

Vietnam Dairy Products Joint Stock Company

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

Vietnam Dairy Products Joint Stock Company Corporate Information

Business Registration Certificate No.

4103001932
0300588569

20 November 2003
29 May 2013

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

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
Statement of the Board of Directors

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN RESPECT OF THE SEPARATE INTERIM FINANCIAL STATEMENTS

The Board of Directors is responsible for the separate interim financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) which give a true and fair view of the unconsolidated financial position of the Company as at 30 September 2014 and of the unconsolidated results of operations and cash flows for the nine-month period then ended. In preparing these separate 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 separate interim financial statements on a going concern basis unless it is inappropriate to presume that the Company 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 unconsolidated financial position of the Company and which enable these separate interim financial statements to be prepared in compliance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the relevant requirements of the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial statements. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE SEPARATE INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying separate interim financial statements set out on pages 4 to 54 which give a true and fair view of the unconsolidated financial position of the Company as at 30 September 2014, and of the unconsolidated results of operations and cash flows for the nine-month period 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 Kieu Lien
Chief Executive Officer

Ho Chi Minh City, 31 October 2014

FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders Vietnam Dairy Products Joint Stock Company

We have reviewed the accompanying separate interim financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”), which comprise the separate balance sheet as at 30 September 2014, the related separate statements of income and cash flows for the nine-month period then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Directors on 31 October 2014, as set out on pages 4 to 54. These separate interim financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these separate 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 separate interim financial statements are free of material misstatements. A review primarily involves inquiries of the Company’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 separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial position of Vietnam Dairy Products Joint Stock Company as at 30 September 2014 and of its unconsolidated results of operations and its unconsolidated 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.

KPMG Limited’s Branch in Ho Chi Minh City

Vietnam

Operating registration certificate No.: 4114000230

Review Report No: 14-01-245



Chang Hong Jun
Practising Auditor Registration
Certificate No. 0863-2013-007-1
Deputy General Director

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

Ho Chi Minh City, 31 October 2014

Vietnam Dairy Products Joint Stock Company
Separate balance sheet as at 30 September 2014

Form B 01a – DN

	Code	Note	30/9/2014 VND	31/12/2013 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		11,819,791,975,369	12,415,938,573,034
Cash and cash equivalents	110	5	467,837,032,087	2,649,635,556,014
Cash	111		467,837,032,087	1,349,635,556,014
Cash equivalents	112		-	1,300,000,000,000
Short-term investments	120	6	6,006,926,758,526	4,167,317,622,318
Short-term investments	121		6,153,771,306,426	4,313,292,575,718
Allowance for diminution in the value of short-term investments	129		(146,844,547,900)	(145,974,953,400)
Accounts receivable – short-term	130	7	2,043,792,038,122	2,449,900,290,879
Accounts receivable – trade	131		1,484,603,394,107	1,739,619,472,317
Prepayments to suppliers	132		282,938,541,342	305,461,174,876
Other receivables	135		278,761,536,176	406,739,802,657
Allowance for doubtful debts	139	35(b)	(2,511,433,503)	(1,920,158,971)
Inventories	140	8	3,266,503,625,346	3,016,748,244,786
Inventories	141		3,280,711,155,808	3,027,125,150,330
Allowance for inventories	149		(14,207,530,462)	(10,376,905,544)
Other current assets	150		34,732,521,288	132,336,859,037
Short-term prepayments	151		29,110,666,172	115,212,816,603
Deductible value added tax	152		3,311,255,316	16,079,608,608
Other current assets	158		2,310,599,800	1,044,433,826

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

Vietnam Dairy Products Joint Stock Company
Separate balance sheet as at 30 September 2014 (continued)

Form B 01a – DN

	Code	Note	30/9/2014 VND	31/12/2013 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		10,751,924,497,344	9,466,984,212,085
Accounts receivable – long-term	210		6,442,492,670	736,666,667
Other long-term receivables	218		6,442,492,670	736,666,667
Fixed assets	220		7,257,361,569,124	7,634,662,008,779
Tangible fixed assets	221	9	6,697,255,461,034	7,075,948,185,947
<i>Cost</i>	222		10,026,038,399,095	9,785,029,845,569
<i>Accumulated depreciation</i>	223		(3,328,782,938,061)	(2,709,081,659,622)
Intangible fixed assets	227	10	289,557,369,255	298,010,933,176
<i>Cost</i>	228		410,894,323,336	409,324,240,376
<i>Accumulated amortisation</i>	229		(121,336,954,081)	(111,313,307,200)
Construction in progress	230	11	270,548,738,835	260,702,889,656
Investment property	240	12	102,386,583,066	106,022,395,521
<i>Cost</i>	241		132,849,190,358	132,849,190,358
<i>Accumulated depreciation</i>	242		(30,462,607,292)	(26,826,794,837)
Long-term investments	250	13	3,046,199,137,739	1,474,193,337,749
Investments in subsidiaries	251		1,667,831,569,524	1,355,850,560,000
Investments in associates and joint-ventures	252		238,275,992,596	239,010,992,596
Other long-term investments	258		1,257,455,408,600	21,977,078,220
Allowance for diminution in the value of long-term investments	259		(117,363,832,981)	(142,645,293,067)
Other long-term assets	260		339,534,714,745	251,369,803,369
Long-term prepayments	261	14	172,302,799,619	134,992,760,729
Deferred tax assets	262	15	166,249,611,926	115,300,622,640
Other long-term assets	268		982,303,200	1,076,420,000
TOTAL ASSETS (270 = 100 + 200)	270		22,571,716,472,713	21,882,922,785,119

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

Vietnam Dairy Products Joint Stock Company
Separate balance sheet as at 30 September 2014 (continued)

Form B 01a – DN

	Code	Note	30/9/2014 VND	31/12/2013 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		4,669,481,821,754	4,498,115,839,593
Current liabilities	310		4,592,387,042,621	4,427,923,145,335
Short-term borrowings	311	16	1,102,140,000,000	-
Accounts payable – trade	312	17	1,398,782,894,270	1,758,323,135,506
Advances from customers	313		14,141,815,312	18,713,599,852
Taxes payable to State Treasury	314	18	476,023,629,596	455,641,139,360
Payables to employees	315		129,829,278,600	130,474,291,268
Accrued expenses	316	19	686,413,039,155	452,019,954,359
Other payables	319	20	531,221,260,435	1,255,411,806,799
Bonus and welfare fund	323		253,835,125,253	357,339,218,191
Long-term liabilities	330		77,094,779,133	70,192,694,258
Provision for severance allowance	337	21	76,983,126,866	69,357,318,250
Unearned revenue	338		111,652,267	835,376,008
EQUITY (400 = 410)	400		17,902,234,650,959	17,384,806,945,526
Owners' equity	410	22	17,902,234,650,959	17,384,806,945,526
Share capital	411	23	10,006,413,990,000	8,339,557,960,000
Share premium	412		-	1,276,994,100,000
Treasury shares	414	23	(5,388,109,959)	(5,068,507,959)
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		5,637,261,946,890	5,989,129,613,873
TOTAL RESOURCES (440 = 300 + 400)	440		22,571,716,472,713	21,882,922,785,119

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

Vietnam Dairy Products Joint Stock Company
Separate balance sheet as at 30 September 2014 (continued)

Form B 01a – DN

OFF BALANCE SHEET ITEMS

	30/9/2014	31/12/2013
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 separate interim financial statements

Vietnam Dairy Products Joint Stock Company
Separate statement of income for the nine-month period ended 30 September 2014

Form B 02a – DN

	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
Total revenue	01	25	8,426,155,259,333	8,216,873,767,684	24,362,325,490,009	23,369,225,639,323
Less revenue deductions	02	25	179,289,021,691	162,862,218,618	531,261,694,334	467,829,729,695
Net revenue (10 = 01 - 02)	10	25	8,246,866,237,642	8,054,011,549,066	23,831,063,795,675	22,901,395,909,628
Cost of sales	11	26	5,297,514,358,287	5,118,774,087,933	15,502,844,237,839	14,430,034,811,143
Gross profit (20 = 10 - 11)	20		2,949,351,879,355	2,935,237,461,133	8,328,219,557,836	8,471,361,098,485
Financial income	21	27	179,474,042,017	132,381,374,976	437,736,277,274	372,908,447,677
Financial expenses	22	28	46,098,315,222	42,753,624,188	25,980,493,209	82,668,265,738
<i>In which: Interest expense</i>	23		<i>3,418,962,354</i>	<i>-</i>	<i>3,418,962,354</i>	<i>-</i>
Selling expenses	24	29	1,202,982,363,622	876,242,733,210	3,013,186,546,748	2,323,735,657,203
General and administration expenses	25	30	154,675,186,790	140,489,444,534	441,055,722,628	413,316,004,390
Net operating profit {30 = 20 + (21 – 22) – (24 + 25)}	30		1,725,070,055,738	2,008,133,034,177	5,285,733,072,525	6,024,549,618,831
Other income	31	31	36,697,713,297	40,504,615,326	127,289,388,578	137,340,326,342
Other expenses	32	32	23,349,676,783	14,385,298,563	40,891,630,577	40,834,672,210
Results of other activities (40 = 31 - 32)	40		13,348,036,514	26,119,316,763	86,397,758,001	96,505,654,132

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


Vietnam Dairy Products Joint Stock Company
Separate statement of income for the nine-month period ended 30 September 2014 (continued)

Form B 02a – DN

	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
Profit before tax (50 = 30 + 40)	50		1,738,418,092,252	2,034,252,350,940	5,372,130,830,526	6,121,055,272,963
Income tax expense – current	51	33	361,607,520,409	380,979,808,952	1,143,648,762,664	1,145,836,296,565
Income tax expense – deferred	52	33	(6,846,444,831)	(15,732,732,250)	(50,948,989,286)	(40,523,782,237)
Net profit after tax (60 = 50 - 51 - 52)	60		1,383,657,016,674	1,669,005,274,238	4,279,431,057,148	5,015,742,758,635
Basic earnings per share	70	34	1,273	1,669	4,279	5,015

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 separate interim financial statements

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

Form B 03a – DN

	Code Note	Nine-month period ended	
		30/9/2014	30/9/2013
		VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	01	5,372,130,830,526	6,121,055,272,963
Adjustments for			
Depreciation and amortisation	02	648,902,411,911	490,638,439,435
Allowances and provisions	03	(13,884,405,481)	26,823,567,484
Unrealised foreign exchange gains	04	(17,588,089,464)	11,218,423,101
Losses on disposals of fixed assets	05	3,042,595,716	1,113,570,042
Dividends and interest income	05	(363,514,290,708)	(296,292,037,311)
Losses from other investing activities	05	-	2,806,542,610
Interest expense	06	3,418,962,354	-
Operating profit before changes in working capital	08	5,632,508,014,854	6,357,363,778,324
Change in receivables	09	317,419,171,244	(188,494,144,445)
Change in inventories	10	(256,824,617,704)	214,355,144,869
Change in payables and other liabilities	11	(45,967,166,834)	(500,338,830,027)
Change in prepayments	12	50,712,207,583	(34,249,883,590)
		5,697,847,609,143	5,848,636,065,131
Income tax paid	14	(1,133,108,078,467)	(1,017,074,592,271)
Other receipts from operating activities	15	966,420,000	20,969,913,520
Other payments for operating activities	16	(529,294,289,056)	(660,941,834,557)
Net cash flows from operating activities	20	4,036,411,661,620	4,191,589,551,823

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

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

Form B 03a – DN

	Code	Note	Nine-month period ended	
			30/9/2014	30/9/2013
			VND	VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(362,459,250,099)	(1,001,812,133,445)
Collections on disposals of fixed assets	22		56,259,220,960	27,090,909,460
Increase on time deposits	23		(2,796,596,000,000)	(273,100,000,000)
Payments for purchases of debt instruments of other entities	23		(300,000,000,000)	-
Proceeds from sales of debt instruments of other entities	24		5,296,101,394	4,531,896,380
Collections on loan to other entities	24		-	30,000,000,000
Payments for investments in other entities	25		(355,553,202,500)	(118,000,000,000)
Collections on investment in other entities	26		967,242,976	133,786,051,481
Proceeds from matured bonds	26		-	300,000,000,000
Receipts of interest and dividends	27		424,113,763,263	260,190,675,696
Net cash flows from investing activities	30		(3,327,972,124,006)	(637,312,600,428)

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

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

Form B 03a – DN

	Code	Note	Nine-month period ended	
			30/9/2014 VND	30/9/2013 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for shares repurchases	32		(319,602,000)	(410,584,959)
Proceeds from short-term borrowings	33		1,110,720,000,000	-
Dividends paid	36		(4,000,511,732,800)	(3,167,235,049,800)
Net cash flows from financing activities	40		(2,890,111,334,800)	(3,167,645,634,759)
Net cash flows during the period (50 = 20 + 30 + 40)	50		(2,181,671,797,186)	386,631,316,636
Cash and cash equivalents at the beginning of the period	60		2,649,635,556,014	1,224,462,285,364
Effect of exchange rate fluctuations on cash and cash equivalents	61		(126,726,741)	(718,677,598)
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	5	467,837,032,087	1,610,374,924,402

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 separate interim financial statements

Vietnam Dairy Products Joint Stock Company
Notes to the separate interim financial statements for the nine-month period ended
30 September 2014

Form B 09a – DN

These notes form an integral part of, and should be read in conjunction with the accompanying separate 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.

As at 30 September 2014, the Company had 7 subsidiaries:

Subsidiaries	Principal activities	Ownership of legal capital by the Company
Vietnam Dairy Cow One Member Limited Company	Milk production	100.00%
Lamson Dairy Products One Member Company Limited	Milk production	100.00%
International Real Estate One Member Limited Company (*)	Real estate trading	100.00%
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Animal and milk trading	100.00%
Thong Nhat Thanh Hoa Dairy Cow Company Limited	Milk production	96.33%
Driftwood Dairy Holdings Corporation	Milk production	70.00%
Angkor Dairy Products Co., Ltd.	Milk production	51.00%

(*) On 24 February 2014, the Company’s Board of Management passed a resolution to liquidate this subsidiary. As at 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 Company had 5,028 employees (31/12/2013: 5,049 employees).

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

Form B 09a – DN

2. Basis of preparation

(a) Statement of compliance

The separate 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 requirement applicable to interim financial statements.

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting currency

The separate 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 Company in the preparation of these separate interim financial statements.

(a) 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 separate statement of income.

(b) 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.

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

Form B 09a – DN

(c) Short-term and long-term investments

(i) Classification

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

(ii) Recognition

The Company 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.

(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 Company has transferred substantially all risks and rewards of ownership.

(d) Accounts receivable

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

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

Form B 09a – DN

(e) 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 Company applies the perpetual method of accounting for inventories.

(f) 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 separate statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

▪ buildings and structures	10 – 50 years
▪ machinery and equipment	8 – 10 years
▪ motor vehicles	10 years
▪ office equipment	3 – 8 years

Vietnam Dairy Products Joint Stock Company
Notes to the separate interim financial statements for the nine-month period ended
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(g) 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.

(h) 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 separate 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.

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Notes to the separate interim financial statements for the nine-month period ended
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(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

(i) 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.

(j) 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 separate statement of income on a straight-line basis over the term of the lease.

(ii) Tools and instruments

Tools and instruments include assets held for use by the Company 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.

(k) Trade and other payables

Trade and other payables are stated at their cost.

Vietnam Dairy Products Joint Stock Company
Notes to the separate interim financial statements for the nine-month period ended
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(l) Provisions

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

Severance allowance

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

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Company 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 Company 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 at 31 December 2008 and their average salary for the nine-month period prior to the termination date.

(m) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Company’s unconsolidated financial position and unconsolidated results of operations and the nature and extent of risk arising from financial instruments, the Company 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 Company as financial assets at fair value through profit or loss.

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Held-to-maturity investments

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

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

Loans and receivables

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

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that 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).

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- Upon initial recognition, it is designated by the Company as financial liabilities at fair value through profit or loss.

Financial liabilities carried at amortised cost

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

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

(n) Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the separate 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.

(o) 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 Company purchase the Company's equity share capital (treasury shares), the consideration paid, including directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares 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 Company's equity holders.

Vietnam Dairy Products Joint Stock Company
Notes to the separate interim financial statements for the nine-month period ended
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(p) Revenue

(i) Goods sold

Revenue from the sale of goods is recognised in the separate 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 separate 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 separate 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.

(q) 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 separate 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
Notes to the separate interim financial statements for the nine-month period ended
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(r) Operating lease payments

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

(s) Dividend distribution

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

(t) Equity funds

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

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

Appropriation to financial reserve will cease when the amount reaches 10% of the Company'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 Company's Charter and financial regulations.

(u) Earnings per share

The Company 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 Company 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.

(v) Segment reporting

A segment is a distinguishable component of the Company 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 Company's primary format for segment reporting is based on geographical segments.

Vietnam Dairy Products Joint Stock Company
Notes to the separate interim financial statements for the nine-month period ended
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(w) 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 Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

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4. Segment reporting

Segment information is presented in respect of the Company’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”).

	Domestic		Overseas		Total	
	Nine-month period ended	Nine-month period ended	Nine-month period ended	Nine-month period ended	Nine-month period ended	Nine-month period ended
	30/9/2014	30/9/2013	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	VND	VND	VND	VND	VND	VND
Net sales	21,754,936,681,865	19,547,688,988,002	2,076,127,113,810	3,353,706,921,626	23,831,063,795,675	22,901,395,909,628
Cost of sales	(13,870,744,378,181)	(11,897,999,193,441)	(1,632,099,859,658)	(2,532,035,617,702)	(15,502,844,237,839)	(14,430,034,811,143)
Segment income	7,884,192,303,684	7,649,689,794,561	444,027,254,152	821,671,303,924	8,328,219,557,836	8,471,361,098,485

Vietnam Dairy Products Joint Stock Company
Notes to the separate interim financial statements for the nine-month period ended
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5. Cash and cash equivalents

	30/9/2014	31/12/2013
	VND	VND
Cash on hand	786,824,484	636,768,587
Cash in banks	467,050,207,603	1,348,998,787,427
Cash equivalents	-	1,300,000,000,000
	<hr/>	<hr/>
	467,837,032,087	2,649,635,556,014
	<hr/>	<hr/>

6. Short-term investments

	30/9/2014	31/12/2013
	VND	VND
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	5,450,000,000,000	3,600,000,000,000
▪ Other short-term investments	442,000,000,000	442,000,000,000
	<hr/>	<hr/>
	6,153,771,306,426	4,313,292,575,718
Allowance for diminution in value of short-term investments	(146,844,547,900)	(145,974,953,400)
	<hr/>	<hr/>
	6,006,926,758,526	4,167,317,622,318
	<hr/>	<hr/>

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

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
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/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate interim financial statements for the nine-month period ended
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7. Accounts receivable – short-term

Accounts receivable included the following amounts due from related parties:

	30/9/2014	31/12/2013
	VND	VND
Amount due from related parties		
Trade	3,924,754,489	60,099,169,471

The trade related amount due from related parties were unsecured, interest free and receivable on demand from invoice date.

Other receivables comprised:

	30/9/2014	31/12/2013
	VND	VND
Interest income from 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	11,867,003,970	7,866,115,818
	278,761,536,176	406,739,802,657

Vietnam Dairy Products Joint Stock Company
Notes to the separate interim financial statements for the nine-month period ended
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8. Inventories

	30/9/2014	31/12/2013
	VND	VND
Goods in transit	321,915,494,024	545,709,876,853
Raw materials	2,029,897,146,233	1,601,312,578,132
Tools and supplies	2,098,555,311	2,656,080,719
Work in progress	47,897,737,135	46,449,573,986
Finished goods	839,168,702,676	806,041,510,279
Merchandise inventories	32,480,724,102	24,132,281,664
Goods on consignment	7,252,796,327	823,248,697
	<hr/>	<hr/>
	3,280,711,155,808	3,027,125,150,330
Allowance for inventories	(14,207,530,462)	(10,376,905,544)
	<hr/>	<hr/>
	3,266,503,625,346	3,016,748,244,786
	<hr/> <hr/>	<hr/> <hr/>

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

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

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

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9. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	1,692,151,444,465	7,167,671,244,816	549,891,781,955	375,315,374,333	9,785,029,845,569
Additions	4,686,252,198	41,257,428,808	22,763,270,183	26,253,787,741	94,960,738,930
Transfers from construction in progress	78,383,700,771	86,729,349,305	9,006,691,000	2,280,918,389	176,400,659,465
Transfers to long-term prepayments	-	(1,750,105,500)	-	-	(1,750,105,500)
Reclassification	-	(271,825,315)	271,825,315	-	-
Disposals	(2,505,751,434)	(11,911,238,036)	(13,859,785,012)	(90,000,000)	(28,366,774,482)
Written off	-	-	-	(235,964,887)	(235,964,887)
Closing balance	1,772,715,646,000	7,281,724,854,078	568,073,783,441	403,524,115,576	10,026,038,399,095
Accumulated depreciation					
Opening balance	279,788,756,482	2,084,303,059,207	170,948,009,959	174,041,833,974	2,709,081,659,622
Charge for the period	58,097,570,441	501,128,321,335	38,224,550,859	37,792,509,940	635,242,952,575
Reclassifications	47,463,481	186,271,027	-	(233,734,508)	-
Disposals	(2,255,481,919)	(6,889,394,415)	(6,070,832,915)	(90,000,000)	(15,305,709,249)
Written off	-	-	-	(235,964,887)	(235,964,887)
Closing balance	335,678,308,485	2,578,728,257,154	203,101,727,903	211,274,644,519	3,328,782,938,061
Net book value					
Opening balance	1,412,362,687,983	5,083,368,185,609	378,943,771,996	201,273,540,359	7,075,948,185,947
Closing balance	1,437,037,337,515	4,702,996,596,924	364,972,055,538	192,249,471,057	6,697,255,461,034

Included in the cost of tangible fixed assets were assets costing VND898,833,113,588 which were fully depreciated as at 30 September 2014 (31/12/2013: VND816,527,555,828), but which are still in active use.

Vietnam Dairy Products Joint Stock Company
Notes to the separate interim financial statements for the nine-month period ended
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10. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	314,353,303,957	94,970,936,419	409,324,240,376
Additions	-	1,570,082,960	1,570,082,960
Closing balance	314,353,303,957	96,541,019,379	410,894,323,336
Accumulated amortisation			
Opening balance	56,128,172,644	55,185,134,556	111,313,307,200
Charge for the period	4,030,107,528	5,993,539,353	10,023,646,881
Closing balance	60,158,280,172	61,178,673,909	121,336,954,081
Net book value			
Opening balance	258,225,131,313	39,785,801,863	298,010,933,176
Closing balance	254,195,023,785	35,362,345,470	289,557,369,255

Included in the cost of intangible fixed assets were assets costing VND47,704,588,915 which were fully amortised as at 30 September 2014 (31/12/2013: VND47,704,588,915), but which are still in use.

11. Construction in progress

	Nine-month period ended	
	30/9/2014 VND	30/9/2013 VND
Opening balance	260,702,889,656	3,490,371,666,917
Additions	194,641,917,572	645,822,330,099
Transfers to tangible fixed assets	(176,400,659,465)	(3,662,129,081,933)
Transfers to intangible fixed assets	-	(52,551,133,898)
Transfers to investment property	-	(38,884,288,170)
Disposals	(8,225,418,386)	(24,406,365,716)
Other decreases	(169,990,542)	(38,850,085,421)
Closing balance	270,548,738,835	319,373,041,878

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Major constructions in progress related to the following locations:

	30/9/2014	31/12/2013
	VND	VND
Vietnam dairy factory	16,895,753,926	27,693,383,103
Vietnam powder milk factory	6,857,174,231	22,234,884,364
Can Tho branch	52,101,510,922	52,101,510,922
Dairy Cow farms	107,734,719,379	35,827,102,037
Lam Son milk factory	459,406,797	7,800,711,948
Tien Son milk factory	171,353,345	92,638,406,909
Head quarter	67,843,054,166	6,475,346,918
Others	18,485,766,069	15,931,543,455
	<hr/>	<hr/>
	270,548,738,835	260,702,889,656
	<hr/>	<hr/>

12. Investment property

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

The Company'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 Company's investment property.

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate interim financial statements for the nine-month period ended
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13. Long-term investments

	% of ownership	% of voting right	30/9/2014 VND	31/12/2013 VND
Long-term equity investments in subsidiaries				
▪ Vietnam Dairy Cow One Member Limited Company	100.00%	100.00%	1,057,000,000,000	1,057,000,000,000
▪ Lamson Dairy Products One Member Company Limited	100.00%	100.00%	320,800,000,000	90,800,000,000
▪ International Real Estate One Member Limited Company	100.00%	100.00%	2,427,807,024	46,000,000,000
▪ Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	100.00%	100.00%	9,834,270,000	-
▪ Thong Nhat Thanh Hoa Dairy Cow Limited Company	96.33%	96.33%	12,100,000,000	4,300,000,000
▪ Driftwood Dairy Holdings Corporation	70.00%	70.00%	157,750,560,000	157,750,560,000
▪ Angkor Dairy Products Co, Ltd	51.00%	51.00%	107,918,932,500	-
			<hr/>	<hr/>
			1,667,831,569,524	1,355,850,560,000
Long-term equity investments in associates and a jointly control entity				
▪ Miraka Limited	19.30% (*)	19.30% (*)	213,028,307,770	213,028,307,770
▪ Asia Saigon Food Ingredients Joint Stock Company	15.00% (*)	15.00% (*)	18,000,000,000	18,000,000,000
▪ Horizon Apartment – Business Cooperation Contract	24.50%	24.50%	7,247,684,826	7,982,684,826
			<hr/>	<hr/>
			238,275,992,596	239,010,992,596
Long-term corporate bonds				
▪ Ho Chi Minh City Development Joint Stock Commercial Bank			300,000,000,000	-
Other long-term investments				
▪ Long-term deposits			946,596,000,000	-
▪ Investment funds			10,559,408,600	21,677,078,220
▪ Others			300,000,000	300,000,000
			<hr/>	<hr/>
			1,257,455,408,600	21,977,078,220
Total long-term investments			<hr/>	<hr/>
			3,163,562,970,720	1,616,838,630,816
Allowance for diminution in value of long-term investments			(117,363,832,981)	(142,645,293,067)
			<hr/>	<hr/>
			3,046,199,137,739	1,474,193,337,749

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Notes to the separate interim financial statements for the nine-month period ended
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- (*) Management assessed that the Company 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:

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Opening balance	142,645,293,067	191,607,308,624
Increase in allowance during the period	581,189,402	9,869,468,922
Allowance utilised during the period	(5,821,568,226)	(43,761,237,842)
Written back	(20,041,081,262)	(421,773,969)
Closing balance	117,363,832,981	157,293,765,735

14. Long-term prepayments

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

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15. Deferred tax assets

Deferred tax assets were recognised on the following:

	30/9/2014	31/12/2013
	VND	VND
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/>

16. Short-term borrowings

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

Lenders	Currency	Annual interest rate	30/9/2014	31/12/2013
			VND	VND
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	-
			<hr/>	<hr/>
			1,102,140,000,000	-
			<hr/> <hr/>	<hr/> <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.

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17. Accounts payable – trade

Accounts payable – trade included the following amounts due to related parties:

	30/9/2014	31/12/2013
	VND	VND
Amounts due to related parties	74,397,553,766	76,935,191,029

The trade related amounts due to related parties were unsecured, interest free and payable within 60 days from invoice date.

18. Taxes payable to State Treasury

	30/9/2014	31/12/2013
	VND	VND
Value added tax	115,434,485,413	106,885,830,826
Corporate income tax	346,608,039,025	336,067,354,818
Personal income tax	13,887,864,783	12,658,403,836
Import tax	16,740,000	-
Natural resources tax	36,048,350	29,549,880
Others	40,452,025	-
	476,023,629,596	455,641,139,360

19. Accrued expenses

	30/9/2014	31/12/2013
	VND	VND
Sale incentives, promotion	271,377,941,754	218,453,058,937
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	3,418,962,354	-
Others	73,843,228,746	82,550,454,459
	686,413,039,155	452,019,954,359

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20. Other payables

	30/9/2014	31/12/2013
	VND	VND
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	22,627,041,620	21,558,597,492
Insurance and trade union fees	715,152,635	517,527,813
Dividend payables	-	664,944,528,680
Others	9,969,791,866	11,390,913,316
	<hr/>	<hr/>
	531,221,260,435	1,255,411,806,799
	<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 Company'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.

21. Provision for severance allowance

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

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Opening balance	69,357,318,250	59,325,269,500
Provision made during the period	8,593,969,617	10,510,406,716
Provision used during the period	(968,161,001)	(446,586,800)
	<hr/>	<hr/>
Closing balance	76,983,126,866	69,389,089,416
	<hr/>	<hr/>

Vietnam Dairy Products Joint Stock Company

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22. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Financial reserve VND	Retained profits VND	Total VND
Balance at 1 January 2013	8,339,557,960,000	1,276,994,100,000	(4,504,115,000)	93,889,017,729	588,402,022,008	5,100,115,286,990	15,394,454,271,727
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	-	-	-	-	-	5,015,742,758,635	5,015,742,758,635
Appropriation to equity funds and bonus and welfare fund	-	-	-	670,915,027,802	245,553,773,992	(1,418,043,077,657)	(501,574,275,863)
Dividends	-	-	-	-	-	(3,167,235,049,800)	(3,167,235,049,800)
Balance at 30 September 2013	8,339,557,960,000	1,276,994,100,000	(4,953,649,959)	764,826,880,531	833,955,796,000	5,530,596,033,168	16,740,977,119,740
Purchase of treasury shares	-	-	(114,858,000)	-	-	-	(114,858,000)
Net profit for the period	-	-	-	-	-	1,456,350,858,429	1,456,350,858,429
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)
Balance at 1 January 2014	8,339,557,960,000	1,276,994,100,000	(5,068,507,959)	950,237,983,612	833,955,796,000	5,989,129,613,873	17,384,806,945,526
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	-	-	-	-	-	4,279,431,057,148	4,279,431,057,148
Appropriation to equity funds and bonus and welfare fund	-	-	-	427,943,105,715	51,809,938,701	(907,696,150,131)	(427,943,105,715)
Dividends (Note 24)	-	-	-	-	-	(3,333,740,644,000)	(3,333,740,644,000)
Balance at 30 September 2014	10,006,413,990,000	-	(5,388,109,959)	1,378,181,089,327	885,765,734,701	5,637,261,946,890	17,902,234,650,959

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23. 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
Authorised share capital	1,000,641,399	10,006,413,990,000	833,955,796	8,339,557,960,000
<hr/>				
Issued ordinary shares				
Ordinary shares	1,000,641,399	10,006,413,990,000	833,955,796	8,339,557,960,000
Treasury ordinary shares				
Ordinary shares	(522,795)	(5,388,109,959)	(488,735)	(5,068,507,959)
<hr/>				
Shares currently in circulation				
Ordinary shares	1,000,118,604	10,001,025,880,041	833,467,061	8,334,489,452,041
<hr/>				

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)
<hr/>				
Balance at the end of the period	1,000,118,604	10,001,025,880,041	833,475,741	8,334,604,310,041
<hr/>				

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24. 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).

25. Total revenue

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

Net revenue comprised:

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Total revenue		
▪ Sales of finished goods	23,714,577,388,818	22,943,460,223,241
▪ Sales of merchandise goods	614,300,208,564	401,502,151,468
▪ Rental income from investment property	10,836,108,154	8,328,834,696
▪ Other services	22,611,784,473	15,934,429,918
	<hr/>	<hr/>
	24,362,325,490,009	23,369,225,639,323
Less sales deductions		
▪ Sale discounts (*)	(509,932,889,853)	(453,597,197,766)
▪ Sale returns	(21,328,804,481)	(14,232,531,929)
	<hr/>	<hr/>
	(531,261,694,334)	(467,829,729,695)
	<hr/>	<hr/>
Net revenue	23,831,063,795,675	22,901,395,909,628
	<hr/>	<hr/>

- (*) 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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26. Cost of sales

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Total cost of sales		
▪ Finished goods sold	14,945,147,638,187	14,038,001,084,405
▪ Merchandise goods sold	532,260,952,747	356,764,196,959
▪ Rental of investment property	4,926,374,244	5,164,108,466
▪ Other services	1,822,815,985	897,105,489
▪ Under-capacity cost	14,695,932,329	28,685,034,796
▪ Increase of allowance for inventories	3,990,524,347	523,281,028
	<hr/>	<hr/>
	15,502,844,237,839	14,430,034,811,143
	<hr/> <hr/>	<hr/> <hr/>

27. Financial income

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Interest income from deposits	348,832,122,554	259,492,097,575
Interest income from bonds	5,632,876,714	21,924,315,067
Dividends	9,049,291,440	14,250,439,200
Realised foreign exchange gains	20,817,772,394	76,604,151,228
Unrealised foreign exchange gains	17,588,089,464	-
Gains on disposal of securities	35,816,124,708	12,258,500
Interest income on loans granted	-	625,185,469
Others	-	638
	<hr/>	<hr/>
	437,736,277,274	372,908,447,677
	<hr/> <hr/>	<hr/> <hr/>

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28. Financial expenses

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Interest expense	3,418,962,354	-
Payment discounts for distributors	15,708,396,275	21,428,536,272
Realised foreign exchange losses	24,898,690,013	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	(18,590,297,360)	24,444,512,743
Others	-	2,848,919,247
	<hr/>	<hr/>
	25,980,493,209	82,668,265,738
	<hr/>	<hr/>

29. Selling expenses

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Staff costs	172,167,487,260	140,411,023,990
Materials expenses	47,226,009,267	45,007,546,614
Tools and supplies expenses	67,309,634,936	58,996,771,447
Depreciation expenses	18,169,473,967	18,945,327,899
Expenses of damaged goods	12,777,219,756	10,048,771,650
Transportation expenses	302,991,944,354	279,371,039,992
Outside service expenses	144,697,594,711	111,338,783,790
Advertising expenses	865,944,484,007	644,131,765,419
Market research expenses	8,170,457,511	9,363,189,989
Promotion expenses	563,259,796,365	388,470,991,231
Product display expenses	275,634,645,152	257,432,165,578
Support and commission expenses for distributors	534,837,799,462	360,218,279,604
	<hr/>	<hr/>
	3,013,186,546,748	2,323,735,657,203
	<hr/>	<hr/>

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30. General and administration expenses

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Staff costs	152,567,618,673	136,032,965,536
Materials expenses	12,183,753,960	12,107,350,017
Office supplies	7,415,152,941	5,065,784,043
Depreciation expenses	42,799,680,583	45,675,058,965
Fees and duties	3,491,294,163	3,721,290,335
Allowance for doubtful debts and provision for severance allowance	9,309,337,149	12,366,180,429
Transportation for internal transfers of goods	33,262,492,388	33,417,353,851
Outside service expenses	112,621,985,351	100,643,966,711
Loading expenses	14,635,668,543	15,185,385,543
Per-diem allowances	18,917,121,219	13,120,082,283
Bank charges	2,633,427,365	2,759,846,783
Others	31,218,190,293	33,220,739,894
	441,055,722,628	413,316,004,390
	441,055,722,628	413,316,004,390

31. Other income

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Proceeds from disposals of tools, supplies and technical equipments	72,163,083,777	72,661,202,188
Rebate income	15,220,064,001	26,587,323,772
Proceeds from disposals of construction in progress	8,225,418,386	24,406,365,716
Proceeds from disposals of tangible fixed assets	10,086,619,517	8,128,032,277
Compensations received from other parties	8,731,014,243	484,683,795
Others	12,863,188,654	5,072,718,594
	127,289,388,578	137,340,326,342
	127,289,388,578	137,340,326,342

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32. Other expenses

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Book value of construction in progress disposed	8,225,418,386	24,406,365,716
Book value of tangible fixed assets disposed	13,061,065,233	9,240,238,683
Penalties for contract cancellation	960,247,149	3,000,000
Others	18,644,899,809	7,185,067,811
	<hr/> 40,891,630,577	<hr/> 40,834,672,210 <hr/>

33. Income tax

(i) Recognised in the statement of income

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Current tax expense		
Current year	1,141,429,115,537	1,133,881,071,195
Under provision in prior year	2,219,647,127	11,955,225,370
	<hr/> 1,143,648,762,664	<hr/> 1,145,836,296,565 <hr/>
Deferred tax expense		
Origination and reversal of temporary differences	(50,948,989,286)	(40,523,782,237)
	<hr/> 1,092,699,773,378	<hr/> 1,105,312,514,328 <hr/>

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(ii) Reconciliation of effective tax rate

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Profit before tax	5,372,130,830,526	6,121,055,272,963
Tax at the Company's tax rate	1,181,868,782,716	1,530,263,818,241
Tax rate differential applied to Company's branches and factories	(64,291,598,253)	(225,787,669,247)
Non-taxable income	(1,990,090,278)	(3,562,609,800)
Non-deductible expenses	4,333,773,574	5,597,856,233
Tax incentives	(29,440,741,508)	(202,162,773,586)
Deferred tax assets not previously recognised	-	(10,991,332,883)
Under provision in prior year	2,219,647,127	11,955,225,370
	<u>1,092,699,773,378</u>	<u>1,105,312,514,328</u>

(iii) Applicable tax rates

The Company is required to pay income tax at rates ranging from 15% to 22%, depending on locations of its factories, on taxable profits.

34. Basic earnings per share

The calculation of basic earnings per share for the 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

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Net profit for the period – attributable to ordinary shareholders	4,279,431,057,148	5,015,742,758,635
	<u>4,279,431,057,148</u>	<u>5,015,742,758,635</u>

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(ii) *Weighted average number of ordinary shares*

	Nine-month period ended	
	30/9/2014	30/9/2013
		(Restated)
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 2014 have also been restated accordingly to reflect these bonus shares.

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

35. Financial instruments

(a) Financial risk management

(i) Overview

The Company 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 Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks.

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

(ii) Risk management framework

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

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The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company'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)	467,050,207,603	2,648,998,787,427
Short-term and long-term deposits	(ii)	6,396,596,000,000	3,600,000,000,000
Trade and other receivables	(iii)	1,767,295,989,450	2,145,175,782,670
Long-term corporate bonds	(iv)	300,000,000,000	-
		8,930,942,197,053	8,394,174,570,097

(ii) Cash and cash equivalents and term deposits

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

(iii) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, the Company's management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company'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 Company's benchmark creditworthiness may transact with the Company 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 Company. 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:

	30/9/2014	31/12/2013
	VND	VND
Past due 1 – 30 days	16,989,686,554	149,359,450,373
Past due 31 – 60 days	2,313,571,876	1,522,157,190
Past due 61 – 90 days	51,929,709	132,616,901
Past due more than 90 days	1,888,848	166,581,220
	<hr/>	<hr/>
	19,357,076,987	151,180,805,684
	<hr/>	<hr/>

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

	Nine-month period ended	
	30/9/2014	30/9/2013
	VND	VND
Opening balance	1,920,158,971	3,832,172,450
Increase in allowance during the period	715,367,532	1,855,773,713
Allowance utilised during the period	(124,093,000)	(3,762,737,192)
	<hr/>	<hr/>
Closing balance	2,511,433,503	1,925,208,971
	<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 Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation.

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

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	Carrying Amount VND	Contractual cash flows VND	Within 1 year VND
Short-term borrowings	1,102,140,000,000	1,115,471,654,576	1,115,471,654,576
Accounts payable – trade	1,398,782,894,270	1,398,782,894,270	1,398,782,894,270
Payables to employees	129,829,278,600	129,829,278,600	129,829,278,600
Accrued expenses	686,413,039,155	686,413,039,155	686,413,039,155
Other payables	531,221,260,435	531,221,260,435	531,221,260,435
	3,848,386,472,460	3,861,718,127,036	3,861,718,127,036

31 December 2013

	Carrying Amount VND	Contractual cash flows VND	Within 1 year VND
Accounts payable – trade	1,758,323,135,506	1,758,323,135,506	1,758,323,135,506
Payables to employees	130,474,291,268	130,474,291,268	130,474,291,268
Accrued expenses	452,019,954,359	452,019,954,359	452,019,954,359
Other payables	1,255,411,806,799	1,255,411,806,799	1,255,411,806,799
	3,596,229,187,932	3,596,229,187,932	3,596,229,187,932

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

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

Exposure to currency risk

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

	30 September 2014		31 December 2013	
	USD	EUR	USD	EUR
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)	-	-	-
Trade and other payables	(10,415,547)	(160,964)	(28,256,420)	(6,861,815)
	<hr/>	<hr/>	<hr/>	<hr/>
	(43,005,206)	(159,959)	28,748,387	(6,840,209)
	<hr/>	<hr/>	<hr/>	<hr/>

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

	Exchange rate as at	
	30/9/2014	31/12/2013
	VND	VND
USD 1	21,195	21,080
EUR 1	26,685	28,956
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Below is an analysis of the possible impact on the net profit of the Company, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at reporting date. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases:

	Effect to net profit VND
30 September 2014	
USD (1% strengthening)	(7,109,663,622)
EUR (8% weakening)	266,355,702
	<hr/>
31 December 2013	
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 Company.

(ii) Interest rate risk

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

(iii) Price risk

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

For investments in listed securities, if the share prices had increased/decreased by 10% with all other variables including tax rate being held constant, the Company's net profit after tax would have been VND7,855,076,034 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)	467,050,207,603	467,050,207,603	2,648,998,787,427	2,648,998,787,427
- Short-term deposits	(i)	5,450,000,000,000	5,450,000,000,000	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)	1,767,295,989,450	1,767,295,989,450	2,145,175,782,670	2,145,175,782,670
Categorised as available-for-sale 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 investment funds	(iv)	10,559,408,600	5,551,155,162	21,677,078,220	11,428,445,958
- Other long-term investments	(v)	300,000,000	Note (v)	300,000,000	Note (v)
Categorised as liabilities at amortised cost:					
- Short-term borrowings	(i)	(1,102,140,000,000)	(1,102,140,000,000)	-	-
- Trade and other payables	(i)	(2,746,246,472,460)	(2,746,246,472,460)	(3,596,229,187,932)	(3,596,229,187,932)

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

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

(ii) *Short-term investments in listed equity securities*

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

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

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

(iv) *Investment funds*

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

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

The Company has not determined fair values of these financial instruments for disclosure in the separate 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.

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36. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the separate interim financial statements, the Company 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
Vietnam Dairy Cow One Member Limited Company	Subsidiary	Sales of goods and fixed assets	51,367,312,837	52,291,585,097
		Purchases of goods	271,574,846,158	206,299,379,442
		Capital contribution	-	118,000,000,000
Lamson Dairy Products One Member Company Limited	Subsidiary	Sales of goods and fixed assets	187,634,978,426	108,206,427,032
		Purchases of goods	295,356,289,874	215,591,125,960
		Capital contribution	230,000,000,000	-
Thong Nhat Thanh Hoa Dairy Cow Company Limited	Subsidiary	Sales of goods and fixed assets	36,363,636	-
		Purchases of goods	17,000,000	-
		Capital contribution	7,800,000,000	-
Angkor Dairy Products Co., Ltd	Subsidiary	Capital contribution	107,918,932,500	-
Driftwood Dairy Holdings Corporation	Subsidiary	Purchases of goods	246,235,695	-
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Subsidiary	Capital contribution	9,834,270,000	-
Miraka Limited	Associate	Purchases of goods	229,692,619,200	144,640,037,360
Asia Saigon Food Ingredients Joint Stock Company	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		Compensations	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

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37. 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	14,272,674,183,364	13,583,538,450,462
Labour costs and staff costs	777,235,947,922	671,492,042,423
Depreciation and amortisation	648,902,411,911	484,985,540,960
Outside services	941,874,608,503	815,997,659,354
Other expenses	2,465,903,153,023	1,851,945,319,603

31 October 2014

Prepared by:

Le Thanh Liem
Chief Accountant

Approved by:



Mai Kieu Lien
Chief Executive Officer