities</i>	<i>82,533,803,026</i>	<i>82,533,803,026</i>
• <i>Corporate bonds</i>	-	-
• <i>Government bonds</i>	-	-
- Other short-term investments	5,895,500,000,000	4,042,000,000,000
• <i>Deposit with maturity less than 1 year</i>	<i>5,453,500,000,000</i>	<i>3,600,000,000,000</i>
• <i>Other short-term investments</i>	<i>442,000,000,000</i>	<i>442,000,000,000</i>
- Allowance for diminution in value of short-term investments	(146,844,547,900)	(145,974,953,400)
• <i>Allowances for short-term securities investments</i>	<i>(146,844,547,900)</i>	<i>(145,974,953,400)</i>
• <i>Allowances for other short-term investments</i>	-	-
Total	<u>6,010,426,758,526</u>	<u>4,167,317,622,318</u>

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

	<u>Current period</u>	<u>Previous period</u>
- Opening balance	(145,974,953,400)	(130,028,675,620)
- Allowance made	(6,016,344,500)	(24,082,943,610)
- Other increase	-	-
- Written back	5,146,750,000	9,086,125,820
- Allowance utilised	-	1,449,609,300
Closing balance	<u>(146,844,547,900)</u>	<u>(143,575,884,110)</u>

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3. Accounts receivable

	<u>Closing balance</u>	<u>Opening balance</u>
- Local customers	1,172,142,843,581	928,450,463,489
- Oversea customers	632,253,399,383	966,270,564,295
Total	<u>1,804,396,242,964</u>	<u>1,894,721,027,784</u>

4. Other receivables

	<u>Closing balance</u>	<u>Opening balance</u>
- Shortage of assets awaiting for resolution	1,433,516,951	737,900,941
- Interest income on deposits	124,143,909,727	186,194,305,557
- Dividends	2,111,310,000	6,280,283,226
- Interest income from bonds and loans granted	5,632,876,714	-
- Income from securities disposal	45,337,394,000	-
- Import tax refundable	89,669,041,765	126,227,097,567
- Rebates receivable from suppliers	-	80,172,000,489
- Others	28,213,564,636	17,655,131,863
Total	<u>296,541,613,793</u>	<u>417,266,719,643</u>

5. Allowance for doubtful debts

	<u>Appropriation rate (%)</u>	<u>Closing balance</u>	<u>Opening balance</u>
- Allowances for past due receivables		(6,054,142,357)	(7,387,087,909)
• Allowances for receivables past due within 1 year	30%	(3,542,708,854)	(5,466,928,938)
• Allowances for receivables past due from 1 to 2 years	50%	-	(1,765,430,582)
• Allowances for receivables past due from 2 to 3 years	70%	(2,491,489,114)	(76,342,000)
• Allowances for receivables past due more than 3 years	100%	(19,944,389)	(78,386,389)
- Allowance for not-past-due but unlikely recoverable receivables	100%	-	-
Total		<u>(6,054,142,357)</u>	<u>(7,387,087,909)</u>

6. Inventories

	<u>Closing balance</u>	<u>Opening balance</u>
- Goods in transit	321,915,494,024	545,709,876,853
- Raw materials, fuel, technical materials	2,159,617,984,757	1,672,882,301,995
- Tools and supplies	9,535,946,140	8,098,365,017
- Work in progress	131,114,057,663	138,430,291,511
- Finished goods	870,522,383,763	837,395,279,814
- Merchandise inventories	49,979,646,206	24,520,590,546
- Goods on consignment	7,252,796,327	823,248,697
Total	<u>3,549,938,308,880</u>	<u>3,227,859,954,432</u>

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7. Allowance for inventories

	<u>Closing balance</u>	<u>Opening balance</u>
- Raw materials	(6,522,854,280)	(6,030,018,852)
- Tools and supplies, technical materials	(1,970,557,229)	(1,692,735,380)
- Finished goods	(5,711,118,953)	(2,646,251,312)
- Merchandise inventories	(3,000,000)	(7,900,000)
Total	<u>(14,207,530,462)</u>	<u>(10,376,905,544)</u>

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

	<u>Current period</u>	<u>Previous period</u>
- Opening balance	(10,376,905,544)	(3,455,165,385)
- Allowance made	(19,158,898,462)	(4,260,059,262)
- Written back	15,168,374,115	3,736,778,234
- Allowance utilised	159,899,429	473,954,358
Closing balance	<u>(14,207,530,462)</u>	<u>(3,504,492,055)</u>

8. Prepaid expenses

	Opening balance	Additions	Amortised to expenses during the period	Other decreases	Currency translation difference	Closing balance
- Software deployment and network maintenance expenses	4,639,162,926	13,319,308,266	13,249,126,995	-	-	4,709,344,197
- Advertising expenses	382,123,637	221,590,909	453,134,399	-	-	150,580,147
- Consultancy expenses	-	3,871,385,472	2,723,521,276	-	-	1,147,864,196
- Tools and supplies for selling	68,191,861,682	18,387,078,306	30,387,848,968	56,191,091,020	-	-
- Location rental expenses	1,571,816,638	9,408,744,747	7,739,522,493	-	-	3,241,038,892
- Materials, tools and supplies	15,498,524,082	32,029,915,541	33,479,821,588	-	-	14,048,618,035
- Revonation, major repair expenses	3,150,662,892	4,895,129,682	5,262,989,237	-	-	2,782,803,337
- Others	36,274,210,890	189,487,715,895	209,960,652,558	2,711,759,239	60,582,257	13,150,097,245
Total	<u>129,708,362,747</u>	<u>271,620,868,818</u>	<u>303,256,617,514</u>	<u>58,902,850,259</u>	<u>60,582,257</u>	<u>39,230,346,049</u>

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9. Tangible fixed assets

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Livestock	Others	Total
<u>I. Cost</u>							
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
Purchases	11,548,096,460	55,580,134,306	66,110,711,847	26,686,609,141	-	7,845,206,897	167,770,758,651
Transfer from construction in progress	100,543,968,573	160,858,067,847	13,175,665,654	4,254,143,544	-	373,520,370	279,205,365,988
Transfer from inventories (livestock)	-	-	-	-	80,639,074,770	-	80,639,074,770
Increase from business combination	-	-	-	-	-	-	-
Other increases	-	-	-	-	-	3,700,921,735	3,700,921,735
Transfer to investment property	-	-	-	-	-	-	-
Reclassification	-	(1,540,733,666)	271,825,315	1,268,908,351	-	-	-
Disposals	(3,933,883,908)	(13,791,127,236)	(12,603,992,547)	(130,200,000)	(31,667,538,750)	(677,154,757)	(62,803,897,198)
Other decreases	-	(1,750,105,500)	-	(235,964,887)	-	(186,915,261)	(2,172,985,648)
Currency translation difference	319,581,136	1,762,749,217	104,162,382	71,056,098	-	288,639,133	2,546,187,966
Closing balance	2,234,594,980,648	7,948,548,042,242	659,195,260,278	432,486,651,060	277,918,510,371	63,409,474,864	11,616,152,919,463
<u>II. Accumulated depreciation</u>							
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 year	80,493,411,723	551,501,855,678	43,511,334,652	40,697,102,253	32,788,998,227	4,658,406,778	753,651,109,311
Increase from business combination	-	-	-	-	-	-	-
Transfer to investment property	-	-	-	-	-	-	-
Reclassification	47,463,481	186,271,027	-	(233,734,508)	-	-	-
Disposals	(2,519,852,226)	(8,757,512,215)	(4,815,040,450)	(130,200,000)	(12,094,316,012)	(2,708,619)	(28,319,629,522)
Other decreases	-	-	-	(235,964,887)	-	-	(235,964,887)
Currency translation difference	162,740,397	1,283,938,932	103,998,811	55,877,727	-	237,318,733	1,843,874,600
Closing balance	443,507,176,072	2,957,607,510,772	243,769,101,256	228,850,048,181	103,105,909,198	48,308,366,096	4,025,148,111,575
<u>III. Net book value</u>							
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	1,791,087,804,576	4,990,940,531,470	415,426,159,022	203,636,602,879	174,812,601,173	15,101,108,768	7,591,004,807,888

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10. Intangible fixed assets

	Land use rights	Copyrights, patent	Software	Others	Total
Cost					
+Opening balance	527,261,303,957	-	94,970,936,419	68,510,001,897	690,742,242,273
+Additions					
-Purchase	-	-	1,570,082,960	-	1,570,082,960
-Transfer from construction in progress	-	-	-	-	-
-Increase from business combination	33,522,174,000	-	-	-	33,522,174,000
-Other increases	-	-	-	-	-
+Decreases					
-Disposals	(18,739,754,581)	-	-	(22,861,440,000)	(41,601,194,581)
-Transfer to investment property	-	-	-	-	-
-Other decreases	-	-	-	-	-
-Currency translation difference	1,180,355,127	-	-	344,588,103	1,524,943,230
+ Closing balance	543,224,078,503	-	96,541,019,379	45,993,150,000	685,758,247,882
Accumulated amortisation					
+Opening balance	56,128,172,644	-	55,185,134,556	47,943,521,448	159,256,828,648
+Additions					
-Charge for the year	4,643,662,008	-	5,993,539,353	1,692,528,718	12,329,730,079
-Increase from business combination	-	-	-	-	-
-Other increases	-	-	-	-	-
+Decreases					
-Disposals	-	-	-	(22,861,440,000)	(22,861,440,000)
-Other decreases	-	-	-	-	-
-Currency translation difference	782,595	-	-	234,558,784	235,341,379
+Closing balance	60,772,617,247	-	61,178,673,909	27,009,168,950	148,960,460,106
+Net book value					
-Opening balance	471,133,131,313	-	39,785,801,863	20,566,480,449	531,485,413,625
+Closing balance	482,451,461,256	-	35,362,345,470	18,983,981,050	536,797,787,776

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11. Investment property:

	Land use rights	Buildings	Buildings and Land use rights	Infrastructure	Total
Cost					
+Opening balance	82,224,238,170	87,500,683,627	-	6,607,141,091	176,332,062,888
+Additions					
-Purchases	-	2,500,000,000	-	-	2,500,000,000
-Transfer from construction in progress		-	-	-	-
-Transfer from fixed assets		-	-	-	-
-Transfer from real estate inventories	-	-	-	-	-
-Other increases	-	-	-	-	-
-Reclassification	-	-	-	-	-
+Decreases					
-Disposals	-	-	-	-	-
-Transfer to fixed assets	-	-	-	-	-
-Transfer to real estate inventories	-	-	-	-	-
-Other decreases	(43,339,950,000)	-	-	(142,922,530)	(43,482,872,530)
+Closing balance	38,884,288,170	90,000,683,627	-	6,464,218,561	135,349,190,358
Accumulated depreciation					
+Opening balance	264,518,968	23,910,135,825	-	2,711,691,094	26,886,345,887
+Additions					
-Charge for the year	595,167,678	2,604,224,864	-	484,816,389	3,684,208,931
-Transfer from fixed assets					
-Other increases	-	-	-	-	-
-Reclassification	-	-	-	-	-
+Decreases					
-Transfer to real estate inventories	-	-	-	-	-
-Disposals	-	-	-	-	-
-Other decreases	-	-	-	(59,551,050)	(59,551,050)
+Closing balance	859,686,646	26,514,360,689	-	3,136,956,433	30,511,003,768
+Net book value					
-Opening balance	81,959,719,202	63,590,547,802	-	3,895,449,997	149,445,717,001
+Closing balance	38,024,601,524	63,486,322,938	-	3,327,262,128	104,838,186,590

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12. Construction in progress

	<u>Current period</u>	<u>Previous period</u>
- Opening balance	537,872,350,628	3,565,241,433,334
- Additions	465,770,174,521	703,228,905,277
- Transfer to tangible fixed assets	(279,205,365,988)	(3,716,486,547,102)
- Transfer to intangible fixed assets	-	(52,551,133,898)
- Transfer to investment property	-	(38,884,288,170)
- Transfer to inventories	-	-
- Disposals	-	-
- Other decreases	(3,621,168,721)	(42,665,612,006)
- Currency translation difference	90,533,825	-
Closing balance	<u>720,906,524,265</u>	<u>417,882,757,435</u>

Major construction in progress at factories, branches and offices were as follows:

+ Vietnam Dairy Products Joint Stock Company:		
- The Company's office: construction in progress as follows:		
<i>Dairy Cows Farm</i>	176,037,180,342	90,349,537,460
<i>Lam Son Dairy Factory</i>	107,734,719,379	35,387,917,941
<i>Others</i>	459,406,797	51,646,733,362
- Hanoi logistic enterprise	67,843,054,166	3,314,886,157
- Tien Son Dairy Factory	8,107,019,200	8,107,019,200
- Vietnam Powder Milk Factory	171,353,345	60,479,640,260
- Vietnam Dairy Factory	6,857,174,231	93,414,685,394
- Office - Can Tho Branch	16,895,753,926	13,606,101,782
- Others	52,101,510,922	45,164,072,740
+ Vietnam Dairy Cow One Member Limited Company	10,378,746,869	8,251,985,042
+ Lamson Dairy Products One Member Company Limited	274,387,661,507	16,218,603,351
+ Thong Nhat Thanh Hoa Dairy Cow Limited Company	106,621,010,445	82,291,112,206
+ Driftwood Dairy Holdings Corporation	1,153,528,885	-
+ Diftwood	11,184,680,981	-
Total	<u>57,010,903,612</u>	<u>-</u>
	<u>720,906,524,265</u>	<u>417,882,757,435</u>

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13. Investments in associates and joint ventures

Name of associates and joint ventures	% of ownership		Period-end investment cost	Period-end investment value
	Certified	Contributed		
- Horizon Apartment – Business Corporation Contract	24.50%	24.50%	7,247,684,826	7,247,684,826
- Asia Saigon Food Ingredients Joint Stock Company - Associate	15.00%	15.00%	18,000,000,000	35,272,275,206
- Miraka Limited - Associate	19.29%	19.29%	213,028,307,770	284,049,019,321
Total			238,275,992,596	326,568,979,353

(*) The Group uses the financial statement of Aug 2014 of Miraka Limited to consolidate using the equity method.

14. Other long-term investments

	Closing balance	Opening balance
- Share investments	11,442,568,430	21,677,078,220
• Listed shares	883,159,830	-
• Unlisted shares	-	-
• Investment funds	10,559,408,600	21,677,078,220
- Corporate bonds	300,000,000,000	-
- Term deposits with maturity more than 1 year	946,596,000,000	-
- Other long-term investments	19,297,452,470	22,250,548,736
Total	1,277,336,020,900	43,927,626,956

15. Allowance for diminution in value of long-term investments

	Closing balance	Opening balance
- Allowance for investments in long-term securities	(5,008,253,438)	(10,248,632,262)
Total	(5,008,253,438)	(10,248,632,262)

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

	Current period	Previous period
- Opening balance	(10,248,632,262)	(14,355,884,467)
- Allowance made	(581,189,402)	(230,097,017)
- Written back	-	-
- Allowance utilised	5,821,568,226	-
- Other decrease	-	-
Closing balance	(5,008,253,438)	(14,585,981,484)

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16. Long-term prepayments

	Opening balance	Additions	Amortised to expenses during the period	Other decrease	Currency translation difference	Closing balance
- Warehouse rental	6,432,866,456	1,850,226,175	2,248,062,937	1,130,204,051	-	4,904,825,643
- Tools and supplies	83,951,133,124	118,531,920,588	62,795,488,373	23,929,410,340	-	115,758,154,999
- Other long-term prepayments	80,767,838,735	34,215,079,112	33,647,975,733	849,955,137	4,748,250	80,489,735,227
Total	171,151,838,315	154,597,225,875	98,691,527,043	25,909,569,528	4,748,250	201,152,715,870

17. Short-term borrowings

	Closing balance	Opening balance
- Short-term borrowings from banks	1,253,405,718,239	-
- Short-term borrowings from other institutions and individuals	-	517,000,000
- Current portion of long-term borrowings	20,516,760,000	178,426,692,147
Total	1,273,922,478,239	178,943,692,147

18. Long-term borrowings and loans

	Closing balance	Opening balance
- Long-term borrowings from banks	339,932,425,545	168,203,257,533
- Long-term borrowings from other institutions and individuals	-	1,047,000,000
- Long-term loans	9,946,268,471	14,892,526,870
Total	349,878,694,016	184,142,784,403

Maturities of long-term borrowings and loans

	Closing balance	Opening balance
- Under 1 year	20,516,760,000	178,426,692,147
- From 1 to 5 years	349,878,694,016	168,203,257,533
- Over 5 years	-	15,939,526,870
Total	370,395,454,016	362,569,476,550

19. Accounts payable – trade

	Closing balance	Opening balance
- Domestic suppliers	1,227,180,396,343	1,061,181,712,262
- Oversea suppliers	383,456,580,920	906,965,396,868
- Distributors	280,109,841	110,027,058
Total	1,610,917,087,104	1,968,257,136,188

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20. Tax payables to State Treasury

	Opening balance	Additions period	Payments during period	Currency translation difference	Closing balance
- VAT on domestic goods sold	106,950,956,654	761,294,960,250	752,727,139,271	-	115,518,777,633
- VAT on import goods	-	431,030,906,184	431,025,811,184	-	5,095,000
- Withholding VAT	-	5,104,566,952	5,104,566,952	-	-
- Import-export tax	-	253,648,779,753	253,632,039,753	-	16,740,000
- Corporate income tax	336,889,518,369	1,151,577,080,254	1,138,596,631,884	3,080,916	349,873,047,655
- Withholding corporate income tax	-	7,365,771,697	7,365,771,697	-	-
- Personal income tax	12,853,254,782	113,621,376,503	112,310,357,350	69,934	14,164,343,869
- Natural resource tax	29,549,880	349,661,560	343,075,000	-	36,136,440
- Land tax	-	13,359,393	13,359,393	-	-
- Land rental charges	-	3,232,588,904	3,207,053,266	-	25,535,638
- Other taxes	-	231,127,470	217,393,249	17,519	13,751,740
- Fees, charges and other payables to State Treasury	2,625,301	610,784,481	598,342,449	-	15,067,333
Total	456,725,904,986	2,728,080,963,401	2,705,141,541,448	3,168,369	479,668,495,308

21. Accrued expenses

	Closing balance	Opening balance
- Promotion, sales incentives	271,568,696,754	218,642,778,937
- Rentals of docks, shelves, light box and exhibition stand	8,647,497,301	-
- Advertising expenses	226,545,374,590	66,981,178,134
- Transportation expenses	54,352,608,535	40,344,338,573
- Repairs and maintenance expenses	19,508,833,341	12,478,798,051
- Interest expense	3,825,570,625	384,249,613
- Fuel expenses	14,853,443,485	18,140,900,939
- Expenses for outsourced employees	13,865,149,049	13,071,225,266
- Others	105,323,039,183	120,717,500,491
Total	718,490,212,863	490,760,970,004

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22. Other short-term payables

	<u>Closing balance</u>	<u>Opening balance</u>
- Social insurance, health insurance, unemployment insurance	2,937,603,451	417,448,537
- Trade union fees	714,536,273	527,791,939
- Short-term deposits received	22,903,041,620	21,931,607,492
- Outstanding checks in exceed of bank balance	99,908,288,174	82,832,057,449
- Other payables from financial investments	448,007,419,155	448,007,419,155
- Dividends payables	-	664,944,528,680
- Import duty payables	49,901,855,159	108,992,820,343
- Other payables	13,532,631,309	14,109,133,450
Total	<u>637,905,375,141</u>	<u>1,341,762,807,045</u>

23. Bonus and welfare funds

	<u>Current period</u>	<u>Previous period</u>
- Opening balance	361,477,571,902	406,397,724,109
- Appropriation	427,943,105,715	501,574,275,863
- Other increases	-	-
- Paid	(532,245,078,184)	(661,293,998,607)
Closing balance	<u>257,175,599,433</u>	<u>246,678,001,365</u>

24. Provision for severance allowance

	<u>Current period</u>	<u>Previous period</u>
- Opening balance	69,583,293,250	59,635,777,000
- Provision made	8,593,969,617	10,510,406,716
- Provision used	(968,161,001)	(446,586,800)
- Written back	-	(84,532,500)
Closing balance	<u>77,209,101,866</u>	<u>69,615,064,416</u>

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25. Owners' equity

Items	Share capital	Share premium	Treasury shares	Foreign exchange differences	Investment and development fund	Financial reserve	Retained profits	Total
A	1	2			3	4	6	9
Opening balance in previous year	8,339,557,960,000	1,276,994,100,000	(4,504,115,000)	-	93,889,017,729	588,402,022,008	5,198,757,611,120	15,493,096,595,857
- Additions	-	-	(38,950,000)	-	22,835,000	-	16,115,000	-
- Purchase of treasury shares	-	-	(525,442,959)	-	-	-	-	(525,442,959)
- Net profit for the year	-	-	-	-	-	-	6,534,133,662,834	6,534,133,662,834
- Appropriation to equity funds	-	-	-	-	856,326,130,883	245,553,773,992	(1,749,089,266,584)	(647,209,361,709)
- Other increases	-	-	-	-	-	-	-	-
- Dividends	-	-	-	-	-	-	(3,834,006,138,600)	(3,834,006,138,600)
Opening balance in current year	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
- Additions	1,666,856,030,000	(1,276,994,100,000)	-	-	-	-	(389,861,930,000)	-
- Purchase of treasury shares	-	-	(319,602,000)	-	-	-	-	(319,602,000)
- Net profit for the period	-	-	-	-	-	-	4,339,075,356,958	4,339,075,356,958
- Appropriation	-	-	-	-	427,943,105,715	51,809,938,701	(907,696,150,135)	(427,943,105,719)
- Other additions	-	-	-	-	-	-	-	-
- Dividends	-	-	-	-	-	-	(3,333,740,644,000)	(3,333,740,644,000)
- Other decreases	-	-	-	(243,732,148)	-	-	(1,785,119)	(245,517,267)
Closing balance	10,006,413,990,000	-	(5,388,109,959)	(243,732,148)	1,378,181,089,327	885,765,734,701	5,857,586,831,474	18,122,315,803,395

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VII. SUPPLEMENT INFORMATION TO ITEMS DISCLOSED IN CONSOLIDATED INTERIM STATEMENT OF INCOME:**1. Revenue**

	<u>Current period</u>	<u>Previous period</u>
Total revenue	26,210,369,949,253	23,242,399,136,381
• Sales of merchandise inventories	433,630,460,028	280,962,155,401
• Sales of finished goods	25,733,797,986,592	22,935,972,382,506
• Service rendered	31,925,816,185	16,988,081,960
• Real estate trading activities	11,015,686,448	8,476,516,514
Less sales deductions:	568,438,719,365	467,829,729,695
• Sale discounts	469,319,509,466	453,597,197,766
• Sales rebates according to Decision 1079/QD/BTC	41,077,766,115	-
• Sale returns	58,041,443,784	14,232,531,929
Net revenue	25,641,931,229,888	22,774,569,406,686
<i>In which:</i>		
• Sales of merchandise inventories and finished goods	25,598,989,727,255	22,749,104,808,212
• Service rendered	42,941,502,633	25,464,598,474

2. Cost of sales

	<u>Current period</u>	<u>Previous period</u>
- Cost of merchandise goods sold	349,379,683,313	236,264,582,356
- Cost of finished goods sold	16,487,849,023,839	13,967,535,606,238
- Cost of services rendered	2,782,921,735	1,308,910,691
- Cost of real estate trading activities	4,974,770,720	5,185,545,944
- Inventories losses	5,034,150,544	5,624,077,645
- Under-capacity costs	29,536,037,358	44,679,088,334
- Allowance for inventories	3,990,524,347	523,281,028
Total	16,883,547,111,856	14,261,121,092,236

3. Financial income

	<u>Current period</u>	<u>Previous period</u>
- Interest income from deposits	353,937,072,579	262,030,259,307
- Interest income from bonds	5,632,876,714	21,924,315,067
- Dividends	7,261,529,508	12,450,439,200
- Interest income from securities investments	35,816,124,708	12,258,500
- Realised foreign exchange gains	20,838,712,415	76,604,151,228
- Unrealised foreign exchange gains	17,588,089,464	-
- Others	-	638
Total	441,074,405,388	373,021,423,940

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4. Financial expenses

	<u>Current period</u>	<u>Previous period</u>
- Interest expenses on loans from banks and other organisations	30,505,743,600	-
- Interest expenses on deposits received	544,741,927	638,377,901
- Transaction fee for trading securities	-	41,731,861
- Realised foreign exchange losses	24,916,878,405	22,089,496,474
- Unrealised foreign exchange losses	-	11,218,423,101
- Allowance for diminution in value of short-term investments	869,594,500	14,996,817,790
- Allowance for diminution in value of long-term investments	581,189,402	230,097,017
- Payment discounts for distributors	15,708,396,275	21,428,536,272
- Others	-	2,807,187,385
Total	<u>73,126,544,109</u>	<u>73,450,667,801</u>

5. Other income

	<u>Current period</u>	<u>Previous period</u>
- Proceeds from disposals of fixed assets	46,250,047,459	19,007,120,725
- Proceeds from disposals of scrap, tools and supplies	71,694,528,626	71,771,645,104
- Income from penalties and compensations	8,731,014,243	484,683,795
- Rebate income from suppliers	15,220,064,001	26,587,323,772
- Collection from written-off doubtful debts	209,272,987	-
- Taxes refundable	2,158,765,318	328,562,102
- Others	29,934,583,448	12,976,759,209
Total	<u>174,198,276,082</u>	<u>131,156,094,707</u>

6. Other expenses

	<u>Current period</u>	<u>Previous period</u>
- Book value of fixed assets disposed	53,224,022,257	20,835,054,855
- Expenses for disposals of fixed assets	68,150,000	1,363,636
- Cost of tools and supplies disposed	-	241,111,666
- Penalties for contract violation	960,247,149	3,000,000
- Tax penalties and charges	858,622,863	383,605,700
- Others	17,513,630,201	8,906,176,421
Total	<u>72,624,672,470</u>	<u>30,370,312,278</u>

7. Basic earnings per share

	<u>Current period</u>	<u>Previous period</u>
- Profit after tax	4,339,075,356,958	5,064,083,649,694
- Adjustments for profit after tax to determine profit attributable to ordinary shareholders:		
• Dividends of preferences share	-	-
• The higher difference between fair value of	-	-

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	<u>Current period</u>	<u>Previous period</u>
<i>shareholders' payments and carrying amounts of preference shares</i>		
• <i>The higher differences between fair value of ordinary shares or other payments under positive benefit convertible conditions</i>	-	-
• <i>The larger differences between carrying amounts of preference shares and fair value of shareholders' payments</i>	-	-
- Profit attributable to ordinary shareholders	4,339,075,356,958	5,064,083,649,694
- Weighted average number of ordinary shares in circulation during the period	1,000,131,479	1,000,219,279
Basic earnings per share	<u>4,339</u>	<u>5,063</u>

Ordinary shares in circulation during period are as follows:

	<u>Current period</u>	<u>Previous period</u>
- Ordinary share in circulation at the beginning of year	833,467,061	833,525,676
- Effects of bonus shares issued during period	166,688,457	166,703,213
- Effects of purchase of treasury shares during period	(24,039)	(9,609)
Ordinary shares in circulation during the period	<u>1,000,131,479</u>	<u>1,000,219,279</u>

8. Production and business costs by element

	<u>Current period</u>	<u>Previous period</u>
- Materials costs	15,243,121,605,573	13,330,509,575,947
- Labour and staff costs	1,208,523,580,918	706,677,054,939
- Fixed assets depreciation	769,665,048,321	546,420,009,438
- Outside services expenses	1,010,659,752,884	859,759,965,582
- Other expenses	2,643,698,937,291	1,864,669,128,368
Total	<u>20,875,668,924,987</u>	<u>17,308,035,734,274</u>

In which:

Production costs

	<u>Current period</u>	<u>Previous period</u>
- Materials costs	15,182,786,815,140	13,273,091,877,723
- Labour and staff costs	633,368,773,161	415,466,952,189
- Fixed assets depreciation	697,232,074,944	479,608,986,769
- Outside services	403,035,886,870	328,371,670,163
- Other expenses	170,808,675,988	39,297,578,662
Total	<u>17,087,232,226,103</u>	<u>14,535,837,065,506</u>

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Selling expenses

	<u>Current period</u>	<u>Previous period</u>
- Labour and staff costs	347,208,588,767	140,411,023,990
- Materials costs	47,226,009,267	45,007,546,614
- Tools and supplies expenses	86,995,980,776	58,996,771,447
- Fixed assets depreciation	21,780,501,919	18,945,327,899
- Maintenance expenses	12,777,219,756	10,048,771,650
- Transportation expenses	344,359,021,490	279,371,039,992
- Other outside services expenses	150,709,053,963	111,226,783,790
- Advertising expenses	866,012,687,303	644,131,765,419
- Market research expenses	8,170,457,511	9,363,189,989
- Promotion expenses	563,679,049,773	388,470,991,231
- Product display expenses	275,634,645,152	257,432,165,578
- Support and commission expenses for distributors	534,837,799,462	360,218,279,604
Total	<u>3,259,391,015,139</u>	<u>2,323,623,657,203</u>

General and administration expenses

	<u>Current period</u>	<u>Previous period</u>
- Labour and staff costs	227,946,218,990	150,799,078,760
- Materials costs	13,108,781,166	12,410,151,610
- Office supplies	11,802,187,227	5,702,581,175
- Fixed assets depreciation	50,652,471,458	47,865,694,770
- Taxes, fees and charges	5,506,127,129	5,884,071,827
- Allowance expenses	10,579,417,149	12,366,180,429
- Transportation for internal transfers of goods	33,262,492,388	33,417,353,851
- Outside services expenses	126,789,312,729	107,373,117,786
- Loading expenses	14,635,668,543	15,185,385,543
- Per-diem allowances	19,155,896,259	13,120,082,283
- Bank charges	7,244,499,163	2,759,846,783
- Other expenses by cash	55,858,626,100	41,691,466,748
Total	<u>576,541,698,301</u>	<u>448,575,011,565</u>

VIII. OTHER INFORMATION**1. Significant transactions with related parties:**

The biggest shareholder of Company is The State Capital Investment Corporation (“SCIC”), which owns 45.05% of the Company’s charter capital. SCIC is controlled by the Government of The Social Republic of Vietnam.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Address: 10 Tan Trao – Tan Phu Ward - District 7- Ho Chi Minh City

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

a. Transaction with related parties

During the period, following transactions were made with related parties:

i) Purchase of goods and services

	<u>Current period</u>	<u>Previous period</u>
Associates:		
– Miraka Limited	229,692,619,200	144,640,037,360
– Asia Saigon Food Ingredients Joint Stock Company	-	11,414,335,000
	<u>229,692,619,200</u>	<u>156,054,372,360</u>

ii) Sales of finished goods, merchandise inventories and services

	<u>Current period</u>	<u>Previous period</u>
Associate:		
– Asia Saigon Food Ingredients Joint Stock Company	2,320,777,794	148,282,989
	<u>2,320,777,794</u>	<u>148,282,989</u>

iii) Capital contribution to related parties

	<u>Current period</u>	<u>Previous period</u>
Associate:		
– Fico Real Estate Limited Company	735,000,000	1,960,000,000
	<u>735,000,000</u>	<u>1,960,000,000</u>

iv) Payments for key management personnel:

	<u>Current period</u>	<u>Previous period</u>
Compensation and other gross benefits of Board of Management's and Board of Directors' members	49,919,898,870	52,391,955,350
	<u>49,919,898,870</u>	<u>52,391,955,350</u>

i) Dividends distribution:

	<u>Current period</u>	<u>Previous period</u>
The State Capital Investment Corporation (SCIC)	1,502,928,000,000	1,427,781,600,000
	<u>1,502,928,000,000</u>	<u>1,427,781,600,000</u>

b. Closing balance with related parties:*i) Trade and other receivables:*

	<u>30 Sep 2014</u>	<u>31 Dec 2013</u>
Associate		
– Miraka Limited	-	5,960,887,170
– Asia Saigon Food Ingredients Joint Stock Company	1,658,118,528	-
	<u>1,658,118,528</u>	<u>5,960,887,170</u>

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For the nine-month period ended 30 September 2014

ii) Accounts payable – trade

	<u>30 Sep 2014</u>	<u>31 Dec 2013</u>
Associates:		
– Miraka Limited	-	38,124,281,430
	<u>-</u>	<u>38,124,281,430</u>

2. Segment information

ITEMS	Third quarter 2014		Third quarter 2013	
	Domestic	Oversea	Domestic	Oversea
1. Revenue on goods sold and service rendered	7,785,368,212,926	1,141,151,631,313	6,749,358,014,247	1,441,221,879,681
2. Revenue deductions	179,289,021,691	15,788,081,618	162,699,073,911	163,144,707
3. Net revenue on goods sold and service rendered (3 = 1 – 2)	7,606,079,191,235	1,125,363,549,695	6,586,658,940,336	1,441,058,734,974
4. Cost of sales	4,795,877,747,796	906,964,774,094	4,018,152,291,105	1,074,626,400,502
5. Gross profit on goods sold and service rendered (5 = 3 – 4)	2,810,201,443,439	218,398,775,601	2,568,506,649,231	366,432,334,472

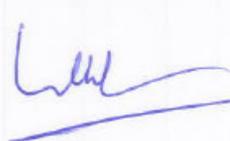
ITEMS	Nine-month period ended 30 Sep 2014		Nine-month period ended 30 Sep 2013	
	Domestic	Oversea	Domestic	Oversea
1. Revenue on goods sold and service rendered	22,123,726,033,239	4,086,643,916,014	19,888,131,243,788	3,354,267,892,593
2. Revenue deductions	531,339,347,899	37,099,371,466	467,268,758,728	560,970,967
3. Net revenue on goods sold and service rendered (3 = 1 – 2)	21,592,386,685,340	4,049,544,544,548	19,420,862,485,060	3,353,706,921,626
4. Cost of sales	13,622,085,362,220	3,261,461,749,636	11,729,085,474,534	2,532,035,617,702
5. Gross profit on goods sold and service rendered (5 = 3 – 4)	7,970,301,323,120	788,082,794,912	7,691,777,010,526	821,671,303,924

Preparer



Nguyen Duc Dieu Tho

Chief Accountant



Le Thanh Liem



General Director



Mai Kieu Lien