

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

Consolidated interim financial statements  
for the nine-month period  
ended 30 September 2014

## **Vietnam Dairy Products Joint Stock Company and its subsidiaries Corporate Information**

### **Business Registration Certificate No.**

4103001932  
0300588569

20 November 2003  
29 May 2013

The Company's business registration certificate has been amended several times, the most recent of which is by business registration certificate No. 0300588569. The business registration certification was issued by Ho Chi Minh City Planning and Investment Department dated 29 May 2013.

### **Board of Management**

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

### **Board of Directors**

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

### **Registered Office**

10 Tan Trao  
Tan Phu Ward, District 7  
Ho Chi Minh City  
Vietnam

### **Auditors**

KPMG Limited  
Vietnam

**Vietnam Dairy Products Joint Stock Company and its subsidiaries  
Statement of the Board of Directors**

**STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN  
RESPECT OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The Board of Directors is responsible for the consolidated interim financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) and its subsidiaries (collectively referred to as “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 30 September 2014 and of the consolidated results of operations and cash flows for the nine-month period then ended. In preparing these consolidated interim financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated interim financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

**APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

We hereby approve the accompanying consolidated interim financial statements set out on pages 4 to 58 which give a true and fair view of the consolidated financial position of the Group as at 30 September 2014, and of the consolidated results of operations and cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standard 27 - *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial statements.

On behalf of the Board of Directors



Mai Kiều Liên  
Chief Executive Officer

Ho Chi Minh City, 31 October 2014

## FINANCIAL STATEMENTS REVIEW REPORT

### To the Shareholders

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

We have reviewed the accompanying consolidated interim financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”), which comprise the consolidated balance sheet as at 30 September 2014, the related consolidated statements of income and cash flows for the nine-month period then ended and the explanatory notes thereto which were authorized for issue by the Company’s Board of Directors on 31 October 2014, as set out on pages 4 to 58. These consolidated interim financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of Vietnam Dairy Products Joint Stock Company and its subsidiaries as at 30 September 2014 and of their consolidated results of operations and their consolidated cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standard 27 - *Interim Financial Reporting*, the relevant requirements of the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial statements.

#### KPMG Limited’s Branch in Ho Chi Minh City

Vietnam

Operating Registration Certificate No.: 4114000230

Review Report No.: 14-01-245



  
Quang Trung Hung  
Practicing Auditor Registration  
Certificate No. 0863-2013-007-1  
Deputy General Director

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

Ho Chi Minh City, 31 October 2014

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

Form B 01a – DN/HN

	Code	Note	30/9/2014 VND	31/12/2013 VND
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>12,808,828,895,655</b>	<b>13,018,930,127,438</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>6</b>	<b>670,329,547,281</b>	<b>2,745,645,325,950</b>
Cash	111		639,329,547,281	1,394,534,283,673
Cash equivalents	112		31,000,000,000	1,351,111,042,277
<b>Short-term investments</b>	<b>120</b>	<b>7</b>	<b>6,010,426,758,526</b>	<b>4,167,317,622,318</b>
Short-term investments	121		6,157,271,306,426	4,313,292,575,718
Allowance for diminution in the value of short-term investments	129		(146,844,547,900)	(145,974,953,400)
<b>Accounts receivable</b>	<b>130</b>		<b>2,535,847,162,555</b>	<b>2,728,421,414,532</b>
Accounts receivable – trade	131		1,804,396,242,964	1,894,721,027,784
Prepayments to suppliers	132		440,963,448,155	423,820,755,014
Other receivables	135	8	296,541,613,793	417,266,719,643
Allowance for doubtful debts	139	39(b)	(6,054,142,357)	(7,387,087,909)
<b>Inventories</b>	<b>140</b>	<b>9</b>	<b>3,535,730,778,418</b>	<b>3,217,483,048,888</b>
Inventories	141		3,549,938,308,880	3,227,859,954,432
Allowance for inventories	149		(14,207,530,462)	(10,376,905,544)
<b>Other current assets</b>	<b>150</b>		<b>56,494,648,875</b>	<b>160,062,715,750</b>
Short-term prepayments	151		39,230,346,049	129,708,362,747
Deductible value added tax	152		10,585,212,040	25,468,115,542
Other current assets	158		6,679,090,786	4,886,237,461

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

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Consolidated balance sheet as at 30 September 2014 (continued)**

Form B 01a – DN/HN

	Code	Note	30/9/2014 VND	31/12/2013 VND
<b>Long-term assets</b>				
<b>(200 = 210 + 220 + 240 + 250 + 260 +269)</b>	<b>200</b>		<b>11,098,774,021,552</b>	<b>9,856,483,929,198</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>6,442,492,670</b>	<b>736,666,667</b>
Other long-term receivables	218		6,442,492,670	736,666,667
<b>Fixed assets</b>	<b>220</b>		<b>8,848,709,119,929</b>	<b>8,918,416,535,379</b>
Tangible fixed assets	221	10	7,591,004,807,888	7,849,058,771,126
<i>Cost</i>	222		11,616,152,919,463	11,147,267,493,199
<i>Accumulated depreciation</i>	223		(4,025,148,111,575)	(3,298,208,722,073)
Intangible fixed assets	227	11	536,797,787,776	531,485,413,625
<i>Cost</i>	228		685,758,247,882	690,742,242,273
<i>Accumulated amortisation</i>	229		(148,960,460,106)	(159,256,828,648)
Construction in progress	230	12	720,906,524,265	537,872,350,628
<b>Investment property</b>	<b>240</b>	<b>13</b>	<b>104,838,186,590</b>	<b>149,445,717,001</b>
<i>Cost</i>	241		135,349,190,358	176,332,062,888
<i>Accumulated depreciation</i>	242		(30,511,003,768)	(26,886,345,887)
<b>Long-term investments</b>	<b>250</b>	<b>14</b>	<b>1,598,896,746,815</b>	<b>318,308,294,039</b>
Investments in associates and joint-ventures	252		326,568,979,353	284,629,299,345
Other long-term investments	258		1,277,336,020,900	43,927,626,956
Allowance for diminution in the value of long-term investments	259		(5,008,253,438)	(10,248,632,262)
<b>Other long-term assets</b>	<b>260</b>		<b>374,596,885,496</b>	<b>295,112,796,930</b>
Long-term prepayments	261	15	201,152,715,870	171,151,838,315
Deferred tax assets	262	16	166,249,611,926	115,300,622,640
Other long-term assets	268		7,194,557,700	8,660,335,975
<b>Goodwill</b>	<b>269</b>	<b>17</b>	<b>165,290,590,052</b>	<b>174,463,919,182</b>
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>23,907,602,917,207</b>	<b>22,875,414,056,636</b>

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

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Consolidated balance sheet as at 30 September 2014 (continued)**

Form B 01a – DN/HN

	Code	Note	30/9/2014 VND	31/12/2013 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>5,662,834,497,211</b>	<b>5,307,060,807,329</b>
<b>Current liabilities</b>	<b>310</b>		<b>5,146,485,757,250</b>	<b>4,956,397,594,108</b>
Short-term borrowings	311	18	1,273,922,478,239	178,943,692,147
Accounts payable – trade	312		1,610,917,087,104	1,968,257,136,188
Advances from customers	313		14,229,030,312	20,929,404,542
Taxes payable to State Treasury	314	19	479,668,495,308	456,725,904,986
Payables to employees	315		154,177,478,850	137,540,107,294
Accrued expenses	316	20	718,490,212,863	490,760,970,004
Other payables	319	21	637,905,375,141	1,341,762,807,045
Bonus and welfare fund	323		257,175,599,433	361,477,571,902
<b>Long-term liabilities</b>	<b>330</b>		<b>516,348,739,961</b>	<b>350,663,213,221</b>
Other long-term liabilities	333		5,092,359,237	5,036,159,560
Long-term borrowings	334	22	349,878,694,016	184,142,784,403
Deferred tax liabilities	335	23	84,056,932,575	91,065,600,000
Provision for severance allowance	337	24	77,209,101,866	69,583,293,250
Unearned revenue	338		111,652,267	835,376,008
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>18,122,315,803,394</b>	<b>17,545,489,315,423</b>
<b>Owners' equity</b>	<b>410</b>	<b>25</b>	<b>18,122,315,803,394</b>	<b>17,545,489,315,423</b>
Share capital	411	26	10,006,413,990,000	8,339,557,960,000
Share premium	412		-	1,276,994,100,000
Treasury shares	414	26	(5,388,109,959)	(5,068,507,959)
Foreign exchange differences	416		(243,732,147)	-
Investment and development fund	417		1,378,181,089,327	950,237,983,612
Financial reserve	418		885,765,734,701	833,955,796,000
Retained profits	420		5,857,586,831,472	6,149,811,983,770
<b>MINORITY INTEREST</b>	<b>439</b>	<b>28</b>	<b>122,452,616,602</b>	<b>22,863,933,884</b>
<b>TOTAL RESOURCES</b> <b>(440 = 300 + 400 + 439)</b>	<b>440</b>		<b>23,907,602,917,207</b>	<b>22,875,414,056,636</b>

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

**Vietnam Dairy Products Joint Stock Company and its subsidiaries  
Consolidated balance sheet as at 30 September 2014 (continued)**

**Form B 01a – DN/HN**

**OFF BALANCE SHEET ITEMS**

	<b>30/9/2014</b>	<b>31/12/2013</b>
Foreign currencies included in cash and cash equivalents:		
USD	4,177,198	16,776,618
EUR	1,005	21,606

31 October 2014

Prepared by:



Le Thanh Liem  
Chief Accountant

Approved by:



Mai Kieu Lien  
Chief Executive Officer

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



**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Consolidated statement of income for the nine-month period ended 30 September 2014**

Form B 02a – DN/HN

	Code	Note	Three-month period ended		Nine-month period ended	
			30/9/2014	30/9/2013	30/9/2014	30/9/2013
			VND	VND	VND	VND
<b>Total revenue</b>	<b>01</b>	<b>29</b>	<b>8,926,519,844,239</b>	<b>8,190,579,893,928</b>	<b>26,210,369,949,253</b>	<b>23,242,399,136,381</b>
<b>Less revenue deductions</b>	<b>02</b>	<b>29</b>	<b>195,077,103,309</b>	<b>162,862,218,618</b>	<b>568,438,719,365</b>	<b>467,829,729,695</b>
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>29</b>	<b>8,731,442,740,930</b>	<b>8,027,717,675,310</b>	<b>25,641,931,229,888</b>	<b>22,774,569,406,686</b>
<b>Cost of sales</b>	<b>11</b>	<b>30</b>	<b>5,702,842,521,890</b>	<b>5,092,778,691,607</b>	<b>16,883,547,111,856</b>	<b>14,261,121,092,236</b>
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>3,028,600,219,040</b>	<b>2,934,938,983,703</b>	<b>8,758,384,118,032</b>	<b>8,513,448,314,450</b>
Financial income	21	31	180,877,176,182	133,834,846,599	441,074,405,388	373,021,423,940
Financial expenses	22	32	34,205,341,281	29,727,666,522	73,126,544,109	73,450,667,801
<i>In which: Interest expense</i>	23		<i>7,423,763,901</i>	<i>-</i>	<i>30,505,743,600</i>	<i>-</i>
Selling expenses	24	33	1,279,872,681,010	876,130,733,210	3,259,391,015,139	2,323,623,657,203
General and administration expenses	25	34	202,711,610,269	151,060,682,556	576,541,698,303	448,575,011,565
<b>Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}</b>	<b>30</b>		<b>1,692,687,762,662</b>	<b>2,011,854,748,014</b>	<b>5,290,399,265,869</b>	<b>6,040,820,401,821</b>
Other income	31	35	52,818,800,355	35,791,315,029	174,198,276,082	131,156,094,707
Other expenses	32	36	35,634,638,047	8,246,165,270	72,624,672,470	30,370,312,278
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>17,184,162,308</b>	<b>27,545,149,759</b>	<b>101,573,603,612</b>	<b>100,785,782,429</b>
<b>Share of profit in associates and jointly controlled entities</b>	<b>45</b>		<b>13,249,867,902</b>	<b>16,808,081,518</b>	<b>44,474,680,008</b>	<b>29,075,056,084</b>

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

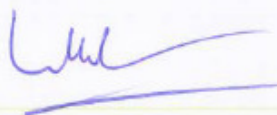
**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Consolidated statement of income for the nine-month period ended 30 September 2014 (continued)**

Form B 02a – DN/HN

	Code	Note	Three-month period ended		Nine-month period ended	
			30/9/2014 VND	30/9/2013 VND	30/9/2014 VND	30/9/2013 VND
<b>Profit before tax (50 = 30 + 40 + 45)</b>	<b>50</b>		<b>1,723,121,792,872</b>	<b>2,056,207,979,291</b>	<b>5,436,447,549,489</b>	<b>6,170,681,240,334</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>37</b>	<b>362,550,763,446</b>	<b>381,471,706,850</b>	<b>1,149,161,642,100</b>	<b>1,147,121,372,877</b>
<b>Income tax expense – deferred</b>	<b>52</b>	<b>38</b>	<b>(6,846,444,831)</b>	<b>(15,732,732,250)</b>	<b>(50,948,989,286)</b>	<b>(40,523,782,237)</b>
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>1,367,417,474,257</b>	<b>1,690,469,004,691</b>	<b>4,338,234,896,675</b>	<b>5,064,083,649,694</b>
<b>Attributable to:</b>						
Minority interest	<b>61</b>	<b>28</b>	(8,840,495,915)	-	(840,460,281)	-
Equity holders of the Company	<b>62</b>		1,376,257,970,172	1,690,469,004,691	4,339,075,356,956	5,064,083,649,694
<b>Basic earnings per share</b>	<b>70</b>	<b>38</b>	<b>1,266</b>	<b>1,690</b>	<b>4,339</b>	<b>5,063</b>

31 October 2014

Prepared by:



Le Thanh Liem  
Chief Accountant

Approved by:



Mai Kieu Lien  
Chief Executive Officer

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

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Consolidated statement of cash flows for the nine-month period ended 30 September 2014**  
**(Indirect method)**

Form B 03a – DN/HN

	Code Note	Nine-month period ended	
		30/9/2014	30/9/2013
		VND	VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>	<b>01</b>	<b>5,436,447,549,489</b>	<b>6,170,681,240,334</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	769,665,048,321	552,094,346,291
Allowances and provisions	03	7,426,755,781	17,605,969,548
Unrealised foreign exchange gains	04	(17,588,089,464)	11,218,423,101
Losses on disposals of fixed assets	05	7,042,124,798	1,829,297,766
Dividends and interest income	05	(366,831,478,801)	(296,405,013,574)
Gains from other investing activities	05	13,770,889,607	8,581,400,884
Share of profit in associates and jointly controlled entities	05	(44,474,680,008)	(29,075,056,084)
Interest expense	06	30,505,743,600	-
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>5,835,963,863,323</b>	<b>6,436,530,608,266</b>
Change in receivables	09	154,126,078,509	(281,153,214,553)
Change in inventories	10	(405,144,845,932)	176,610,750,124
Change in payables and other liabilities	11	(166,841,163,720)	(316,633,520,126)
Change in prepayments	12	60,849,241,989	(21,613,225,958)
		<b>5,478,953,174,169</b>	<b>5,993,741,397,753</b>
Interest paid	13	(27,066,544,638)	-
Income tax paid	14	(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	(530,128,423,059)	(661,127,765,871)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>3,784,127,994,588</b>	<b>4,335,036,731,163</b>

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

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

Form B 03a – DN/HN

	Code Note	Nine-month period ended	
		30/9/2014	30/9/2013
		VND	VND
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets	21	(570,547,699,221)	(1,076,842,306,681)
Collections on disposals of fixed assets	22	40,161,025,303	15,823,333,973
Payments for purchases of debt instruments of other entities	23	(300,000,000,000)	-
Increase in time deposits	24	(2,800,096,000,000)	(273,100,000,000)
Proceeds from sales of debt instruments of other entities	25	5,296,101,394	304,531,896,380
Payments for investments in other entities	25	(747,825,469)	-
Collections on investments in other entities	26	2,535,000,000	4,927,205,437
Collections on loan to other entities	26	-	30,000,000,000
Receipts of interest and dividends	27	427,430,951,356	260,303,651,959
Increase in cash from a subsidiary		86,728,260	-
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(3,195,881,718,377)</b>	<b>(734,356,218,932)</b>

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

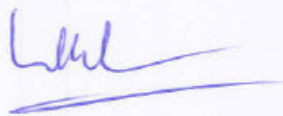
**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Consolidated statement of cash flows for the nine-month period ended 30 September 2014**  
**(Indirect method – continued)**

Form B 03a – DN/HN

	Code Note	Nine-month period ended	
		30/9/2014 VND	30/9/2013 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from capital contribution by minority interest	31	70,252,819,590	-
Payments for shares repurchases	32	(319,602,000)	(410,584,959)
Proceeds from short-term and long-term borrowings	33	1,494,641,023,057	-
Payments to settle loan principals	34	(227,445,225,519)	-
Payments of dividends	36	(4,000,513,585,929)	(3,167,235,049,800)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(2,663,384,570,801)</b>	<b>(3,167,645,634,759)</b>
<b>Net cash flows during the period (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>(2,075,138,294,590)</b>	<b>433,034,877,472</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>2,745,645,325,950</b>	<b>1,252,120,160,804</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>(126,726,741)</b>	<b>(718,677,598)</b>
<b>Currency translation differences</b>		<b>(50,757,338)</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)</b>	<b>70 6</b>	<b>670,329,547,281</b>	<b>1,684,436,360,678</b>

31 October 2014

Prepared by:



Le Thanh Liem  
Chief Accountant

Approved by:



Mai Kieu Lien  
Chief Executive Officer

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

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Notes to the consolidated interim financial statements for the nine-month period ended**  
**30 September 2014**

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

**1. Reporting Entity**

Vietnam Dairy Products Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam. The principal activities of the Company are to:

- Process, manufacture and distribute milk cake, soya milk, fresh milk, refreshment drinks, bottled milk, powdered milk, nutritious powder and other products from milk;
- Trade in food technology, spare parts, equipment, materials and chemicals;
- Trade in houses, brokerage and leasing of real estate;
- Provide warehousing, transportation and loading service;
- Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee;
- Manufacture and sell plastic package and label printing;
- Manufacture and sell plastic products;
- Provide health care clinic services;
- Provide supporting agricultural operations such as: supply of seeds of cultivated crops, guidance on cultivation techniques, cultivation harvest, soil working, irrigation;
- Raise cattle: supply of breeding animals and breeding techniques, run agricultural operations;
- Provide post-harvest services;
- Treat seeds for multiplication purposes; and
- Manufacture biscuits.

The consolidated interim financial statements of the Group for the nine-month period ended 30 September 2014 comprise the Company and its subsidiaries and the Group’s interest in associates and a jointly controlled entity as listed below:

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

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
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- (\*) On 24 February 2014, the Company’s Board of Management passed a resolution to liquidate this subsidiary. As of 30 September 2014, the liquidation process has not been completed.

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

As at 30 September 2014, the Group had 6,167 employees (31/12/2013: 5,619 employees).

## **2. Basis of preparation**

### **(a) Statement of compliance**

The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standard 27 - *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial statements.

### **(b) Basis of measurement**

The consolidated interim financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

### **(c) Annual accounting period**

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

### **(d) Accounting currency**

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

## **3. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated interim financial statements.

### **(a) Basis of consolidation**

#### **(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The interim financial statements of the subsidiaries are included in the consolidated interim financial statements from the date that control commences until the date that control ceases.

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
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**(ii) *Associates and jointly controlled entities (equity accounted investees)***

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees). The consolidated interim financial statements include the Group's share of the income and expenses of the equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

**(iii) *Transactions eliminated on consolidation***

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated interim financial statements. Unrealised gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

**(iv) *Business combination***

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

**(b) *Foreign currency***

**(i) *Foreign currency transactions***

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the period have been translated into VND at rates of exchange ruling at the transaction dates.

All foreign exchange differences are recorded in the consolidated statement of income.



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**(ii) Foreign operations**

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

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

**(c) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(d) Short-term and long-term investments**

**(i) Classification**

The Group classifies its investments in shares listed or non-listed, bonds and investment funds as short-term investments or long-term investments depending on the Group's intention and investment strategy in respect of relevant investees.

**(ii) Recognition**

The Group recognises trading securities, short-term and long-term investments on the date it becomes a party to the contractual provisions of the investments (trade date accounting).

**(iii) Measurement**

Trading securities, short-term and long-term investments are stated at cost less allowance for diminution in value. Cost of trading securities, short-term and long-term investments are determined on a weighted average basis.

**(iv) Impairment**

The allowance for diminution of publicly traded securities is made in accordance with the current regulation as issued by the Ministry of Finance. The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

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**(v) Derecognition**

Trading securities, short-term and long-term investments are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

**(e) Accounts receivable**

Trade and other receivables are stated at cost less allowance for doubtful debts.

**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventories.

**(g) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use, and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the consolidated statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

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**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- |                            |               |
|----------------------------|---------------|
| ▪ buildings and structures | 10 – 50 years |
| ▪ machinery and equipment  | 8 – 10 years  |
| ▪ motor vehicles           | 10 years      |
| ▪ office equipment         | 3 – 8 years   |
| ▪ livestock                | 6 years       |
| ▪ others                   | 3 years       |

**(h) Intangible fixed assets**

**(i) Land use rights**

Land use rights comprise:

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

Land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over the valid term of land use rights certificate.

Land use rights with indefinite period are stated at cost and not amortised.

**(ii) Software**

Cost of acquiring of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 6 years.

**(iii) Others**

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

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**(i) Investment property**

**(i) Cost**

Investment property is stated at cost less accumulated depreciation. The initial cost of an investment property comprises its purchase price, cost of land use rights and any directly attributable expenditure of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after the investment property has been put into operation, such as repair and maintenance, is charged to the consolidated statement of income in the period in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property, the expenditure is capitalised as an additional cost of the investment property.

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property. The estimated useful lives are as follows:

▪ land use rights	49 years
▪ infrastructure	10 years
▪ buildings	10 – 50 years

Land use rights with indefinite period are not amortised.

**(j) Construction in progress**

Construction in progress represents the costs of construction which have not been fully completed. No depreciation is provided for construction in progress during the period of construction.

**(k) Long-term prepayments**

**(i) Prepaid land costs**

Prepaid land costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease.

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**(ii) Tools and instruments**

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

**(iii) Others**

Others are recorded at cost and amortised on a straight-line basis over 2 years.

**(l) Goodwill**

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the consolidated statement of income. Goodwill is amortised on a straight-line basis over 10 years. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

**(m) Trade and other payables**

Trade and other payables are stated at their cost.

**(n) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

***Severance allowance***

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

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Pursuant to Law on Social Insurance, effective from 1 January 2009 the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as at 30 September 2014 will be determined based on the eligible employees' years of service as of 31 December 2008 and their average salary for the nine-month period prior to the termination date.

**(o) Classification of financial instruments**

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

**(i) Financial assets**

*Financial assets at fair value through profit or loss*

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

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

*Held-to-maturity investments*

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

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

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

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

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

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that is not classified as:

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

**(ii) *Financial liabilities***

*Financial liabilities at fair value through profit or loss*

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

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

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
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*Financial liabilities carried at amortised cost*

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

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

**(p) Taxation**

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

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

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

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

**(q) Share capital and treasury shares**

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

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



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**(r) Revenue**

**(i) Goods sold**

Revenue from the sale of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

**(ii) Services rendered**

Revenue from services rendered is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(iii) Rental income**

Rental income from leased property is recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

**(s) Financial income**

**(i) Interest income**

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

**(ii) Dividend income**

Dividend income is recognised when the right to receive dividend is established.

**(iii) Revenue from disposal of short-term and long-term investments**

Revenue from disposal of short-term and long-term investments is recognised in the consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer. Significant risks and rewards of ownership have been transferred upon the completion of trading transaction (for listed securities) or the completion of the agreement on transfer of assets (for non-listed securities).

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
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**(t) Operating lease payments**

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

**(u) Dividend distribution**

The Group's net profit after tax is available for appropriation to shareholders as dividends after approval by shareholders at the Group's Annual General Meeting and after making appropriation to reserve funds in accordance with the Group's Charter.

Dividends are declared and paid based on the estimated earnings of the year. Final dividends are declared and paid in the following year from undistributed earnings based on the approval of shareholders at the Group's Annual General Meeting.

**(v) Equity funds**

Appropriation to equity funds is made in accordance with the Group's Charter as follows:

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

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

**(w) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options.

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**(x) Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical segments.

**(y) Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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**4. Segment reporting**

Segment information is presented in respect of the Group's primary segment, which is the geographical segment.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling, general and administration expenses, other gains or losses, and corporate income tax.

**Geographical segments**

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, which is located in Vietnam ("Domestic") or countries other than Vietnam ("Overseas").

	<b>Domestic</b> <b>(Customers located in Vietnam)</b>		<b>Overseas</b> <b>(Customers located in countries</b> <b>other than Vietnam)</b>		<b>Total</b>	
	<b>Nine-month period ended</b>		<b>Nine-month period ended</b>		<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>	<b>30/9/2014</b>	<b>30/9/2013</b>	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Net sales	21,592,386,685,340	19,420,862,485,060	4,049,544,544,548	3,353,706,921,626	25,641,931,229,888	22,774,569,406,686
Cost of sales	(13,622,085,362,220)	(11,729,085,474,534)	(3,261,461,749,636)	(2,532,035,617,702)	(16,883,547,111,856)	(14,261,121,092,236)
Segment income	7,970,301,323,120	7,691,777,010,526	788,082,794,912	821,671,303,924	8,758,384,118,032	8,513,448,314,450

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**5. Significant transactions**

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

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

On 27 May 2014, the Company established a 100% owned subsidiary named Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia in Poland. Total charter capital of this subsidiary is USD3,000,000. As at 30 September 2014, the Company has transferred VND10 billion as capital contribution to this subsidiary.

**6. Cash and cash equivalents**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	2,075,284,241	1,290,261,776
Cash in banks	637,254,263,040	1,393,244,021,897
Cash equivalents	31,000,000,000	1,351,111,042,277
	<hr/>	<hr/>
	670,329,547,281	2,745,645,325,950
	<hr/>	<hr/>

**7. Short-term investments**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Short-term investments in:		
▪ Listed securities	179,237,503,400	188,758,772,692
▪ Unlisted securities	82,533,803,026	82,533,803,026
▪ Term deposits	5,453,500,000,000	3,600,000,000,000
▪ Other short-term investments	442,000,000,000	442,000,000,000
	<hr/>	<hr/>
	6,157,271,306,426	4,313,292,575,718
Allowance for diminution in value of short-term investments	(146,844,547,900)	(145,974,953,400)
	<hr/>	<hr/>
	6,010,426,758,526	4,167,317,622,318
	<hr/>	<hr/>

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

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

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Opening balance	145,974,953,400	130,028,675,620
Increase in allowance during the period	6,016,344,500	24,082,943,610
Written back	(5,146,750,000)	(9,086,125,820)
Allowance utilised during the period	-	(1,449,609,300)
	<hr/>	<hr/>
Closing balance	146,844,547,900	143,575,884,110
	<hr/> <hr/>	<hr/> <hr/>

**8. Other receivables**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Interest income on deposits	124,143,909,727	186,194,305,557
Interest income from bonds	5,632,876,714	-
Import tax refundable	89,669,041,765	126,227,097,567
Receivables from sales of securities	45,337,394,000	-
Rebates receivable from suppliers	-	80,172,000,489
Dividend receivables	2,111,310,000	6,280,283,226
Others	29,647,081,587	18,393,032,804
	<hr/>	<hr/>
	296,541,613,793	417,266,719,643
	<hr/> <hr/>	<hr/> <hr/>

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

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**9. Inventories**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Goods in transit	321,915,494,024	545,709,876,853
Raw materials	2,159,617,984,757	1,672,882,301,994
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
	<hr/>	<hr/>
	3,549,938,308,880	3,227,859,954,432
Allowance for inventories	(14,207,530,462)	(10,376,905,544)
	<hr/>	<hr/>
	3,535,730,778,418	3,217,483,048,888
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Opening balance	10,376,905,544	3,455,165,385
Increase in allowance during the period	19,158,898,462	4,260,059,262
Allowance utilised during the period	(159,899,429)	(473,954,358)
Written back	(15,168,374,115)	(3,736,778,234)
	<hr/>	<hr/>
Closing balance	14,207,530,462	3,504,492,055
	<hr/> <hr/>	<hr/> <hr/>

At 30 September 2014, inventories with a carrying value of VND82.193 million (31/12/2013: VND60,374 million) were pledged with banks as security for loans granted to the Group (Note 18).

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

**Notes to the consolidated interim financial statements for the nine-month period ended 30 September 2014 (continued)**

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**10. Tangible fixed assets**

	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Livestock VND</b>	<b>Others VND</b>	<b>Total VND</b>
<b>Cost</b>							
Opening balance	2,126,117,218,387	7,747,429,057,274	592,136,887,627	400,572,098,813	228,946,974,351	52,065,256,747	11,147,267,493,199
Additions	11,548,096,460	55,580,134,306	66,110,711,847	26,686,609,141	-	11,546,128,632	171,471,680,386
Transfers 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
Transfers from inventories	-	-	-	-	80,639,074,770	-	80,639,074,770
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)	(2,172,985,648.00)
Translation differences	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
<b>Accumulated depreciation</b>							
Opening balance	365,323,412,697	2,413,392,957,350	204,968,808,243	188,696,967,596	82,411,226,983	43,415,349,204	3,298,208,722,073
Charge for the period	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
Reclassifications	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)
Translation differences	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
<b>Net book value</b>							
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

Included in the cost of tangible fixed assets were assets costing VND924,139,925,931 which were fully depreciated as of 30 September 2014 (31/12/2013: VND829,810,123,906), but which are still in active use.



**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Notes to the consolidated interim financial statements for the nine-month period ended**  
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**11. Intangible fixed assets**

	<b>Land use rights VND</b>	<b>Software VND</b>	<b>Others VND</b>	<b>Total VND</b>
<b>Cost</b>				
Opening balance	527,261,303,957	94,970,936,419	68,510,001,897	690,742,242,273
Addition	33,522,174,000	1,570,082,960	-	35,092,256,960
Disposals	(18,739,754,581)	-	(22,861,440,000)	(41,601,194,581)
Translation differences	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
<b>Accumulated amortisation</b>				
Opening balance	56,128,172,644	55,185,134,556	47,943,521,448	159,256,828,648
Charge for the period	4,643,662,008	5,993,539,353	1,692,528,718	12,329,730,079
Disposals	-	-	(22,861,440,000)	(22,861,440,000)
Translation differences	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
<b>Net book value</b>				
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

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

**12. Construction in progress**

	<b>Nine-month period ended</b>	
	<b>30/9/2014 VND</b>	<b>30/9/2013 VND</b>
Opening balance	537,872,350,628	3,565,241,433,334
Additions	422,430,224,520	703,228,905,277
Transfers from investment property	43,339,950,000	-
Transfers to tangible fixed assets	(279,205,365,988)	(3,716,486,547,102)
Transfers to intangible fixed assets	-	(52,551,133,898)
Transfer to investment property	-	(38,884,288,170)
Other decreases	(3,621,168,720)	(42,665,612,006)
Translation differences	90,533,825	-
Closing balance	720,906,524,265	417,882,757,435

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
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Major constructions in progress related to the following locations:

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Vietnam Dairy Cow One Member Limited Company	274,387,661,507	194,630,030,013
Dairy Cow farms	107,734,719,379	35,827,102,037
Lam Son Dairy Products One Member Limited Company	106,621,010,446	81,641,906,162
Head quarter	67,843,054,166	6,475,346,918
Can Tho branch	52,101,510,922	52,101,510,922
Driftwood Dairy Holdings Corporation	57,010,903,612	876,848,528
Vietnam milk factory	16,895,753,926	27,693,383,103
Angkor Milk Dairy Products Company	11,184,680,981	-
Vietnam powder milk factory	6,857,174,231	22,234,884,364
Tien Son milk factory	171,353,345	92,638,406,909
Lam Son milk factory	459,406,797	7,800,711,948
Others	19,639,294,953	15,952,219,724
	<hr/>	<hr/>
	720,906,524,265	537,872,350,628
	<hr/> <hr/>	<hr/> <hr/>

**13. Investment property**

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

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Notes to the consolidated interim financial statements for the nine-month period ended**  
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The Group's investment property represents buildings and infrastructure held for earning rental income.

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

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

**14. Long-term investments**

	<b>% of ownership</b>	<b>% of voting right</b>	<b>30/9/2014 VND</b>	<b>31/12/2013 VND</b>
<b>Long-term equity investments in associates and a jointly control entity</b>				
▪ Miraka Limited	19.3% (*)	19.3% (*)	284,049,019,321	248,670,851,841
▪ Asia Saigon Food Ingredients Joint Stock Company	15.0% (*)	15.0% (*)	35,272,275,206	27,975,762,678
▪ Horizon Apartment – Business Cooperation Contract	24.5% (*)	24.5% (*)	7,247,684,826	7,982,684,826
			326,568,979,353	284,629,299,345
<b>Long-term corporate bonds</b>				
▪ Ho Chi Minh City Development Joint Stock Commercial Bank			300,000,000,000	-
<b>Other long-term investments</b>				
▪ Long-term deposits			946,596,000,000	-
▪ Investment funds			10,559,408,600	21,677,078,220
▪ Listed securities			883,159,830	-
▪ Others			19,297,452,470	22,250,548,736
			1,277,336,020,900	43,927,626,956
Total long-term investments			1,603,905,000,253	328,556,926,301
Allowance for diminution in value of long-term investments			(5,008,253,438)	(10,248,632,262)
			1,598,896,746,815	318,308,294,039

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
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- (\*) Management assessed that the Group had significant influence over these two entities because two members of the Company’s Board of Directors are Board of Management members of these two entities.

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

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Opening balance	10,248,632,262	14,355,884,467
Increase in allowance during the period	581,189,402	230,097,017
Allowance utilised during the period	(5,821,568,226)	-
Closing balance	5,008,253,438	14,585,981,484

**15. Long-term prepayments**

	<b>Prepaid land costs</b>	<b>Tools and instruments</b>	<b>Other prepayments</b>	<b>Total</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Opening balance	6,432,866,456	83,951,133,124	80,767,838,735	171,151,838,315
Additions	1,850,226,175	118,531,920,588	34,215,079,113	154,597,225,876
Transfer to expenses	(2,248,062,937)	(62,795,488,373)	(33,647,975,733)	(98,691,527,043)
Transfer to short-term prepayments	(1,130,204,051)	(23,929,410,340)	(849,955,137)	(25,909,569,528)
Translation differences	-	-	4,748,250	4,748,250
Closing balance	4,904,825,643	115,758,154,999	80,489,735,228	201,152,715,870

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**16. Deferred tax assets**

Deferred tax assets were recognised on the following:

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Deferred tax assets:		
Foreign exchange differences	190,055,401	597,622,666
Accrued expenses and provisions	167,947,156,525	114,702,999,974
	<hr/>	<hr/>
Total deferred tax assets	168,137,211,926	115,300,622,640
	<hr/>	<hr/>
Deferred tax liabilities:		
Foreign exchange differences	(1,887,600,000)	-
	<hr/>	<hr/>
Net deferred tax assets	166,249,611,926	115,300,622,640
	<hr/> <hr/>	<hr/> <hr/>

**17. Goodwill**

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Opening balance	174,463,919,182	13,662,186,598
Adjustment	4,597,560,475	-
Charge for the period	(13,770,889,605)	(910,076,346)
Other decreases	-	(4,864,781,928)
	<hr/>	<hr/>
Closing balance	165,290,590,052	7,887,328,324
	<hr/> <hr/>	<hr/> <hr/>

**18. Short-term borrowings**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Short-term borrowings	1,253,405,718,239	517,000,000
Current portion of long-term borrowings and liabilities (Note 22)	20,516,760,000	178,426,692,147
	<hr/>	<hr/>
	1,273,922,478,239	178,943,692,147
	<hr/> <hr/>	<hr/> <hr/>

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
**Notes to the consolidated interim financial statements for the nine-month period ended**  
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Terms and conditions of outstanding short-term borrowings were as follows:

<b>Lenders</b>	<b>Currency</b>	<b>Annual interest rate</b>	<b>30/9/2014 VND</b>	<b>31/12/2013 VND</b>
The Bank of Tokyo-Mitsubishi UFJ Ltd. – Ho Chi Minh City Branch	(a) USD	1.47%	784,215,000,000	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch	(b) USD	1.30%	317,925,000,000	-
Wells Fargo	(c) USD	3.75%	151,265,718,239	-
Loans from individuals	VND	9% - 16%	-	517,000,000
			<hr/>	
			1,253,405,718,239	517,000,000
			<hr/>	

- (a) This short-term loan has a maximum facility of USD50 million and is unsecured.
- (b) This loan has a maximum facility of VND3,300 billion and is unsecured.
- (c) As at 30 September 2014, this loan was secured by inventories with a carrying amount of VND82,193 million (31/12/2013: VND60,374) and accounts receivables with a carrying amount of VND310,235 million (31/12/2013: VND194,978).

**19. Taxes payable to State Treasury**

	<b>30/9/2014 VND</b>	<b>31/12/2013 VND</b>
Value added tax	115,523,872,633	106,950,956,654
Corporate income tax	349,873,047,655	336,889,518,369
Personal income tax	14,164,343,869	12,853,254,782
Import tax	16,740,000	-
Other taxes	90,491,151	32,175,181
	<hr/>	
	479,668,495,308	456,725,904,986
	<hr/>	

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**20. Accrued expenses**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Sale incentives, promotion	271,568,696,754	218,642,778,937
Advertising expenses	226,545,374,590	66,981,178,134
Transportation expenses	54,352,608,535	40,344,338,573
Repair and maintenance expenses	19,508,833,341	12,478,798,051
Fuel expenses	14,853,443,485	18,140,900,939
Expenses for outsourced employees	13,865,149,049	13,071,225,266
Rental fee	8,647,497,301	-
Interest expense	3,825,570,625	384,249,613
Others	105,323,039,183	120,717,500,491
	<hr/>	<hr/>
	718,490,212,863	490,760,970,004
	<hr/>	<hr/>

**21. Other payables**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Import duty payables	49,901,855,159	108,992,820,343
Short-term deposits received	22,903,041,620	21,931,607,492
Insurance and trade union fees	3,652,139,724	945,240,476
Dividend payables	-	664,944,528,680
Outstanding checks in exceed of bank balance	99,908,288,174	82,832,057,449
Others	13,532,631,309	14,109,133,450
	<hr/>	<hr/>
	637,905,375,141	1,341,762,807,045
	<hr/>	<hr/>

(\*) Other payables relating to financial investments included an advance payment of VND447,822,000,000 received from a third party in respect of the future transfer of the Group's investment in a bank. The transfer can only be effective upon approval by the bank's Annual General Meeting or Board of Management and its founding shareholders; or after five years from the date of establishment of the bank, whichever comes first.

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
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**22. Long-term borrowings**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Long-term borrowings	370,395,454,016	362,569,476,550
Repayable within twelve months (Note 18)	(20,516,760,000)	(178,426,692,147)
	<hr/>	<hr/>
Repayable after twelve months	349,878,694,016	184,142,784,403
	<hr/>	<hr/>

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

		<b>Annual</b>	<b>Year</b>	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>Currency</b>	<b>interest</b>	<b>of</b>	<b>VND</b>	<b>VND</b>
		<b>rate</b>	<b>maturity</b>		
<b>Wells Fargo</b>					
Loan 1	USD	3.75%	2016	-	74,835,285,880
Loan 2	(a) USD	4.25%	2016	109,260,225,000	115,940,000,000
Loan 3	(a) USD	4.25%	2016	18,043,960,545	24,111,957,480
<b>Lincoln National</b>	(b) USD	15.00%	2015	-	131,742,706,320
<b>Sumitomo Mitsui</b>					
<b>Banking Corporation</b>	(b) USD	1.98%	2017	233,145,000,000	-
<b>Individuals</b>	(b) VND	None	2039	9,946,268,471	15,939,526,870
				<hr/>	<hr/>
				370,395,454,016	362,569,476,550
				<hr/>	<hr/>

(a) This loan were secured by fixed assets of Driftwood Dairy Holdings Corporation, a subsidiary, with a carrying amount of VND478,243 million as at 30 September 2014 (31/12/2013: VND397,015 million).

(b) These loans are unsecured.



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**23. Deferred tax liabilities**

Deferred tax liabilities were recognised on the following:

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Deferred tax assets:		
Accounts receivable	2,198,692,998	2,294,431,520
Inventories	1,092,863,881	1,079,064,120
Tax losses carry forwards	42,759,826,965	75,264,200,640
Accrued expenses	5,731,854,188	5,325,461,480
Others	469,939,780	297,038,280
	<hr/>	<hr/>
Total deferred tax assets	52,253,177,812	84,260,196,040
Valuation allowance	(39,426,137,491)	(64,322,015,320)
	<hr/>	<hr/>
Net deferred tax assets	12,827,040,321	19,938,180,720
	<hr/>	<hr/>
Deferred tax liabilities:		
Fixed assets and goodwill	(96,746,456,769)	(110,900,003,880)
Others	(137,521,638)	(103,776,840)
	<hr/>	<hr/>
Total deferred tax liabilities	(96,883,978,407)	(111,003,780,720)
	<hr/>	<hr/>
Net deferred tax liabilities	(84,056,938,086)	(91,065,600,000)
	<hr/> <hr/>	<hr/> <hr/>

**24. Provision for severance allowance**

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

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Opening balance	69,583,293,250	59,635,777,000
Provision made during the period	8,593,969,617	10,510,406,716
Provision used during the period	(968,161,001)	(446,586,800)
Written back	-	(84,532,500)
	<hr/>	<hr/>
Closing balance	77,209,101,866	69,615,064,416
	<hr/> <hr/>	<hr/> <hr/>

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**25. Changes in owners' equity**

	Share capital VND	Share premium VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Financial reserve VND	Retained profits VND	Total VND
<b>Balance at 1 January 2013</b>	8,339,557,960,000	1,276,994,100,000	(4,504,115,000)		93,889,017,729	588,402,022,008	5,198,757,611,121	15,493,096,595,858
Decrease in bonus share issued	-	-	(38,950,000)	-	22,835,000	-	16,115,000	-
Purchase of treasury shares	-	-	(410,584,959)	-	-	-	-	(410,584,959)
Net profit for the period	-	-	-	-	-	-	5,064,083,649,694	5,064,083,649,694
Appropriation to equity funds and bonus and welfare fund	-	-	-	-	670,915,027,802	245,553,773,992	(1,418,043,077,661)	(501,574,275,867)
Dividends (Note 27)	-	-	-	-	-	-	(3,167,235,049,800)	(3,167,235,049,800)
<b>Balance at 30 September 2013</b>	8,339,557,960,000	1,276,994,100,000	(4,953,649,959)		764,826,880,531	833,955,796,000	5,677,579,248,354	16,887,960,334,926
Purchase of treasury shares	-	-	(114,858,000)	-	-	-	-	(114,858,000)
Net profit for the period	-	-	-	-	-	-	1,470,050,013,140	1,470,050,013,140
Appropriation to equity funds and bonus and welfare fund	-	-	-	-	185,411,103,081	-	(331,046,188,924)	(145,635,085,843)
Dividends	-	-	-	-	-	-	(666,771,088,800)	(666,771,088,800)
<b>Balance at 1 January 2014</b>	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
Bonus shares issued	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	-	-	-	-	-	-	4,339,075,356,956	4,339,075,356,956
Appropriation to equity funds and bonus and welfare fund	-	-	-	-	427,943,105,715	51,809,938,701	(907,696,150,135)	(427,943,105,719)
Dividends (Note 27)	-	-	-	-	-	-	(3,333,742,429,119)	(3,333,742,429,119)
Currency translation differences	-	-	-	(243,732,147)	-	-	-	(243,732,147)
<b>Balance at 30 September 2014</b>	10,006,413,990,000	-	(5,388,109,959)	(243,732,147)	1,378,181,089,327	885,765,734,701	5,857,586,831,472	18,122,315,803,394

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**26. Share capital**

The Company's authorised and issued share capital is:

	30/9/2014		31/12/2013	
	Number of shares	VND	Number of shares	VND
<b>Authorised share capital</b>	1,000,641,399	10,006,413,990,000	833,955,796	8,339,557,960,000
<b>Issued ordinary shares</b>				
Ordinary shares	1,000,641,399	10,006,413,990,000	833,955,796	8,339,557,960,000
<b>Treasury ordinary shares</b>				
Ordinary shares	(522,795)	(5,388,109,959)	(488,735)	(5,068,507,959)
<b>Shares currently in circulation</b>				
Ordinary shares	1,000,118,604	10,001,025,880,041	833,467,061	8,334,489,452,041

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

Movements in share capital during the period were as follows:

	Nine-month period ended			
	30/9/2014		30/9/2013	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the period	833,467,061	8,334,489,452,041	833,525,676	8,335,053,845,000
Bonus shares issued during the period	166,685,603	1,666,856,030,000	-	-
Treasury shares purchased during the period	(34,060)	(319,602,000)	(49,935)	(449,534,959)
Balance at the end of the period	1,000,118,604	10,001,025,880,041	833,475,741	8,334,604,310,041

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**27. Dividends**

The Shareholders of the Company on 25 April 2014 and 25 July 2014 resolved to distribute dividends totally amounting to VND3,334 billion (VND2,000 per share) (for the nine-month period ended 30 September 2013: VND1,500 billion (VND1,800 per share) and VND1,667 billion (VND2,000 per share).

**28. Minority interest**

Movements in minority interest during the period were as follow:

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Opening balance	22,863,933,884	-
Capital contribution by cash	70,252,819,590	-
Capital contribution by assets	33,522,174,000	-
Adjustment during the period	(3,452,227,733)	-
Foreign exchange difference	106,377,142	-
Net profit for the period	(840,460,281)	-
	<hr/>	<hr/>
Closing balance	122,452,616,602	-
	<hr/> <hr/>	<hr/> <hr/>

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**29. Total revenue**

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

Net revenue comprised:

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Total revenue		
▪ Sales of finished goods	25,733,797,986,592	22,935,972,382,506
▪ Sales of merchandise goods	433,630,460,028	280,962,155,401
▪ Rental income from investment property	11,015,686,448	8,476,516,514
▪ Other services	31,925,816,185	16,988,081,960
	26,210,369,949,253	23,242,399,136,381
Less sales deductions		
▪ Sale discounts (*)	(510,397,275,581)	(453,597,197,766)
▪ Sale returns	(58,041,443,784)	(14,232,531,929)
	(568,438,719,365)	(467,829,729,695)
Net revenue	25,641,931,229,888	22,774,569,406,686

- (\*) With reference to the Decision No. 1079/QD-BTC dated 20 May 2014 of the Ministry of Finance, the Company offered certain discounts for dairy products for infants under the age of six sold to the Company's distributors but have not sold to end customers at the effective date of this Decision. Included in sales discounts for the nine-month period ended 30 September 2014 was an amount of VND41,077,766,115 related to such discounts (for the period ended 30 September 2013: nil).

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**30. Cost of sales**

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Finished goods sold	16,487,849,023,839	13,967,535,606,238
▪ Merchandise goods sold	349,379,683,313	236,264,582,356
▪ Rental of investment property	4,974,770,720	5,185,545,944
▪ Other services	2,782,921,735	1,308,910,691
▪ Inventories losses	5,034,150,544	5,624,077,645
▪ Under-capacity costs	29,536,037,358	44,679,088,334
▪ Increase of allowance for inventories	3,990,524,347	523,281,028
	<hr/>	<hr/>
	16,883,547,111,856	14,261,121,092,236
	<hr/> <hr/>	<hr/> <hr/>

**31. Financial income**

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	353,937,072,579	261,405,073,838
Interest income from bonds	5,632,876,714	21,924,315,067
Interest income on loans granted	-	625,185,469
Realised foreign exchange gains	20,838,712,415	76,604,151,228
Unrealised foreign exchange gains	17,588,089,464	-
Dividends	7,261,529,508	12,450,439,200
Gains on disposal of securities	35,816,124,708	12,258,500
Others	-	638
	<hr/>	<hr/>
	441,074,405,388	373,021,423,940
	<hr/> <hr/>	<hr/> <hr/>

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**32. Financial expenses**

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Interest expense on loans	30,505,743,600	-
Payment discounts for distributors	15,708,396,275	21,428,536,272
Realised foreign exchange losses	24,916,878,405	22,089,496,474
Unrealised foreign exchange losses	-	11,218,423,101
Interest expense on deposits received	544,741,927	638,377,901
(Write back allowance)/allowance for short-term and long-term investments	1,450,783,902	15,226,914,807
Others	-	2,848,919,246
	<hr/>	<hr/>
	73,126,544,109	73,450,667,801
	<hr/>	<hr/>

**33. Selling expenses**

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Staff costs	347,208,588,767	140,411,023,990
Materials expenses	47,226,009,267	45,007,546,614
Tools and supplies expenses	86,995,980,776	58,996,771,447
Depreciation expenses	21,780,501,919	18,945,327,899
Expenses of damaged goods	12,777,219,756	10,048,771,650
Transportation expenses	344,359,021,490	279,371,039,992
Outside service 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
	<hr/>	<hr/>
	3,259,391,015,139	2,323,623,657,203
	<hr/>	<hr/>

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**34. General and administration expenses**

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Staff costs	227,946,218,990	150,799,078,760
Materials expenses	13,108,781,166	12,410,151,610
Office supplies	11,802,187,227	5,702,581,175
Depreciation expenses	50,652,471,458	47,865,694,770
Fees and duties	5,506,127,129	5,884,071,827
Allowance for doubtful debts and provision for severance allowance	10,579,417,149	12,366,180,429
Transportation for internal transfers of goods	33,262,492,388	33,417,353,851
Outside service 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
Others	55,858,626,102	41,691,466,748
	576,541,698,303	448,575,011,565
	576,541,698,303	448,575,011,565

**35. Other income**

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Proceeds from disposals of tools, supplies and technical equipments	71,694,528,626	71,771,645,104
Rebate income	15,220,064,001	26,587,323,772
Proceeds from disposals of tangible fixed assets	46,250,047,459	19,007,120,725
Compensations received from other parties	8,731,014,243	484,683,795
Others	32,302,621,753	13,305,321,311
	174,198,276,082	131,156,094,707
	174,198,276,082	131,156,094,707



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**36. Other expenses**

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Book value of fixed assets disposed	53,224,022,257	20,835,054,855
Penalties for contract cancellation	960,247,149	3,000,000
Cost of tools, supplies and scrap disposed	-	241,111,666
Others	18,440,403,064	9,291,145,757
	72,624,672,470	30,370,312,278
	72,624,672,470	30,370,312,278

**37. Income tax**

*(i) Recognised in the statement of income*

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
<b>Current tax expense</b>		
Current year	1,146,947,542,759	1,136,173,076,228
Under provision in prior year	2,214,099,341	10,948,296,649
	1,149,161,642,100	1,147,121,372,877
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(50,948,989,286)	(40,523,782,237)
	1,098,212,652,814	1,106,597,590,640
	1,098,212,652,814	1,106,597,590,640

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**(ii) Reconciliation of effective tax rate**

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Profit before tax	5,436,447,549,489	6,170,681,240,334
Tax at the Company's tax rate	1,196,018,460,888	1,542,670,310,084
Tax rate differential applied to Company's branches and factories	(67,521,691,651)	(227,752,150,021)
Non-taxable income	(3,716,801,602)	(10,959,435,279)
Non-deductible expenses	4,333,773,574	5,597,856,195
Tax incentives	(31,647,486,714)	(204,359,087,057)
Deferred tax assets not previously recognised	(1,467,701,022)	(9,548,199,931)
Under provision in prior year	2,214,099,341	10,948,296,649
	<u>1,098,212,652,814</u>	<u>1,106,597,590,640</u>

**(iii) Applicable tax rates**

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

**38. Basic earnings per share**

The calculation of basic earnings per share for the nine-month period ended 30 September 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

**(i) Net profit attributable to ordinary shareholders**

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Net profit for the period – attributable to ordinary shareholders	4,339,075,356,956	5,064,083,649,694
	<u>4,339,075,356,956</u>	<u>5,064,083,649,694</u>

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(ii) *Weighted average number of ordinary shares*

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b> <b>(Restated)</b>
Number of ordinary shares at the beginning of the period	833,467,061	833,525,676
Effect of bonus shares issued	166,688,457	166,703,213
Purchase of treasury shares	(24,039)	(9,609)
Weighted average number of ordinary shares at the end of the period	1,000,131,479	1,000,219,280

On 22 August 2014, 166,685,603 of bonus shares were issued to existing shareholders at the ratio of one new share for five existing ordinary shares held.

Issued ordinary shares at the beginning of 2013 and 2014 have been adjusted to reflect the bonus shares issued in 2014. Basic earnings per share for the period ended 30 September 2013 have also been restated accordingly to reflect these bonus shares.

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

### **39. Financial instruments**

(a) **Financial risk management**

(i) *Overview*

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks.

The Group's Board of Management oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(ii) *Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

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The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**(b) Credit risk**

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

**(i) Exposure to credit risk**

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

	Note	30/9/2014 VND	31/12/2013 VND
Cash and cash equivalents	(ii)	668,254,263,040	2,744,355,064,174
Short-term and long-term deposits	(ii)	6,400,096,000,000	3,600,000,000,000
Trade and other receivables	(iii)	2,101,326,207,070	2,305,337,326,185
Long-term corporate bonds	(iv)	300,000,000,000	-
		9,469,676,470,110	8,649,692,390,359
		9,469,676,470,110	8,649,692,390,359

**(ii) Cash and cash equivalents and term deposits**

Cash and cash equivalents and term deposits at banks of the Group are mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

**(iii) Trade and other receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, the Group's management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Credit purchase limit is established for each customer, which represents the maximum open amount without requiring approval from the Chief Executive Officer. The limit is reviewed if needed. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

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Trade and other receivables that are neither past due nor impaired are mostly companies with good collection track records with the Group. Management believes that those receivables are of high credit quality.

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

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Past due 1 – 30 days	58,021,770,593	182,137,670,525
Past due 31 – 60 days	11,075,712,258	1,522,157,190
Past due 61 – 90 days	319,637,819	132,616,901
Past due more than 90 days	611,982,896	166,581,220
	<hr/>	<hr/>
	70,029,103,566	183,959,025,836
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Movements in the allowance for doubtful debts during the period were as follows:

	<b>Nine-month period ended</b>	
	<b>30/9/2014</b>	<b>30/9/2013</b>
	<b>VND</b>	<b>VND</b>
Opening balance	7,387,087,909	3,852,583,886
Increase in allowance during the period	1,985,447,532	1,855,773,713
Translation differences	27,335,099	-
Allowance utilised during the period	(3,345,728,183)	(3,762,737,192)
	<hr/>	<hr/>
Closing balance	6,054,142,357	1,945,620,407
	<hr/>	<hr/>

**(iv) Long-term corporate bonds**

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

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

**(c) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

**30 September 2014**

	<b>Carrying Amount VND</b>	<b>Contractual cash flows VND</b>	<b>Within 1 year VND</b>	<b>1 – 2 years VND</b>	<b>2 – 5 years VND</b>	<b>More than 5 years VND</b>
Short-term borrowings	1,273,922,478,239	1,304,271,526,117	1,304,271,526,117	-	-	-
Accounts payable – trade	1,610,917,087,104	1,610,917,087,104	1,610,917,087,104	-	-	-
Payables to employees	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 payables	637,905,375,141	637,905,375,141	637,905,375,141	-	-	-
Other long-term liabilities	5,092,359,237	5,092,359,237	-	5,092,359,237	-	-
Long-term borrowings	349,878,694,016	395,065,122,788	52,461,427,401	50,657,951,439	291,945,743,948	-
	4,750,383,685,450	4,825,919,162,100	4,478,223,107,476	55,750,310,676	291,945,743,948	-

**31 December 2013**

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

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

**(d) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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(i) **Currency risk**

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the accounting currency of the Group, which is the VND. The currencies in which these transactions primarily are denominated are U.S Dollars (USD) and Euro (EUR).

The Group's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures.

*Exposure to currency risk*

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

	<b>30 September 2014</b>		<b>31 December 2013</b>	
	<b>USD</b>	<b>EUR</b>	<b>USD</b>	<b>EUR</b>
Cash and cash in banks	4,177,198	1,005	16,776,618	21,606
Trade and other receivables	15,233,143	-	40,228,189	-
Short-term borrowings	(52,000,000)	-	-	-
Accounts payable – trade	(10,415,547)	(160,964)	(28,256,420)	(6,861,815)
	<hr/>		<hr/>	
	(43,005,206)	(159,959)	28,748,387	(6,840,209)
	<hr/>		<hr/>	

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

	<b>Exchange rate as at</b>	
	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
USD1	21,195	21,080
EUR1	26,685	28,956
	<hr/>	<hr/>

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Below is an analysis of the possible impact on the net profit of the Group, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at reporting date. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases:

	<b>Effect to net profit VND</b>
<b>30 September 2014</b>	
USD (1% strengthening)	(7,109,663,622)
EUR (8% weakening)	266,355,702
	<hr/>
<b>31 December 2013</b>	
USD (5% strengthening)	22,725,600,132
EUR (5% weakening)	7,427,441,572
	<hr/>

The opposite movement of the currencies would have the equal but opposite effect to the net profit of the Group.

**(ii) Interest rate risk**

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

**(iii) Price risk**

The Group invests in equity investments of listed and unlisted companies and is exposed to risks of price fluctuation of these investments. The risk factors affecting the performance of these investments include financial performance and position of invested companies and market conditions. The Board manages the former factor by selecting industries and entities to invest in. The latter factor is itself affected by general economic condition of Vietnam and behaviours of investors, which are all out of the Board's control. These factors have caused conditions to be volatile in the past 2 years.

For investments in listed securities, if the share prices had increased/decreased by 10% with all other variables including tax rate being held constant, the Group's consolidated net profit after tax would have been VND7,845,927,005 higher/lower (31 December 2013: VND7,526,266,200).



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**(e) Fair values versus carrying amount**

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

	Note	30/9/2014		31/12/2013	
		Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Categorised as financial assets at fair value through profit or loss:					
- Short-term investments in listed equity instruments	(ii)	-	-	9,521,269,292	26,326,080,000
Categorised as held-to-maturity investments:					
- Long-term corporate bonds	(v)	300,000,000,000	Note (v)	-	-
Categorised as loans and receivables:					
- Cash and cash equivalents	(i)	668,254,263,040	668,254,263,040	2,744,355,064,174	2,744,355,064,174
- Short-term deposits	(i)	5,453,500,000,000	5,453,500,000,000	3,600,000,000,000	3,600,000,000,000
- Long-term deposits	(v)	946,596,000,000	Note (v)	-	-
- Trade and other receivables	(i)	2,101,326,207,070	2,101,326,207,070	2,305,337,326,185	2,305,337,326,185
Categorised as available-for-sale financial assets					
- 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	(ii)	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:					
- Short-term borrowings	(i)	(1,273,922,478,239)	(1,273,922,478,239)	(178,943,692,147)	(178,943,692,147)
- Long-term borrowings	(i)	(349,878,694,016)	(349,878,694,016)	(184,142,784,403)	(184,142,784,403)
- Trade and other payables	(i)	(3,126,582,513,195)	(3,126,582,513,195)	(3,943,357,180,091)	(3,943,357,180,091)

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**(i) *Cash and cash equivalents, short-term deposits, trade and other receivables, trade and other payables, short-term and long-term borrowings***

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 and long-term investments in listed equity securities***

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

**(iii) *Short-term investments in unlisted equity securities***

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

**(iv) *Investment funds***

Market value of investments funds is based on Net Asset Value of funds portfolio which is verified by the appointed security company and supervising bank.

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

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

**Vietnam Dairy Products Joint Stock Company and its subsidiaries**  
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**30 September 2014 (continued)**

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**40. Significant transactions with related parties**

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

Related Party	Relationship	Nature of transaction	Nine-month period ended	
			30/9/2014 VND	30/9/2013 VND
Miraka Limited	Associate	Purchases of goods	229,692,619,200	144,640,037,360
Asia Saigon Food Ingredients Joint Stock Group	Associate	Sales of services and goods	2,320,777,794	148,282,989
		Purchases of goods	-	11,414,335,000
Board of Management's and Board of Directors' members		Compensation	49,919,898,870	52,391,955,350
The State Capital Investment Corporation		Payments of dividends	1,502,928,000,000	1,427,781,600,000

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

	Nine-month period ended	
	30/9/2014 VND	30/9/2013 VND
Raw material costs included in production costs	15,243,121,605,573	13,330,509,575,947
Labour costs and staff costs	1,208,523,580,918	706,677,054,939
Depreciation and amortisation	769,665,048,321	546,420,009,438
Outside services	1,010,659,752,884	859,759,965,582
Other expenses	2,643,698,937,291	1,864,669,128,368

31 October 2014

Prepared by:



**Le Thanh Liem**  
Chief Accountant

Approved by:



**Mai Kieu Lien**  
Chief Executive Officer