

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

OFFICIAL

24 -Oct -2014

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

INTERIM FINANCIAL STATEMENTS

**FOR THE NINE-MONTH PERIOD
ENDED 30 SEPTEMBER 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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

CONTENT

	Page
BALANCE SHEET	03
STATEMENT OF INCOME	07
STATEMENT OF CASH FLOWS	09
NOTES TO THE FINANCIAL STATEMENTS	10

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

BALANCE SHEET
(In full)
As at 30 September 2014

FORM B01a-DN

Unit : VND

ASSETS	Code	Note	Closing balance	Opening balance
1	2	3	4	5
A-CURRENT ASSETS	100		11,819,791,975,369	12,415,938,573,034
(100=110+120+130+140+150)				
I. Cash and cash equivalents	110	VI.1	467,837,032,087	2,649,635,556,014
1. Cash	111		467,837,032,087	1,349,635,556,014
2. Cash equivalents	112		-	1,300,000,000,000
II. Short-term investments	120	VI.2	6,006,926,758,526	4,167,317,622,318
1. Short-term investments	121		6,153,771,306,426	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		2,043,792,038,122	2,449,900,290,879
1. Accounts receivable – trade	131	VI.3	1,484,603,394,107	1,739,619,472,317
2. Prepayments to suppliers	132		282,938,541,342	305,461,174,876
3. Intra-company receivables	133		-	-
4. Receivables on construction contracts according to stages of completion	137		-	-
5. Other receivables	138	VI.4	278,761,536,176	406,739,802,657
6. Allowance for doubtful debts (*)	139	VI.5	(2,511,433,503)	(1,920,158,971)
IV. Inventories	140		3,266,503,625,346	3,016,748,244,786
1. Inventories	141	VI.6	3,280,711,155,808	3,027,125,150,330
2. Allowance for inventories (*)	149	VI.7	(14,207,530,462)	(10,376,905,544)
V. Other current assets	150		34,732,521,288	132,336,859,037
1. Short-term prepayments	151	VI.8	29,110,666,172	115,212,816,603
2. Deductible value added tax	152		3,311,255,316	16,079,608,608
3. Taxes and other receivables from State Treasury	154		-	-
5. Other current assets	158		2,310,599,800	1,044,433,826

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

BALANCE SHEET (continued)*As at 30 September 2014*

FORM B01a-DN

Unit : VND

ASSETS	Code	Note	Closing balance	Opening balance
1	2	3	4	5
B- LONG-TERM ASSETS	200		10,751,924,497,344	9,466,984,212,085
(200 = 210+220+240+250+260)				
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		7,257,361,569,124	7,634,662,008,779
1. Tangible fixed assets	221	VI.9	6,697,255,461,034	7,075,948,185,947
- Cost	222		10,026,038,399,095	9,785,029,845,569
- Accumulated depreciation (*)	223		(3,328,782,938,061)	(2,709,081,659,622)
2. Finance lease tangible fixed assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation (*)	226		-	-
3. Intangible fixed assets	227	VI.10	289,557,369,255	298,010,933,176
- Cost	228		410,894,323,336	409,324,240,376
- Accumulated depreciation (*)	229		(121,336,954,081)	(111,313,307,200)
4. Construction in progress	230	VI.12	270,548,738,835	260,702,889,656
III. Investment property	240	VI.11	102,386,583,066	106,022,395,521
- Cost	241		132,849,190,358	132,849,190,358
- Accumulated depreciation (*)	242		(30,462,607,292)	(26,826,794,837)
IV. Long-term investments	250		3,046,199,137,739	1,474,193,337,749
1. Investments in subsidiaries	251	VI.13	1,667,831,569,524	1,355,850,560,000
2. Investments in associates, joint-ventures	252	VI.14	238,275,992,596	239,010,992,596
3. Other long-term investments	258	VI.15	1,257,455,408,600	21,977,078,220
4. Allowance for diminution in value of long-term investments (*)	259	VI.16	(117,363,832,981)	(142,645,293,067)
V. Other long-term assets	260		339,534,714,745	251,369,803,369
1. Long-term prepayments	261	VI.17	172,302,799,619	134,992,760,729
2. Deferred tax assets	262		166,249,611,926	115,300,622,640
3. Other long-term assets	268		982,303,200	1,076,420,000
TOTAL ASSETS (100+200)	270		22,571,716,472,713	21,882,922,785,119

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

BALANCE SHEET (continued)*As at 30 September 2014*

FORM B01a-DN

Unit : VND

RESOURCES	Code	Note	Closing balance	Opening balance
1	2	3	4	5
A- LIABILITIES (300 = 310 + 330)	300		4,669,481,821,754	4,498,115,839,593
I. Current liabilities	310		4,592,387,042,621	4,427,923,145,335
1. Short-term borrowings and liabilities	311		1,102,140,000,000	-
2. Accounts payable – trade	312	VI.18	1,398,782,894,270	1,758,323,135,506
3. Advances from customers	313		14,141,815,312	18,713,599,852
4. Taxes payable to State Treasury	314	VI.19	476,023,629,596	455,641,139,360
5. Payables to employees	315		129,829,278,600	130,474,291,268
6. Accrued expenses	316	VI.20	686,413,039,155	452,019,954,359
7. Intra-company payables	317		-	-
8. Payables on construction contracts according to stages of completion	318		-	-
9. Other short-term payables	319	VI.21	531,221,260,435	1,255,411,806,799
10. Provisions – short-term	320		-	-
11. Bonus and welfare funds	323	VI.22	253,835,125,253	357,339,218,191
II. Long-term liabilities	330		77,094,779,133	70,192,694,258
1. Long-term accounts payable – trade	331		-	-
2. Long-term intra-company payables	332		-	-
3. Other long-term liabilities	333		-	-
4. Long-term borrowings and liabilities	334		-	-
5. Deferred tax liabilities	335		-	-
6. Provision for severance allowance	336	VI.23	76,983,126,866	69,357,318,250
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.24	17,902,234,650,959	17,384,806,945,526
I. Owners' equity	410		17,902,234,650,959	17,384,806,945,526
1. Share capital	411		10,006,413,990,000	8,339,557,960,000
2. Share premium	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		-	-
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		5,637,261,946,890	5,989,129,613,873
11. Capital expenditure fund	421		-	-

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

RESOURCES	Code	Note	Closing balance	Opening balance
1	2	3	4	5
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		-	-
TOTAL RESOURCES (300+400)	440		22,571,716,472,713	21,882,922,785,119

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
AUD		-	-
6. Budget for non-business, project expenditure		-	-

Preparer

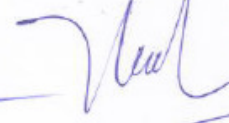


Nguyen Duc Dieu Tho

Chief Accountant



Le Thanh Liem

Executive Director
Finance


Ngo Thi Thu Trang



Prepared on 24 Oct 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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

STATEMENT OF INCOME**(In full)****For the nine-month period ended 30 September 2014****FORM B02a-DN***Unit: VND*

ITEMS	Code	Note	Third quarter 2014	Third quarter 2013	9 months end 30/9/2014	9 months end 30/9/2014
1	2	3	4	5	6	7
1. Total revenue	1	VII.1	8,426,155,259,333	8,216,873,767,684	24,362,325,490,009	23,369,225,639,323
2. Revenue deductions	3	VII.1	179,289,021,691	162,862,218,618	531,261,694,334	467,829,729,695
3. Net revenue (10 = 01 – 03)	10	VII.1	8,246,866,237,642	8,054,011,549,066	23,831,063,795,675	22,901,395,909,628
4. Cost of sales	11	VII.2	5,297,514,358,287	5,118,774,087,933	15,502,844,237,839	14,430,034,811,143
5. Gross profit (20 = 10 – 11)	20		2,949,351,879,355	2,935,237,461,133	8,328,219,557,836	8,471,361,098,485
6. Financial income	21	VII.3	179,474,042,017	132,381,374,976	437,736,277,274	372,908,447,677
7. Financial expenses	22	VII.4	46,098,315,222	42,753,624,188	25,980,493,209	82,668,265,738
<i>In which: Interest expense</i>	23		3,418,962,354	-	3,418,962,354	-
8. Selling expenses	24	VII.8	1,202,982,363,622	876,242,733,210	3,013,186,546,748	2,323,735,657,203
9. General and administration expenses	25	VII.8	154,675,186,790	140,489,444,534	441,055,722,628	413,316,004,390
10. Net operating profit {30 = 20 + (21–22) – (24+25)}	30		1,725,070,055,738	2,008,133,034,177	5,285,733,072,525	6,024,549,618,831
11. Other income	31	VII.5	36,697,713,297	40,504,615,326	127,289,388,578	137,340,326,342
12. Other expenses	32	VII.6	23,349,676,783	14,385,298,563	40,891,630,577	40,834,672,210

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

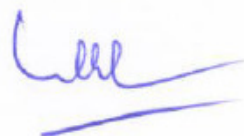
ITEMS	Code	Note	Third quarter 2014	Third quarter 2013	9 months end 30/9/2014	9 months end 30/9/2014
1	2	3	4	5	6	7
13. Results of other activities (40 = 31 – 32)	40		13,348,036,514	26,119,316,763	86,397,758,001	96,505,654,132
14. Profit before tax (50 = 30 + 40)	50		1,738,418,092,252	2,034,252,350,940	5,372,130,830,526	6,121,055,272,963
15. Income tax expense – current	51		361,607,520,409	380,979,808,952	1,143,648,762,664	1,145,836,296,565
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		1,383,657,016,674	1,669,005,274,238	4,279,431,057,148	5,015,742,758,635
18. Basic earnings per share	70	VII.7	1,273	1,669	4,279	5,015

Preparer



Nguyen Duc Dieu Tho

Chief Accountant



Le Thanh Liem

Executive Director – Finance



Ngo Thi Thu Trang



Prepared On 24 Oct 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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

STATEMENT OF CASH FLOWS*(Indirect method)***For the nine-month period ended 30 September 2014****FORM B03a-DN***Unit: VND*

ITEMS	Code	Note	9 months end 30/9/2014	9 months end 30/9/2014
1	2	3	4	5
I. Cash flows from operating activities				
1. Profit before tax	01		5,372,130,830,526	6,121,055,272,963
2. Adjustments for				
- Depreciation	02	VI.10 VI.11 VI.12	648,902,411,911	490,638,439,435
- (Profits)/losses from allowance and provisions	03		(13,884,405,481)	26,823,567,484
- Unrealised foreign exchange (gains)/losses	04		(17,588,089,464)	11,218,423,101
- (Profits)/losses from investing activities	05		(360,471,694,992)	(292,371,924,659)
- Interest expense	06	VII.4	3,418,962,354	-
3. Operating profit before changes in working capital	08		5,632,508,014,854	6,357,363,778,324
- (Increase)/decrease in receivables	09		317,419,171,244	(188,494,144,445)
- (Increase)/decrease in inventories	10		(256,824,617,704)	214,355,144,869
- Increase/(decrease) in payables (excluding interest expense payable, income tax payable)	11		(45,967,166,834)	(500,338,830,027)
- (Increase)/decrease in prepayments	12		50,712,207,583	(34,249,883,590)
- Interest paid	13		-	-
- Income tax paid	14	VI.20	(1,133,108,078,467)	(1,017,074,592,271)
- Other receipts from operating activities	15		966,420,000	20,969,913,520
- Other payments for operating activities	16		(529,294,289,056)	(660,941,834,557)
Net cash flows from operating activities	20		4,036,411,661,620	4,191,589,551,823
II. Cash flows from investing activities				
1. Payments for additions to fixed assets and other long-term assets	21		(362,459,250,099)	(1,001,812,133,445)
2. Proceeds from disposals of fixed assets	22		56,259,220,960	27,090,909,460
3. Payments for lending loans, purchase of debt instruments of other entities	23		(3,096,596,000,000)	(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		(355,553,202,500)	(118,000,000,000)
6. Collections on investments in other entities	26		967,242,976	133,786,051,481
7. Receipts of interests and dividends	27		424,113,763,263	260,190,675,696
Net cash flows from investing activities	30		(3,327,972,124,006)	(637,312,600,428)

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

ITEMS	Code	Note	9 months end 30/9/2014	9 months end 30/9/2014
1	2	3	4	5
III. Cash flows from financing activities				
1. Proceeds from shares issued, receipt of capital contribution	31		-	-
2. Payments for shares returns and repurchases	32		(319,602,000)	(410,584,959)
3. Proceeds from short-term and long-term borrowings	33		1,110,720,000,000	-
4. Payments to settle loan principals	34		-	-
5. Payments to settle finance lease liabilities	35		-	-
6. Payments of dividends	36		(4,000,511,732,800)	(3,167,235,049,800)
<i>Net cash flows from financing activities</i>	40		(2,890,111,334,800)	(3,167,645,634,759)
Net cash flows during the period (20+30+40)	50		(2,181,671,797,186)	386,631,316,636
Cash and cash equivalents at the beginning of the period	60		2,649,635,556,014	1,224,462,285,364
Effect of exchange rate fluctuations	61		(126,726,741)	(718,677,598)
Cash and cash equivalents at the end of the period (50+60+61)	70		467,837,032,087	1,610,374,924,402

Prepared on 24 Oct 2014.

Preparer

Nguyen Duc Dieu Tho

Chief Accountant

Le Thanh Liem

Executive Director
- Finance

Ngo Thi Thu Trang

General Director



Mai Kieu Lien

NOTES TO INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

(These notes form an integral part of and should be read in conjunction with the 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 (“the Company”) are recognised as follows:

- + 29 April 1993: Vietnam Dairy Products Company (State-owned Enterprise) was established according to Decision No. 420/CNN/TCLD of the Ministry of Light Industry.
- + 1 October 2003: The Company was equitised from a State-owned Enterprise of the Ministry of Industry according to Decision 155/2003/QĐ-BCN.
- + 20 November 2003: The Company was registered to be a joint stock company and began operating under Enterprise Law of Vietnam and its Business Registration Certificate No. 4103001932 was issued by Ho Chi Minh City Planning and Investment Department.
- + 28 December 2005: The State Securities Commission of Vietnam issued Listed Licence No. 42/UBCK-GPYN.
- + 19 January 2006: The Company’s shares were listed on Ho Chi Minh City Stock Exchange.

The registered office is located at 10 Tan Trao - Tan Phu Ward - District 7 - Ho Chi Minh City.

As at 30 september 2014,

+ The Company has the following dependent units:

Sales branches:

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

Manufacturing factories:

- 1/ Thong Nhat Dairy Factory - 12 Dang Van Bi, Thu Duc District, Ho Chi Minh City.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

- 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 City.
- 5/ Sai Gon 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.
- 12/ Vietnam Dairy Factory - My Phuoc II Industrial Park, Binh Duong Province.

Warehouses:

- 1/ Logistic enterprise - 32 Dang Van Bi, Thu Duc District, HCMC.
- 2/ Ha Noi Warehouse Factory - Km 10 Highway 5, Duong Xa Commune, Gia Lam District, Ha Noi.

Clinics:

An Khang General Clinic – 184-186-188 Nguyen Dinh Chieu, Ward 6, District 3, HCMC.

+ The Company had subsidiaries as follows:

Subsidiaries	Principal activities	Capital owned by the Company
- Lamson Dairy Products One Member Company Limited	Milk production	100%
- Vietnam Dairy Cow One Member Limited Company	Milk production	100%
- International Real Estate One Member Limited Company	Real estate trading	100%
- Thong Nhat Thanh Hoa Dairy Cow Limited Company	Milk production	96.33%
- Driftwood Dairy Holdings Corporation	Milk production	70%
- Angkor Dairy Products Co., Ltd.	Milk production	51%
- Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Animal and milk trading	100%

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

2. Business activities

According to the Business Registration Licence, the Company is allowed to operate in business activities as follows:

- a. Manufacture and distribute 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. Transportation;
- g. Loading service;
- h. Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee (not manufacturing and processing at 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, supporting agricultural operations;
- n. Provide post-harvest services;
- o. Treat seeds for multiplication purposes.

II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

1. Accounting period

The accounting period is from 01 Jan to 30 Sep

2. Accounting currency

The accounting currency is Vietnam Dong (VND).

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

III. THE ACCOUNTING STANDARDS AND SYSTEM APPLIED

1. The accounting system

- The Company applied the Vietnamese Accounting System for enterprises in accordance with Decision 15/2006/QĐ-BTC dated 20/03/2006 and Circular 244/2009/TT-BTC dated 31/12/2009.
- The financial information has been prepared in accordance with Vietnamese Accounting Standards VAS 27 – Interim Financial Reporting.
- The accounting system was applied consistently with the accounting system applied in financial statements for the year ended 31 December 2013.

2. Statement of compliance with accounting standards and system

- None of recently issued or amended Vietnamese Accounting Standards are effective for the fiscal nine-month period ended 30 september 2014.
- The Board of Management ensured to comply completely with requirements of Vietnamese Accounting Standards and the Vietnamese Accounting System for enterprises in preparing the financial statements.

3. Accounting form

The Company 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.

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 payment slips.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

- + Cash in banks: Based on Debit and Credit Notes from banks in combination 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 of 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 into accounting currency:

▪ **For foreign currency transactions:**

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

▪ **For revaluation of 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 Company opens its accounts, with the largest foreign exchange balance at the balance sheet date. The foreign 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 179/2012/TT-BTC).

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

31 Dec 2013 : 21,080 VND/USD

30 Sep 2014 : 21,195 VND/USD

3. Inventories

a. Inventory recognition principles:

- Inventories are stated at cost which includes purchasing price, processing expenses and all direct related costs incurred in bringing the inventories to their present location and condition.
- In case the net realisable value is lower than the 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 the case of finished goods and work in process, cost includes all directly attributable costs and manufacturing overheads at a normal operating level.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

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 exchange rate 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 Company makes allowance for inventories in accordance with the guidance of Circular 228/2009/TT-BTC, dated 07/12/2009 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 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 doubtful debt based on overdue days of debts or estimated possible loss in accordance with guidance of Circular No. 228/2009/TT-BTC dated 07/12/2009.

5. **Fixed asset recognition and depreciation**

The Company manages, uses and depreciates its fixed assets in accordance with guidance of Circular 45/2013/TT-BTC dated 25 April 2013.

a. Tangible and intangible fixed assets recognition principles:

▪ **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.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

- Cost of imported fixed assets is recognised using the accounting foreign exchange rate, foreign exchange rate differences arising from purchasing fixed assets are recognised in financial income and expense. 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 disposal are recognised to other income or other expenses during the period.
- **Intangible fixed assets:**
 - Land use rights comprise all actual costs that the Company has paid out relating to the land use area, including: purchase price, cost of compensation, site clearance, leveling and registration fees, etc.
 - Software is all costs that the Company has pay 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:

Category	Time (year)
Buildings and structure	10 – 50
Machinery and equipment	8 – 10
Motor vehicles, transmission equipment	10
Management tools and equipment	3 – 8

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

6. Investment property

- Investment property includes land use rights, buildings, or part of buildings or land with buildings, infrastructure held by the Company in order to gain income from leasing or waiting for pricing increase other than using for manufacturing, providing goods or services, using for management purposes or selling in a normal operation period.
- Depreciation: Investment property is depreciated on a straight-line basis to reduce its cost of asset over the estimated useful lives.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

- 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.

7. Financial investment recognition principles:

- Investments in securities, subsidiaries, associates, joint-ventures and jointly controlled entities are stated at cost.
- 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 in accordance with the guidance of Circular 89/2013/TT-BTC dated 28/6/2013.
- When disposing an investment, differences between the net proceeds and the carrying amount are recognised in financial income or expenses during the period.

8. Other expense recognition and capitalisation principles:

- Prepayments: stated at cost and classified as 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 services used during the period.
- The Company recognises accrued expenses under main categories as follows:

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

- + 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 the contracts' requirements.

11. Severance allowance and unemployment insurance

- Severance allowance and unemployment insurance fund 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 Company's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Company classifies its financial instruments as follows:

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 Board of 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 Company as at 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 Company has the positive intention and ability to hold to maturity, other than:

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

- Those that the Company upon initial recognition designates as at fair value through profit or loss;
- Those that the Company 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 Company 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 at fair value through profit or loss;
- That the Company upon initial recognition designates as available-for-sale; or
- For which the Company 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 are not classified as:

- 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 Board of 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 Company as financial liabilities at fair value through profit or loss.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

➤ 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 cost.

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 Company'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 operation 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% of charter capital of the Company)

14. Revenue and financial income recognition principles:

- For merchandise inventories, finished goods: Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer and there are not significant uncertainties regarding payment and related expenses or the possible return of goods.
- For services: Revenue is recognised when there are no significant uncertainties regarding payment or enclosed 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 Company 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 shareholders are entitled to receive dividends or capital owners are entitled to receive benefits from capital contribution.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

15. Financial expense recognition principles and method:

- Losses related to financial investment activities:
 - + Losses on investments in other entities: Based on actual amounts incurred.
 - + Losses on 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 rate and actual payment rates.

16. Corporate income tax recognition principles and method:

- Income tax expense (or income tax benefit): Is the total current and deferred income tax expense (or current and deferred income tax benefit) when determining profit or loss for the period.
- Current income tax: Is corporate income tax payable (or receivable) calculated based on 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 tax policies.
- Deferred 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 Company has an obligation to pay income tax at rates ranging from 15% to 25% of taxable profits, depending on location of its factories.

V. FINANCIAL RISK MANAGEMENT:

Financial risk factors:

- The Company 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 Company, 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 Company'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 includes 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.
 - a. Currency risk
 - The Company 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 Company'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 in foreign currencies with the highest possible accuracy. The Board of Management does not use currency risk hedging transactions after considering that the cost of these risk hedging financial instruments may exceed the potential risk of fluctuations in exchange rates.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

- The Company's currency risk for USD and EUR was as follows:

As at 30 September 2014

	Foreign currencies		VND equivalent	
	USD	EUR	USD	EUR
Financial assets				
Cash and cash at 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 payables	(10,415,546.82)	(160,964.11)	(220,757,514,850)	(4,295,327,276)
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>
Currency risk exposure	(43,005,205.76)	(159,959.56)	(911,495,336,154)	(4,268,520,859)

As at 31 december 2013

	Foreign currencies		VND equivalent	
	USD	EUR	USD	EUR
Financial assets				
Cash and cash at 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 payables	(28,256,420.03)	(6,861,815.21)	(595,645,334,232)	(198,690,721,221)
Currency risk exposure	28,748,387.26	(6,840,209.58)	606,016,003,509	(198,065,108,599)

Major exchange rates applied during the period are as follows:

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

- As at Sep 30, 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 Sep 30, 2014, if the Vietnam Dong 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 Company 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

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

investments include business performance and financial position of invested companies and market conditions. The Board manages risks related to business financial 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 Company's net profit after tax would have been VND 7,855,076,034 higher/lower corresponding to the tendency price changes.

c. Interest rate risk

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

2. Credit risk

- Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables and investments in debt securities.

- Exposure to credit risk:

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

	30 Sep 2014	31 Dec 2013
Cash and cash equivalents	467,050,207,603	2,648,998,787,427
Term deposits	6,396,596,000,000	3,600,000,000,000
Trade and other receivables	1,767,295,989,450	2,145,175,782,670
Short-term investments – Debt instruments	-	-
Long-term investments – Debt instruments	300,000,000,000	-
	<u>8,930,942,197,053</u>	<u>8,394,174,570,097</u>

- Cash and cash equivalents and term deposits:

Cash and cash equivalents and term deposits at banks of the Company 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 Company.

- Trade and other receivables

- The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

- The Company'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 Management. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.
- The Company makes allowance for diminution in value to represent estimated losses from trade and other receivables and investments. The main components of the allowance are specified losses relevant to the specific major losses to each customer 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 statistic data of historical payment of the similar financial assets.
 - Short-term and long-term investments – Debt instruments
- The Company's exposure to credit risk by investing in bonds is influenced by individual characteristics of the instrument issuer. In managing this risk, the Company's management analyses the creditworthiness of the issuer before acquiring the instruments. The Board of 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 instrument 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 Company.
 - Trade and other receivables of the Company that are neither past due nor impaired amount to VND 1,746,871,131,415 (2013: VND 1,992,271,479,406).
 - b. Financial assets overdue and/or impaired:
 - There are no other financial assets which are overdue and/or dilutive but receivables.
 - Receivables past due but not impaired are as follows:

	30 Sep 2014	31 Dec 2013
Past due 1 to 30 days	16,989,686,554	149,359,450,373
Past due 31 to 60 days	2,313,571,876	1,522,157,190
Past due 61 to 90 days	51,929,709	132,616,901
Past due more than 90 days	1,888,848	166,581,220
	<u>19,357,076,987</u>	<u>151,180,805,684</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

- Carrying amounts of impaired receivables and related allowance for doubtful debts are as follows:

	30 Sep 2014	31 Dec 2013
Gross amount	3,579,214,551	3,643,656,551
Less: Allowance for dilution in value	(2,511,433,503)	(1,920,158,971)
	<u>1,067,781,048</u>	<u>1,723,497,580</u>
	30 Sep 2014	31 Dec 2013
Opening balance	1,920,158,971	3,832,172,450
Increase in allowance	715,367,532	1,850,723,713
Written off bad debts	(124,093,000)	(3,762,737,192)
Closing balance	<u>2,511,433,503</u>	<u>1,920,158,971</u>

3. Liquidity risk:

- Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to frequently oversight current and future liquidity to enable the Company always have sufficient cash reserve to meet its short-term and medium-term liquidity. Cash hold and net cash flows generated from operation of the Company are sufficient to pay its due liabilities in the next fiscal year.
- Below is analysis of the Company'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 Cashflow	Within 1 year
As at 30 September 2014			
- Trade payables	1,398,782,894,270	1,398,782,894,270	1,398,782,894,270
- Payables to employees	129,829,278,600	129,829,278,600	129,829,278,600
- Accrued expenses	686,413,039,155	686,413,039,155	686,413,039,155
- Other payables	531,221,260,435	531,221,260,435	531,221,260,435
- Borrowings	1,102,140,000,000	1,115,471,654,576	1,115,471,654,576
	<u>3,848,386,472,460</u>	<u>3,861,718,127,036</u>	<u>3,861,718,127,036</u>
As at 31 December 2013			
- Trade payables	1,758,323,135,506	1,758,323,135,506	1,758,323,135,506
- Payables to employees	130,474,291,268	130,474,291,268	130,474,291,268
- Accrued expenses	452,019,954,359	452,019,954,359	452,019,954,359
- Other payables	1,255,411,806,799	1,255,411,806,799	1,255,411,806,799
- Borrowings	-	-	-
	<u>3,596,229,187,932</u>	<u>3,596,229,187,932</u>	<u>3,596,229,187,932</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

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 equity instruments	(ii)	-	-	9,521,269,292	26,326,080,000
Categorised as held-to-maturity investments :					
- Term deposits	(i)	6,396,596,000,000	6,396,596,000,000	3,600,000,000,000	3,600,000,000,000
- Government bonds	(v)	-	Note (v)	-	Note (v)
- Long-term corporate bonds	(v)	300,000,000,000	Note (v)	-	Note (v)
Categorised as loans and receivables:					
- Cash and cash equivalents	(i)	467,050,207,603	467,050,207,603	2,648,998,787,427	2,648,998,787,427
- Trade and other receivables	(i)	1,767,295,989,450	1,767,295,989,450	2,145,175,782,670	2,145,175,782,670
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 investment funds	(iv)	10,559,408,600	5,551,155,162	21,677,078,220	11,428,445,958
- Other long-term investments	(v)	300,000,000	Note (v)	300,000,000	Note (v)
Categorised as liabilities at amortised cost:					
- Trade and other payables	(i)	(3,848,386,472,460)	(3,861,718,127,036)	(3,596,229,187,932)	(3,596,229,187,932)

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

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

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

ii. Short-term investments in listed equity securities

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

iii. Short-term investments in unlisted equity securities

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

iv. Long-term investments in investment funds

Market value of investment funds is based on net asset 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.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

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

	<u>Closing balance</u>	<u>Opening balance</u>
- Cash on hand	786,824,484	636,768,587
- Cash in banks	467,050,207,603	1,348,998,787,427
- Cash in transit	-	-
- Cash equivalents	-	1,300,000,000,000
• Deposits with maturity of less than 3 months	-	1,300,000,000,000
• Bonds, treasury bill, promissory note	-	-
Total	<u>467,837,032,087</u>	<u>2,649,635,556,014</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
• Listed securities	179,237,503,400	188,758,772,692
• Unlisted securities	82,533,803,026	82,533,803,026
• Corporate bonds	-	-
• Government bonds	-	-
- Other short-term investments	5,892,000,000,000	4,042,000,000,000
• Deposit with maturity less than 1 year	5,450,000,000,000	3,600,000,000,000
• Other short-term investments	442,000,000,000	442,000,000,000
- Allowance for diminution in value of short-term investments	(146,844,547,900)	(145,974,953,400)
• Allowances for short-term securities investments	(146,844,547,900)	(145,974,953,400)
• Allowances for other short-term investments	-	-
Total	<u>6,006,926,758,526</u>	<u>4,167,317,622,318</u>

Movements in allowance for diminution in value of short-term investments during the 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 increases	-	-
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>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

3. Accounts receivable

	<u>Closing balance</u>	<u>Opening balance</u>
- Local customers	1,162,585,265,811	968,327,194,077
- Oversea customers	322,018,128,296	771,292,278,240
Total	<u>1,484,603,394,107</u>	<u>1,739,619,472,317</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	10,433,487,019	7,128,214,877
Total	<u>278,761,536,176</u>	<u>406,739,802,657</u>

5. Allowance for doubtful debts

	<u>Appropriation rate (%)</u>	<u>Closing balance</u>	<u>Opening balance</u>
- Allowances for past due receivables		(2,511,433,503)	(1,920,158,971)
• Allowances for receivables past due within 1 year	30%	-	-
• 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>(2,511,433,503)</u>	<u>(1,920,158,971)</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, spare parts	2,029,897,146,233	1,601,312,578,132
- Tools and supplies	2,098,555,311	2,656,080,719
- Work in progress	47,897,737,135	46,449,573,986
- Finished goods	839,168,702,676	806,041,510,279
- Merchandise inventories	32,480,724,102	24,132,281,664
- Goods on consignment	7,252,796,327	823,248,697
Total	<u>3,280,711,155,808</u>	<u>3,027,125,150,330</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

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, spare parts	(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

	<u>Opening balance</u>	<u>Additions</u>	<u>Amortised to expenses during the period</u>	<u>Other decreases</u>	<u>Closing balance</u>
- 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	14,379,557,594	28,681,932,498	30,662,577,861	-	12,398,912,231
- Revonation, major repair expenses	3,150,662,892	4,895,129,682	5,262,989,237	-	2,782,803,337
- Others	22,897,631,234	23,279,681,656	41,497,189,720	-	4,680,123,172
Total	<u>115,212,816,603</u>	<u>102,064,851,536</u>	<u>131,975,910,949</u>	<u>56,191,091,020</u>	<u>29,110,666,172</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

9. Tangible fixed assets

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
Cost					
+Opening balance	1,692,151,444,465	7,167,671,244,816	549,891,781,955	375,315,374,333	9,785,029,845,569
+Additions					
-Purchases	4,686,252,198	41,257,428,808	22,763,270,183	26,253,787,741	94,960,738,930
-Transfer from construction in progress	78,383,700,771	86,729,349,305	9,006,691,000	2,280,918,389	176,400,659,465
-Reclassification	-	(271,825,315)	271,825,315	-	-
-Other increases	-	-	-	-	-
+Decreases					
-Transfer to investment property	-	-	-	-	-
-Disposals	(2,505,751,434)	(11,911,238,036)	(13,859,785,012)	(90,000,000)	(28,366,774,482)
-Other decreases	-	(1,750,105,500)	-	(235,964,887)	(1,986,070,387)
+Closing balance	<u>1,772,715,646,000</u>	<u>7,281,724,854,078</u>	<u>568,073,783,441</u>	<u>403,524,115,576</u>	<u>10,026,038,399,095</u>
Accumulated depreciation					
+Opening balance	279,788,756,482	2,084,303,059,205	170,948,009,959	174,041,833,976	2,709,081,659,622
+Additions					
-Charged for the period	58,097,570,441	501,128,321,335	38,224,550,859	37,792,509,940	635,242,952,575
-Reclassification	47,463,481	186,271,027	-	(233,734,508)	-
- Other increases	-	-	-	-	-
+Decreases					
-Transfer to investment property	-	-	-	-	-
-Disposals	(2,255,481,919)	(6,889,394,415)	(6,070,832,915)	(90,000,000)	(15,305,709,249)
-Other decreases	-	-	-	(235,964,887)	(235,964,887)
+Closing balance	<u>335,678,308,485</u>	<u>2,578,728,257,152</u>	<u>203,101,727,903</u>	<u>211,274,644,521</u>	<u>3,328,782,938,061</u>
+Net book value					
+Opening balance	<u>1,412,362,687,983</u>	<u>5,083,368,185,611</u>	<u>378,943,771,996</u>	<u>201,273,540,359</u>	<u>7,075,948,185,947</u>
+Closing balance	<u>1,437,037,337,515</u>	<u>4,702,996,596,926</u>	<u>364,972,055,538</u>	<u>192,249,471,055</u>	<u>6,697,255,461,034</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

10. Intangible fixed assets

	<u>Land use rights</u>	<u>Copyrights, patent</u>	<u>Trademark</u>	<u>Software</u>	<u>Total</u>
Cost					
+Opening balance	314,353,303,957	-	-	94,970,936,419	409,324,240,376
+Additions					
-Purchases	-	-	-	1,570,082,960	1,570,082,960
-Transfer from construction in progress	-	-	-	-	-
-Increase from business combination	-	-	-	-	-
-Other increases	-	-	-	-	-
+Decreases					
-Disposals	-	-	-	-	-
-Other decreases	-	-	-	-	-
+Closing balance	314,353,303,957	-	-	96,541,019,379	410,894,323,336
Accumulated amortisation					
+Opening balance	56,128,172,644	-	-	55,185,134,556	111,313,307,200
+Additions					
-Amortisation	4,030,107,528	-	-	5,993,539,353	10,023,646,881
-Other increases	-	-	-	-	-
+Decreases					
-Disposals	-	-	-	-	-
-Other decreases	-	-	-	-	-
+Closing balance	60,158,280,172	-	-	61,178,673,909	121,336,954,081
+Net book value					
-Opening balance	258,225,131,313	-	-	39,785,801,863	298,010,933,176
+Closing balance	254,195,023,785	-	-	35,362,345,470	289,557,369,255

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

11. Investment property

	<u>Land use rights</u>	<u>Building</u>	<u>Building and Land use rights</u>	<u>Infrastructure</u>	<u>Total</u>
Cost					
+ Opening balance	38,884,288,170	87,500,683,627	-	6,464,218,561	132,849,190,358
+Additions					
-Purchases	-	-	-	-	-
-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	-	-	-	-	-
+Closing balance	<u>38,884,288,170</u>	<u>87,500,683,627</u>	<u>-</u>	<u>6,464,218,561</u>	<u>132,849,190,358</u>
Accumulated depreciation					
+ Opening balance	264,518,968	23,910,135,825	-	2,652,140,044	26,826,794,837
+ Additions					
-Charge for the period	595,167,678	2,555,828,388	-	484,816,389	3,635,812,455
-Transfer from fixed assets	-	-	-	-	-
-Other increases	-	-	-	-	-
-Reclassification	-	-	-	-	-
+Decreases					
-Transfer to real estate inventories	-	-	-	-	-
-Disposals	-	-	-	-	-
-Other decreases	-	-	-	-	-
+Closing balance	<u>859,686,646</u>	<u>26,465,964,213</u>	<u>-</u>	<u>3,136,956,433</u>	<u>30,462,607,292</u>
+Net book value					
-Opening balance	<u>38,619,769,202</u>	<u>63,590,547,802</u>	<u>-</u>	<u>3,812,078,517</u>	<u>106,022,395,521</u>
+Closing balance	<u>38,024,601,524</u>	<u>61,034,719,414</u>	<u>-</u>	<u>3,327,262,128</u>	<u>102,386,583,066</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

12. Construction in progress

	<u>Current period</u>	<u>Previous period</u>
- Opening balance	260,702,889,656	3,490,371,666,917
- Additions	194,641,917,572	645,822,330,099
- Transfer to tangible fixed assets	(176,400,659,465)	(3,662,129,081,933)
- Transfer to intangible fixed assets	-	(52,551,133,898)
- Transfer to investment property	-	(38,884,288,170)
- Disposals	(8,225,418,386)	(24,406,365,716)
- Other decreases	(169,990,542)	(38,850,085,421)
Closing balance	<u>270,548,738,835</u>	<u>319,373,041,878</u>

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

- The Company's office: constructions in progress as follows:		
<i>Dairy Cow farms</i>	176,037,180,342	90,349,537,460
<i>Lam Son Dairy Factory</i>	107,734,719,379	35,387,917,941
<i>Lam Son Dairy Factory</i>	459,406,797	51,646,733,362
<i>Others</i>	67,843,054,166	3,314,886,157
- Truong Tho Dairy Factory	460,254,462	6,264,917,235
- Thong Nhat Dairy Factory	5,903,892,021	906,532,749
- Dielac Dairy Factory	17,406,048	-
- Saigon Dairy Factory	50,497,800	62,750,400
- Can Tho Dairy Factory	1,192,963,289	24,000,000
- Binh Dinh Dairy Factory	-	157,029,475
- Nghe An Dairy Factory	2,715,530,000	-
- Hanoi logistic enterprise	8,107,019,200	8,107,019,200
- Tien Son Dairy Factory	171,353,345	60,479,640,260
- Beverage Factory	17,025,976	836,755,183
- Vietnam Powder Milk Factory	6,857,174,231	93,414,685,394
- Vietnam Dairy Factory	16,895,753,926	13,606,101,782
- Office - Can Tho Branch	52,101,510,922	45,164,072,740
- Ha Noi Branch	21,177,273	-
Total	<u>270,548,738,835</u>	<u>319,373,041,878</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

13. Investments in subsidiaries

Name of subsidiaries	% of ownership		Investment capital
	Certified	Contributed	
- Vietnam Dairy Cow One Member Limited Company	100,00%	100,00%	1,057,000,000,000
- Lamson Dairy Products One Member Company Limited	100,00%	100,00%	320,800,000,000
- International Real Estate One Member Limited Company	100,00%	100,00%	2,427,807,024
- Thong Nhat Thanh Hoa Dairy Cow Limited Company	96,33%	2,09%	12,100,000,000
- Driftwood Dairy Holdings Corporation	70,00%	70,00%	157,750,560,000
- Angkor Dairy Products Co, Ltd	51,00%	25,39%	107,918,932,500
- Vinamilk Europe sp.z.o.o	100,00%	100,00%	9,834,270,000
Total			1,667,831,569,524

14. Investments in associates and joint ventures

Name of associates and joint-ventures	% of ownership		Investment capital
	Certified	Contributed	
- Horizon Apartment – Business Cooperation Contract	24.50%	24.50%	7,247,684,826
- Asia Saigon Food Ingredients Joint Stock Company - Associate	15.00%	15.00%	18,000,000,000
- Miraka Limited – Associate	19.29%	19.29%	213,028,307,770
Total			238,275,992,596

15. Other long-term investments

	Closing balance	Opening balance
- Share investments	10,559,408,600	21,677,078,220
• Listed shares	-	-
• 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	-
- Long-term loans granted	-	-
- Other long-term investments	300,000,000	300,000,000
Total	1,257,455,408,600	21,977,078,220

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

	Closing balance	Opening balance
- Allowance for long-term security investments	(5,008,253,438)	(10,248,632,262)
- Allowance for losses from investments in subsidiaries	(112,355,579,543)	(132,396,660,805)
- Allowance for losses from investments in associates and joint ventures	-	-
Total	(117,363,832,981)	(142,645,293,067)

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

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

	<u>Current period</u>	<u>Previsou period</u>
- Opening balance	(142,645,293,067)	(191,607,308,624)
- Allowance made	(581,189,402)	(9,869,468,922)
- Written back	20,041,081,262	421,773,969
- Allowance utilised	5,821,568,226	43,761,237,842
- Other decreases (classification to short-term decreases)	-	-
Closing balance	<u>(117,363,832,981)</u>	<u>(157,293,765,735)</u>

17. Long-term prepayments

	<u>Opening balance</u>	<u>Additions</u>	<u>Amortised to expenses during the period</u>	<u>Other decreases</u>	<u>Closing balance</u>
- Rental of land and infrastructure	6,432,866,456	1,850,226,175	2,248,062,937	1,130,204,051	4,904,825,643
- Tools and supplies	51,691,930,029	113,170,533,696	44,742,184,825	23,929,410,340	96,190,868,560
- Other long-term prepayments	76,867,964,244	18,698,591,603	23,509,495,294	849,955,137	71,207,105,416
Total	<u>134,992,760,729</u>	<u>133,719,351,474</u>	<u>70,499,743,056</u>	<u>25,909,569,528</u>	<u>172,302,799,619</u>

18. Accounts payable – trade

	<u>Closing balance</u>	<u>Opening balance</u>
- Domestic suppliers	1,159,151,683,569	952,120,296,740
- Oversea suppliers	239,351,100,860	806,092,811,708
- Distributors	280,109,841	110,027,058
Total	<u>1,398,782,894,270</u>	<u>1,758,323,135,506</u>

19. Taxes payable to State Treasury

	<u>Opening balance</u>	<u>Amount payable</u>	<u>Paid</u>	<u>Closing balance</u>
- VAT of domestic goods sold	106,885,830,826	729,658,455,320	721,114,895,733	115,429,390,413
- 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	336,067,354,818	1,143,648,762,674	1,133,108,078,467	346,608,039,025
- Withholding corporate income tax	-	7,365,771,697	7,365,771,697	-
- Personal income tax	12,658,403,836	112,449,130,446	111,219,669,499	13,887,864,783
- Natural resource tax	29,549,880	325,456,370	318,957,900	36,048,350
- Land tax	-	-	-	-
- Land rental charges	-	3,013,759,194	2,988,346,169	25,413,025
- Other taxes	-	196,452,485	196,452,485	-
- Fees, charges and other payables to State Treasury	-	166,766,361	151,727,361	15,039,000
Total	<u>455,641,139,360</u>	<u>2,686,608,807,436</u>	<u>2,666,226,317,200</u>	<u>476,023,629,596</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

20. Accrued expenses

	<u>Closing balance</u>	<u>Opening balance</u>
- Promotion, sales incentives	271,377,941,754	218,453,058,937
- 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	3,418,962,354	-
- Fuel expenses	14,853,443,485	18,140,900,939
- Expenses for outsourced employees	13,865,149,049	13,071,225,266
- Others	73,843,228,746	82,550,454,459
Total	<u>686,413,039,155</u>	<u>452,019,954,359</u>

21. Other short-tem payables

	<u>Closing balance</u>	<u>Opening balance</u>
- Surplus assets awaiting for solution	-	-
- Social insurance, health insurance, unemployment insurance	666,844,635	371,487,813
- Trade union fees	48,308,000	146,040,000
- Short-term deposits received	22,627,041,620	21,558,597,492
- 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	9,969,791,866	11,390,913,316
Total	<u>531,221,260,435</u>	<u>1,255,411,806,799</u>

22. Bonus and welfare funds

	<u>Current period</u>	<u>Previous period</u>
- Opening balance	357,339,218,191	405,942,316,109
- Appropriation	427,943,105,715	501,574,275,863
- Other increases	-	-
- Paid	(531,447,198,653)	(661,108,067,297)
Closing balance	<u>253,835,125,253</u>	<u>246,408,524,675</u>

23. Provision for severance allowance

	<u>Current period</u>	<u>Previous period</u>
- Opening balance	69,357,318,250	59,325,269,500
- Provision made	8,593,969,617	10,510,406,716
- Provision used	(968,161,001)	(446,586,800)
- Written back	-	-
Closing balance	<u>76,983,126,866</u>	<u>69,389,089,416</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

24. Owners' equity

Items	Share capital	Share premium	Treasury shares	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	5,100,115,286,990	15,394,454,271,727
- 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	-	-	-	-	-	6,472,093,617,064	6,472,093,617,064
- Appropriation to equity funds	-	-	-	856,326,130,883	245,553,773,992	(1,749,089,266,581)	(647,209,361,706)
- 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	5,989,129,613,873	17,384,806,945,526
- 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 year	-	-	-	-	-	4,279,431,057,148	4,279,431,057,148
- Appropriation	-	-	-	427,943,105,715	51,809,938,701	(907,696,150,131)	(427,943,105,715)
- Other additions	-	-	-	-	-	-	-
- Dividends	-	-	-	-	-	(3,333,740,644,000)	(3,333,740,644,000)
- Other decreases	-	-	-	-	-	-	-
Closing balance	10,006,413,990,000	-	(5,388,109,959)	1,378,181,089,327	885,765,734,701	5,637,261,946,890	17,902,234,650,959

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 Sep 2014

VII. ADDITIONAL INFORMATION TO ITEMS PRESENTED IN STATEMENTS OF INCOME**1. Revenue**

	<u>Current period</u>	<u>Previous period</u>
Total revenue	24,362,325,490,009	23,369,225,639,323
• Sales of merchandise inventories	614,300,208,564	401,502,151,468
• Sales of finished goods	23,714,577,388,818	22,943,460,223,241
• Service rendered	22,611,784,473	15,934,429,918
• Real estate trading activities	10,836,108,154	8,328,834,696
Less sales deductions:	531,261,694,334	467,829,729,695
• Sale discounts	468,855,123,738	453,597,197,766
• Sales rebates according to Decision 1079/QD/BTC	41,077,766,115	-
• Sale returns	21,328,804,481	14,232,531,929
Net revenue	<u>23,831,063,795,675</u>	<u>22,901,395,909,628</u>
<i>In which:</i>		
• Sales of merchandise inventories and finished goods	23,797,615,903,048	22,877,132,645,014
• Service rendered	33,447,892,627	24,263,264,614

2. Cost of sales

	<u>Current period</u>	<u>Previous period</u>
- Cost of merchandise inventories sold	532,260,952,747	356,764,196,959
- Cost of finished goods sold	14,945,147,638,187	14,038,001,084,405
- Cost of services rendered	1,822,815,985	897,105,489
- Cost of real estate trading activities	4,926,374,244	5,164,108,466
- Inventories losses	-	-
- Under-capacity costs	14,695,932,329	28,685,034,796
- Allowance for inventories	3,990,524,347	523,281,028
Total	<u>15,502,844,237,839</u>	<u>14,430,034,811,143</u>

3. Financial income

	<u>Current period</u>	<u>Previous period</u>
- Interest income from deposits	348,832,122,554	259,492,097,575
- Interest income from bonds	5,632,876,714	21,924,315,067
- Interest income on loans granted	-	625,185,469
- Dividends	9,049,291,440	14,250,439,200
- Interest income from securities investments	35,816,124,708	12,258,500
- Realised foreign exchange gains	20,817,772,394	76,604,151,228
- Unrealised foreign exchange gains	17,588,089,464	-
Others	-	638
Total	<u>437,736,277,274</u>	<u>372,908,447,677</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

4. Financial expenses

	<u>Current period</u>	<u>Previous period</u>
- Interest expense on loans from banks and other organisations	3,418,962,354	-
- Interest income on deposits received	544,741,927	638,377,901
- Transaction fee for trading securities	-	41,731,861
- Realised foreign exchange losses	24,898,690,013	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	(19,459,891,860)	9,447,694,953
- Payment discounts for distributors	15,708,396,275	21,428,536,272
- Others	-	2,807,187,386
Total	<u>25,980,493,209</u>	<u>82,668,265,738</u>

5. Other income

	<u>Current period</u>	<u>Previous period</u>
- Proceeds from disposals of fixed assets	10,086,619,517	8,128,032,277
- Proceeds from disposals of construction in progress	8,225,418,386	24,406,365,716
- Proceeds from disposals of scrap, tools and supplies and technical materials	72,163,083,777	72,661,202,188
- Income from penalties and compensations	8,731,014,243	484,683,795
- Rebate income from suppliers	15,220,064,001	26,587,323,772
- Taxes refundable	2,158,765,318	328,562,102
- Others	10,704,423,336	4,744,156,492
Total	<u>127,289,388,578</u>	<u>137,340,326,342</u>

6. Other expenses

	<u>Current period</u>	<u>Previous period</u>
- Book value of fixed assets disposed	13,061,065,233	9,240,238,683
- Expenses for disposals of fixed assets	68,150,000	1,363,636
- Cost of construction in progress disposed	8,225,418,386	24,406,365,716
- Cost of tools and supplies and technical materials disposed	-	-
- Penalties for contract violation	16,031,863,149	3,000,000
- Tax penalties and charges	858,622,863	383,605,700
- Others	2,646,510,946	6,800,098,475
Total	<u>40,891,630,577</u>	<u>40,834,672,210</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

7. Basic earnings per share

	<u>Current period</u>	<u>Previous period</u>
– Profit after tax	4,279,431,057,148	5,015,742,758,635
– Adjustments for profit after tax to determine profit attributable to ordinary shareholders:		
• <i>Dividends of preferences share</i>	-	-
• <i>The higher difference between fair value of 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	4,279,431,057,148	5,015,742,758,635
– Weighted average number of ordinary shares in circulation during the year/period	1,000,131,479	1,000,219,279
Basic earnings per share	<u>4,279</u>	<u>5,015</u>

Ordinary shares currently in circulation averagely in 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	14,272,674,183,364	13,583,538,450,462
– Labour and staff costs	777,235,947,922	671,492,042,423
– Fixed assets depreciation	648,902,411,911	484,985,540,960
– Outside services expenses	941,874,608,503	815,997,659,354
– Other expenses	2,465,903,153,023	1,851,945,319,603
Total	<u>19,106,590,304,723</u>	<u>17,407,959,012,802</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

In which:

Production costs

	<u>Current period</u>	<u>Previous period</u>
- Materials costs	14,213,264,420,137	13,526,423,553,831
- Labour and staff costs	452,500,841,989	395,048,052,897
- Fixed assets depreciation	587,933,257,361	420,365,154,096
- Outside services	348,300,591,699	291,226,515,010
- Other expenses	50,348,924,161	37,844,075,375
Total	<u>15,652,348,035,347</u>	<u>14,670,907,351,209</u>

Selling expenses

	<u>Current period</u>	<u>Previous period</u>
- Labour and staff costs	172,167,487,260	140,411,023,990
- Materials costs	47,226,009,267	45,007,546,614
- Tools and supplies expenses	67,309,634,936	58,996,771,447
- Fixed assets depreciation	18,169,473,967	18,945,327,899
- Maintenance expenses	12,777,219,756	10,048,771,650
- Transportation expenses	302,991,944,354	279,371,039,992
- Other outside services expenses	144,697,594,711	111,338,783,790
- Advertising expenses	865,944,484,007	644,131,765,419
- Market research expenses	8,170,457,511	9,363,189,989
- Promotion expenses	563,259,796,365	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>3,013,186,546,748</u>	<u>2,323,735,657,203</u>

General and administration expenses

	<u>Current period</u>	<u>Previous period</u>
- Labour and staff costs	152,567,618,673	136,032,965,536
- Materials costs	12,183,753,960	12,107,350,017
- Office supplies	7,415,152,941	5,065,784,043
- Fixed assets depreciation	42,799,680,583	45,675,058,965
- Taxes, fees and charges	3,491,294,163	3,721,290,335
- Allowance expenses	9,309,337,149	12,366,180,429
- Transportation for internal transfers of goods	33,262,492,388	33,417,353,851
- Outside services expenses	112,621,985,351	100,643,966,711
- Loading expenses	14,635,668,543	15,185,385,543
- Per-diem allowances	18,917,121,219	13,120,082,283
- Bank charges	2,633,427,365	2,759,846,783
- Other expenses by cash	31,218,190,293	33,220,739,894
Total	<u>441,055,722,628</u>	<u>413,316,004,390</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

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 chartered capital. SCIC is controlled by the Government of The Social Republic of Vietnam.

a. Transactions with related parties

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

i) Purchases of goods and services:

	<u>Current period</u>	<u>Previous period</u>
Subsidiaries		
- Vietnam Dairy Cow One Member Limited Company	271,574,846,158	206,299,379,442
- Lamson Dairy Products One Member Company Limited	295,356,289,874	215,591,125,960
- Thong Nhat Thanh Hoa Dairy Cow Limited Company	17,000,000	-
- Diftwood Holdings Co, Ltd	246,235,695	-
Associates		
- Miraka Limited	229,692,619,200	144,640,037,360
- Asia Saigon Food Ingredients Joint Stock Company	-	11,414,335,000
	<u>796,886,990,927</u>	<u>577,944,877,762</u>

ii) Sales of finished goods, merchandise inventories and services

	<u>Current period</u>	<u>Previous period</u>
Subsidiaries		
- Vietnam Dairy Cow One Member Limited Company	40,555,881,893	31,844,261,070
- Lamson Dairy Products One Member Company Limited	187,634,978,426	100,727,035,421
Associates		
- Asia Saigon Food Ingredients Joint Stock Company	2,320,777,794	148,282,989
	<u>230,511,638,113</u>	<u>132,719,579,480</u>

iii) Income from selling fixed assets and construction in progress:

	<u>Current period</u>	<u>Previous period</u>
Subsidiaries		
- Vietnam Dairy Cow One Member Limited Company	10,811,430,944	20,447,324,027
- Lamson Dairy Products One Member Company Limited	-	7,479,391,611
- Thong Nhat Thanh Hoa Dairy Cow Limited Company	36,363,636	-
	<u>10,847,794,580</u>	<u>27,926,715,638</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

iv) Capital contribution to related parties

	<u>Current period</u>	<u>Previous period</u>
Subsidiaries		
- Vietnam Dairy Cow One Member Limited Company	-	118,000,000,000
- Lamson Dairy Products One Member Company Limited	230,000,000,000	-
- Thong Nhat Thanh Hoa Dairy Cow Limited Company	7,800,000,000	-
- Angkor Dairy Products Co, Ltd	107,918,932,500	-
- Vinamilk Europe Sp.z.o.o	9,834,270,000	-
	<u>355,553,202,500</u>	<u>118,000,000,000</u>

v) Capital Withdrawn from related parties

	<u>Current period</u>	<u>Previous period</u>
Subsidiaries		
- International Real Estate One Member Limited Company	43.572.192.976	-
Associates		
- Fico Real Estate Limited Company	735.000.000	1.960.000.000
	<u>44.307.192.976</u>	<u>1.960.000.000</u>

vi) 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>

vii) 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>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

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

	<u>30 Sep 2014</u>	<u>31 Dec 2013</u>
Subsidiaries		
- Vietnam Dairy Cow One Member Limited Company	2,246,635,961	5,678,456,569
- Lamson Dairy Products One Member Company Limited	-	48,459,825,732
- Thong Nhat Thanh Hoa Dairy Cow Limited Company	20,000,000	-
Associates		
- Miraka Limited	-	5,960,887,170
- Asia Saigon Food Ingredients Joint Stock Company	1,658,118,528	-
	<u>3,924,754,489</u>	<u>60,099,169,471</u>

ii) Accounts payable - trade

	<u>30 Sep 2014</u>	<u>31 Dec 2013</u>
Subsidiaries		
- Vietnam Dairy Cow One Member Limited Company	9,113,050,677	15,643,749,404
- Lamson Dairy Products One Member Company Limited	65,284,503,089	23,167,160,195
Associates		
- Miraka Limited	-	38,124,281,430
	<u>74,397,553,766</u>	<u>76,935,191,029</u>

2. Segment information:

Items	Third quarter 2014		Third quarter 2014	
	Domestic	Export	Domestic	Export
1. Revenue on goods sold and service rendered	7,862,193,868,291	563,961,391,042	6,775,651,888,003	1,441,221,879,681
2. Revenue deductions	179,289,021,691	-	162,699,073,911	163,144,707
3. Net revenue on goods sold and service rendered (3 = 1 - 2)	7,682,904,846,600	563,961,391,042	6,612,952,814,092	1,441,058,734,974
4. Cost of sales	4,876,413,730,140	421,100,628,147	4,044,147,687,431	1,074,626,400,502
5. Gross profit on goods sold and service rendered (5 = 3 - 4)	2,806,491,116,460	142,860,762,895	2,568,805,126,661	366,432,334,472

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2014

Items	Nine-month period ended 30 Sep 2014		Nine-month period ended 30 Sep 2013	
	Domestic	Export	Domestic	Export
1. Revenue on goods sold and service rendered	22,286,198,376,199	2,076,127,113,810	20,014,957,746,730	3,354,267,892,593
2. Revenue deductions	531,261,694,334	-	467,268,758,728	560,970,967
3. Net revenue on goods sold and service rendered (3 = 1 - 2)	21,754,936,681,865	2,076,127,113,810	19,547,688,988,002	3,353,706,921,626
4. Cost of sales	13,870,744,378,181	1,632,099,859,658	11,897,999,193,441	2,532,035,617,702
5. Gross profit on goods sold and service rendered (5 = 3 - 4)	7,884,192,303,684	444,027,254,152	7,649,689,794,561	821,671,303,924

Prepared on 24 Oct 2014.

Preparer

Nguyen Duc Dieu Tho

Chief Accountant

Le Thanh Liem

Executive Director -
Finance

Ngo Thi Thu Trang

General Director



Mai Kieu Lien