

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

Consolidated financial statements
for the year ended 31 December 2014

Vietnam Dairy Products Joint Stock Company and its subsidiaries Corporate Information

Business Registration

Certificate No.	4103001932	20 November 2003
	0300588569	25 November 2014

The Company's business registration certificate has been amended several times, the most recent of which is by business registration certificate No. 0300588569 dated 25 November 2014. The business registration certification was issued by Ho Chi Minh City Planning and Investment Department.

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
Mr Trinh Quoc Dung	Executive Director Dairy Farm Development (from 1 December 2014)
Ms Nguyen Thi Nhu Hang	Executive Director Dairy Farm Development (until 1 December 2014)
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 FINANCIAL STATEMENTS**

The Board of Directors is responsible for the consolidated financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 31 December 2014 and of the consolidated results of operations and cash flows for the year then ended. In preparing these consolidated 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 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 financial statements to be prepared which complies with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. 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 FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements set out on pages 5 to 58 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2014, and of the consolidated results of operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Directors

Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, 28 February 2015

FINANCIAL STATEMENTS AUDITOR'S REPORT

To the Shareholders

Vietnam Dairy Products Joint Stock Company and its subsidiaries

We have audited the accompanying consolidated 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 31 December 2014, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 28 February 2015, as set out on pages 5 to 58.

Management's Responsibility

The Group's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the consolidated financial statements 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 31 December 2014 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City
Vietnam
Operating registration certificate No.: 4114000230
Audit Report No.: 14-01-245



Chang Hung Chun
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, 28 February 2015

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2014

Form B 01 – DN/HN

	Code	Note	31/12/2014 VND	31/12/2013 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		15,522,309,519,016	13,018,930,127,438
Cash and cash equivalents	110	6	1,527,875,428,216	2,745,645,325,950
Cash	111		993,333,794,600	1,394,534,283,673
Cash equivalents	112		534,541,633,616	1,351,111,042,277
Short-term investments	120	7	7,467,962,935,026	4,167,317,622,318
Short-term investments	121		7,607,171,306,426	4,313,292,575,718
Allowance for diminution in the value of short-term investments	129		(139,208,371,400)	(145,974,953,400)
Accounts receivable – short-term	130		2,771,736,892,079	2,728,421,414,532
Accounts receivable – trade	131		1,988,614,362,323	1,894,721,027,784
Prepayments to suppliers	132		420,615,080,215	423,820,755,014
Other receivables	135	8	368,425,283,975	417,266,719,643
Allowance for doubtful debts	139	39(b)	(5,917,834,434)	(7,387,087,909)
Inventories	140	9	3,620,107,245,454	3,217,483,048,888
Inventories	141		3,633,231,617,297	3,227,859,954,432
Allowance for inventories	149		(13,124,371,843)	(10,376,905,544)
Other current assets	150		134,627,018,241	160,062,715,750
Short-term prepayments	151		115,703,239,463	129,708,362,747
Deductible value added tax	152		13,465,035,833	25,468,115,542
Other current assets	158		5,458,742,945	4,886,237,461

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2014 (continued)

Form B 01 – DN/HN

	Code	Note	31/12/2014 VND	31/12/2013 VND
Long-term assets				
(200 = 210 + 220 + 240 + 250 + 260 +269)	200		10,247,828,541,941	9,856,483,929,198
Accounts receivable – long-term	210		7,395,303,671	736,666,667
Other long-term receivables	218		7,395,303,671	736,666,667
Fixed assets	220		8,890,084,022,717	8,918,416,535,379
Tangible fixed assets	221	10	7,548,188,780,138	7,849,058,771,126
Cost	222		11,782,649,084,362	11,147,267,493,199
Accumulated depreciation	223		(4,234,460,304,224)	(3,298,208,722,073)
Intangible fixed assets	227	11	538,207,032,321	531,485,413,625
Cost	228		691,495,740,057	690,742,242,273
Accumulated amortisation	229		(153,288,707,736)	(159,256,828,648)
Construction in progress	230	12	803,688,210,258	537,872,350,628
Investment property	240	13	147,725,868,615	149,445,717,001
Cost	241		179,594,679,077	176,332,062,888
Accumulated depreciation	242		(31,868,810,462)	(26,886,345,887)
Long-term investments	250	14	700,375,068,841	318,308,294,039
Investments in associates and joint-ventures	252		325,220,122,483	284,629,299,345
Other long-term investments	258		380,012,236,959	43,927,626,956
Allowance for diminution in the value of long-term investments	259		(4,857,290,601)	(10,248,632,262)
Other long-term assets	260		341,541,338,443	295,112,796,930
Long-term prepayments	261	15	183,505,250,834	171,151,838,315
Deferred tax assets	262	16	150,793,168,409	115,300,622,640
Other long-term assets	268		7,242,919,200	8,660,335,975
Goodwill	269	17	160,706,939,654	174,463,919,182
TOTAL ASSETS (270 = 100 + 200)	270		25,770,138,060,957	22,875,414,056,636

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2014 (continued)

Form B 01 – DN/HN

	Code	Note	31/12/2014 VND	31/12/2013 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		5,969,901,577,449	5,307,060,807,329
Current liabilities	310		5,453,262,931,031	4,956,397,594,108
Short-term borrowings	311	18	1,279,525,014,840	178,943,692,147
Accounts payable – trade	312		1,898,529,392,924	1,968,257,136,188
Advances from customers	313		17,826,386,435	20,929,404,542
Taxes payable to State Treasury	314	19	502,643,076,304	456,725,904,986
Payables to employees	315		163,476,907,176	137,540,107,294
Accrued expenses	316	20	637,114,219,782	490,760,970,004
Other payables	319	21	598,428,618,781	1,341,762,807,045
Bonus and welfare fund	323		355,719,314,789	361,477,571,902
Long-term liabilities	330		516,638,646,418	350,663,213,221
Other long-term liabilities	333		8,192,561,774	5,036,159,560
Long-term borrowings	334	22	346,383,586,552	184,142,784,403
Deferred tax liabilities	335	23	84,711,303,600	91,065,600,000
Provision for severance allowance	337	24	77,333,769,500	69,583,293,250
Unearned revenue	338		17,424,992	835,376,008
EQUITY (400 = 410)	400		19,680,282,615,855	17,545,489,315,423
Owners' equity	410	25	19,680,282,615,855	17,545,489,315,423
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		(161,099,075)	-
Investment and development fund	417		1,550,028,784,604	950,237,983,612
Financial reserve	418		971,689,582,340	833,955,796,000
Retained profits	420		7,157,699,467,945	6,149,811,983,770
MINORITY INTEREST	439	28	119,953,867,653	22,863,933,884
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		25,770,138,060,957	22,875,414,056,636

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2014 (continued)

Form B 01 – DN/HN

OFF BALANCE SHEET ITEMS

	31/12/2014	31/12/2013
Foreign currencies included in cash and cash equivalents:		
USD	3,735,730	16,776,618
EUR	20,792	21,606

28 February 2015


Le Thanh Liem
Chief Accountant

Prepared by:


Ngo Thi Thu Trang
Executive Director - Finance

Approved by:



Mai Kieu Lien
Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of income for the year ended 31 December 2014

Form B 02 – DN/HN

	Code	Note	2014 VND	2013 VND
Total revenue	01	29	35,703,776,176,355	31,586,007,133,622
Less revenue deductions	02	29	726,847,843,179	637,405,006,316
Net revenue (10 = 01 - 02)	10	29	34,976,928,333,176	30,948,602,127,306
Cost of sales	11	30	22,668,451,134,488	19,765,793,680,474
Gross profit (20 = 10 - 11)	20		12,308,477,198,688	11,182,808,446,832
Financial income	21	31	573,569,553,162	507,347,709,516
Financial expenses	22	32	81,697,752,419	90,790,817,490
<i>In which: Interest expense</i>	23		39,581,737,758	104,027,048
Selling expenses	24	33	4,696,142,714,715	3,276,431,628,666
General and administration expenses	25	34	795,365,066,390	611,255,506,250
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30		7,308,841,218,326	7,711,678,203,942
Other income	31	35	367,460,023,857	313,457,899,019
Other expenses	32	36	122,819,758,563	58,819,862,034
Results of other activities (40 = 31 - 32)	40		244,640,265,294	254,638,036,985
Share of profit in associates and jointly controlled entities	45		59,887,377,298	43,940,615,792
Profit before tax (50 = 30 + 40 + 45)	50		7,613,368,860,918	8,010,256,856,719
Income tax expense – current	51	37	1,580,658,440,379	1,483,448,216,660
Income tax benefit – deferred	52	37	(35,492,545,769)	(7,298,675,568)
Net profit after tax (60 = 50 - 51 - 52)	60		6,068,202,966,308	6,534,107,315,627

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of income for the year ended 31 December 2014 (continued)

Form B 02 – DN/HN

	Code	Note	2014 VND	2013 VND
Net profit after tax (60 = 50 - 51 - 52)	60		6,068,202,966,308	6,534,107,315,627
Attributable to:				
Minority interest	61		(604,730,533)	(26,347,207)
Equity holders of the Company	62		6,068,807,696,841	6,534,133,662,834
Basic earnings per share	70	38	6,068	6,533

28 February 2015

Prepared by:

Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance

Approved by:

Mai Kieu Lien
Chief Executive Officer



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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2014
(Indirect method)

Form B 03 – DN/HN

	Code Note	2014 VND	2013 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	01	7,613,368,860,918	8,010,256,856,719
Adjustments for			
Depreciation and amortisation	02	1,032,730,002,039	786,432,923,150
Allowances and provisions	03	3,786,590,677	33,285,887,136
Unrealised foreign exchange (gains)/losses	04	(8,404,807,167)	13,064,625,014
Losses on disposals of tangible fixed assets and construction in progress	05	12,301,757,361	10,670,289,649
Dividends and interest income	05	(498,729,023,388)	(417,488,105,102)
Losses from other investing activities	05	18,361,924,596	9,486,501,689
Share of profit in associates and jointly controlled entities	05	(59,887,377,298)	(43,940,615,792)
Interest expense	06	39,581,737,758	104,027,048
Operating profit before changes in working capital	08	8,153,109,665,496	8,401,872,389,511
Change in receivables	09	(130,429,515,728)	(38,409,421,579)
Change in inventories	10	(545,317,603,122)	258,940,210,677
Change in payables and other liabilities	11	(40,780,546,630)	(272,224,654,212)
Change in prepayments	12	5,506,120,979	(27,641,597,327)
		7,442,088,120,995	8,322,536,927,070
Interest paid	13	(34,741,971,887)	(104,027,048)
Income tax paid	14	(1,521,907,400,545)	(1,399,982,286,806)
Other receipts from operating activities	15	46,119,165,658	20,984,913,520
Other payments for operating activities	16	(603,234,373,651)	(691,692,163,285)
Net cash flows from operating activities	20	5,328,323,540,570	6,251,743,363,451

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2014
(Indirect method – continued)

Form B 03 – DN/HN

	Code Note	2014 VND	2013 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets	21	(858,946,281,717)	(1,491,459,216,581)
Collections on disposals of fixed assets	22	53,894,284,254	20,991,389,628
Increase in time deposits	23	(3,349,601,000,000)	(623,100,000,000)
Payments for purchases of debt instruments of other entities	23	(300,915,667,523)	-
Proceeds from sales of debt instruments of other entities	24	5,296,101,394	4,531,896,380
Collection of loans granted to associates	24	-	30,000,000,000
Payments for investments in other entities	25	(2,759,659,696)	(33,713,307,770)
Proceeds from matured bonds	26	-	350,000,000,000
Collections on investment in other entities	26	19,748,461,471	4,927,205,437
Receipts of interest and dividends	27	560,479,407,828	307,719,066,699
Increase in cash from a subsidiary		86,867,562	(159,686,267,298)
Net cash flows from investing activities	30	(3,872,717,486,427)	(1,589,789,233,505)

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2014
(Indirect method – continued)

Form B 03 – DN/HN

	Code Note	2014 VND	2013 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from capital contribution by minority interest	31	70,421,503,931	-
Payments for shares repurchases	32	(319,602,000)	(525,442,959)
Proceeds from short-term and long-term borrowings	33	1,490,974,827,513	-
Payments to settle loan principals	34	(233,883,299,908)	-
Payments of dividends	36	(4,000,514,074,130)	(3,167,235,049,800)
Net cash flows from financing activities	40	(2,673,320,644,594)	(3,167,760,492,759)
Net cash flows during the year (50 = 20 + 30 + 40)	50	(1,217,714,590,451)	1,494,193,637,187
Cash and cash equivalents at the beginning of the year	60	2,745,645,325,950	1,252,120,160,804
Effect of exchange rate fluctuations on cash and cash equivalents	61	(186,238,711)	(668,472,041)
Currency translation differences		130,931,428	-
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70 6	1,527,875,428,216	2,745,645,325,950

28 February 2015

Prepared by:

Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance

Approved by:

Mar Kieu Lien
Chief Executive Officer



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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2014

Form B 09 – DN/HN

These notes form an integral part of and should be read in conjunction with the accompanying consolidated 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 financial statements of the Group for the year ended 31 December 2014 comprise the Company and its subsidiaries and the Group’s interest in associates and a jointly controlled entity as listed below:

Subsidiaries	% of ownership	% of voting rights
Vietnam Dairy Cow One Member Limited Company	100.00%	100.00%
Lamson Dairy Products One Member Company Limited	100.00%	100.00%
International Real Estate One Member Limited Company (*)	100.00%	100.00%
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	100.00%	100.00%
Thong Nhat Thanh Hoa Dairy Cow Limited Company	96.11%	96.11%
Driftwood Dairy Holdings Corporation	70.00%	70.00%
Angkor Dairy Products Co., Ltd.	51.00%	51.00%
Associates		
Asia Saigon Food Ingredients Joint Stock Company	15.00%	15.00%
Miraka Limited	19.30%	19.30%
Jointly controlled entity		
Horizon Apartment – Business Cooperation Contract	24.50%	24.50%

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN/HN

- (*) On 24 February 2014, the Company's Board of Management passed a resolution to liquidate this subsidiary. The liquidation process completed on 14 January 2015.

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 31 December 2014, the Group had 6,244 employees (31/12/2013: 5,619 employees).

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirement applicable to financial reporting.

(b) Basis of measurement

The consolidated 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 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 financial statements.

(a) Basis of consolidation

(i) Subsidiaries

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN/HN

(ii) *Associates and jointly controlled entities (equity accounted investees)*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees). The consolidated 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 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 year have been translated into VND at rates of exchange ruling at the transaction dates.

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN/HN

(ii) Foreign operations

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

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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Notes to the consolidated financial statements for the year ended 31 December 2014
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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 year 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 – 6 years
▪ livestock	6 years
▪ others	3 years

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(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.

(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 year 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 consolidated financial statements for the year ended 31 December 2014
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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 |

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.

(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. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 1 to 3 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.

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(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.

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 31 December 2014 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

(o) Classification of financial instruments

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

(i) *Financial assets*

Financial assets at fair value through profit or loss

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

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or

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- a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as financial assets at fair value through profit or loss.

Held-to-maturity investments

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

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

Loans and receivables

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

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

Available-for-sale financial assets

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

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

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(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.

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 year 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 year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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.

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(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.

(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.

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(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).

(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").

	Domestic (Customers located in Vietnam)		Overseas (Customers located in countries other than Vietnam)		Total	
	2014	2013	2014	2013	2014	2013
	VND	VND	VND	VND	VND	VND
Net sales	29,293,044,719,211	26,534,661,061,703	5,683,883,613,965	4,413,941,065,603	34,976,928,333,176	30,948,602,127,306
Cost of sales	(18,233,926,728,958)	(16,313,347,650,302)	(4,434,524,405,530)	(3,452,446,030,172)	(22,668,451,134,488)	(19,765,793,680,474)
Segment income	11,059,117,990,253	10,221,313,411,401	1,249,359,208,435	961,495,035,431	12,308,477,198,688	11,182,808,446,832

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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 31 December 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 31 December 2014, the Company has transferred VND10 billion as capital contribution to this subsidiary.

6. Cash and cash equivalents

	31/12/2014 VND	31/12/2013 VND
Cash on hand	1,349,958,029	1,290,261,776
Cash in banks	991,980,639,406	1,393,244,021,897
Cash in transit	3,197,165	-
Cash equivalents	534,541,633,616	1,351,111,042,277
	<hr/>	<hr/>
	1,527,875,428,216	2,745,645,325,950
	<hr/>	<hr/>

7. Short-term investments

	31/12/2014 VND	31/12/2013 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	6,903,400,000,000	3,600,000,000,000
▪ Other short-term investments	442,000,000,000	442,000,000,000
	<hr/>	<hr/>
	7,607,171,306,426	4,313,292,575,718
Allowance for diminution in value of short-term investments	(139,208,371,400)	(145,974,953,400)
	<hr/>	<hr/>
	7,467,962,935,026	4,167,317,622,318
	<hr/>	<hr/>

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

	2014 VND	2013 VND
Opening balance	145,974,953,400	130,028,675,620
Increase in allowance during the year	2,450,963,000	24,708,724,000
Written back	(9,217,545,000)	(7,312,836,920)
Allowance utilised during the year	-	(1,449,609,300)
Closing balance	139,208,371,400	145,974,953,400

8. Other receivables

	31/12/2014 VND	31/12/2013 VND
Rebates receivable from suppliers	133,509,529,151	80,172,000,489
Interest income from deposits	119,054,965,555	186,194,305,557
Import tax refundable	71,950,068,975	126,227,097,567
Interest income from bonds	11,682,191,784	-
Dividend receivables	-	6,280,283,226
Others	32,228,528,510	18,393,032,804
	368,425,283,975	417,266,719,643

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9. Inventories

	31/12/2014 VND	31/12/2013 VND
Goods in transit	484,349,482,529	545,709,876,853
Raw materials	1,950,145,008,854	1,672,882,301,994
Tools and supplies	7,965,125,849	8,098,365,017
Work in progress	109,349,880,916	138,430,291,511
Finished goods	1,040,310,901,609	837,395,279,814
Merchandise inventories	39,367,889,992	24,520,590,546
Goods on consignment	1,743,327,548	823,248,697
	<hr/>	<hr/>
	3,633,231,617,297	3,227,859,954,432
Allowance for inventories	(13,124,371,843)	(10,376,905,544)
	<hr/>	<hr/>
	3,620,107,245,454	3,217,483,048,888
	<hr/>	<hr/>

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

	2014 VND	2013 VND
Opening balance	10,376,905,544	3,455,165,385
Increase in allowance during the year	25,521,539,710	12,956,320,720
Written back	(18,018,441,130)	(4,622,379,936)
Allowance utilised during the year	(4,755,632,281)	(1,412,200,625)
	<hr/>	<hr/>
Closing balance	13,124,371,843	10,376,905,544
	<hr/>	<hr/>

At 31 December 2014, inventories with a carrying value of VND55,533 million (31/12/2013: VND60,374 million) were pledged with banks as security for loans granted to the Group (Note 18).

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10. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Livestock VND	Others VND	Total VND
Cost							
Opening balance	2,126,117,218,387	7,747,429,057,274	592,136,887,627	400,572,098,813	228,946,974,351	52,065,256,747	11,147,267,493,199
Additions	15,374,512,234	70,003,569,890	91,827,927,143	37,872,109,419	-	8,065,228,291	223,143,346,977
Transfers from construction in progress	157,482,048,516	226,272,719,641	13,462,103,836	10,300,101,417	-	373,520,370	407,890,493,780
Transfers from inventories	-	-	-	-	133,379,459,673	-	133,379,459,673
Transfers to long-term prepayments	-	(1,750,105,500)	-	-	-	-	(1,750,105,500)
Reclassification	-	273,109,003	424	(273,134,022)	-	24,595	-
Disposals	(3,945,307,329)	(14,308,127,853)	(23,930,220,458)	(177,599,106)	(54,880,080,388)	(677,154,757)	(97,918,489,891)
Other increases/(decreases)	270,892,547	(39,961,156,333)	(5,529,920)	(369,336,689)	-	3,513,999,058	(36,551,131,337)
Translation differences	829,625,906	4,815,904,596	609,947,995	180,866,857	-	751,672,107	7,188,017,461
Closing balance	2,296,128,990,261	7,992,774,970,718	674,101,116,647	448,105,106,689	307,446,353,636	64,092,546,411	11,782,649,084,362
Accumulated depreciation							
Opening balance	365,323,412,697	2,413,392,957,350	204,968,808,243	188,696,967,596	82,411,226,983	43,415,349,204	3,298,208,722,073
Charge for the year	107,536,250,542	737,370,983,657	59,419,080,193	55,596,580,357	44,955,950,917	6,367,547,752	1,011,246,393,418
Reclassifications	47,461,997	389,674,601	(70,213,268)	(366,924,178)	-	848	-
Disposals	(2,531,275,647)	(9,274,512,832)	(10,233,339,902)	(177,599,106)	(22,252,000,503)	(2,702,470)	(44,471,430,460)
Other decreases	-	(34,947,656,384)	-	(318,434,256)	-	(13,548)	(35,266,104,188)
Translation differences	415,971,446	3,304,675,883	267,677,341	143,787,942	-	610,610,769	4,742,723,381
Closing balance	470,791,821,035	3,110,236,122,275	254,352,012,607	243,574,378,355	105,115,177,397	50,390,792,555	4,234,460,304,224
Net book value							
Opening balance	1,760,793,805,690	5,334,036,099,924	387,168,079,384	211,875,131,217	146,535,747,368	8,649,907,543	7,849,058,771,126
Closing balance	1,825,337,169,226	4,882,538,848,443	419,749,104,040	204,530,728,334	202,331,176,239	13,701,753,856	7,548,188,780,138

Included in the cost of tangible fixed assets were assets costing VND962,560,738,732 which were fully depreciated as at 31 December 2014 (31/12/2013: VND829,810,123,906), but which are still in active use.

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11. Intangible fixed assets

	Land use rights VND	Software VND	Others VND	Total VND
Cost				
Opening balance	527,261,303,957	94,970,936,419	68,510,001,897	690,742,242,273
Addition	33,520,149,980	5,224,082,960	-	38,744,232,940
Disposals	(18,769,854,338)	-	(22,898,160,000)	(41,668,014,338)
Translation differences	2,937,921,079	-	739,358,103	3,677,279,182
Closing balance	544,949,520,678	100,195,019,379	46,351,200,000	691,495,740,057
Accumulated amortisation				
Opening balance	56,128,172,644	55,185,134,556	47,943,521,448	159,256,828,648
Charge for the year	6,030,222,838	8,151,037,023	2,260,333,135	16,441,592,996
Disposals	-	-	(22,898,160,000)	(22,898,160,000)
Translation differences	5,412,290	-	483,033,802	488,446,092
Closing balance	62,163,807,772	63,336,171,579	27,788,728,385	153,288,707,736
Net book value				
Opening balance	471,133,131,313	39,785,801,863	20,566,480,449	531,485,413,625
Closing balance	482,785,712,906	36,858,847,800	18,562,471,615	538,207,032,321

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

12. Construction in progress

	2014 VND	2013 VND
Opening balance	537,872,350,628	3,565,241,433,334
Additions	682,952,071,664	1,127,953,553,346
Transfers to tangible fixed assets	(407,890,493,780)	(3,952,080,148,564)
Transfer to investment property	(3,405,538,719)	(38,884,288,170)
Transfers to intangible fixed assets	-	(54,686,566,064)
Other decreases	(6,166,870,291)	(109,671,633,254)
Translation differences	326,690,756	-
Closing balance	803,688,210,258	537,872,350,628

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Major constructions in progress related to the following locations:

	2014 VND	2013 VND
Vietnam Dairy Cow One Member Limited Company	341,104,056,359	194,630,030,013
Lam Son Dairy Products One Member Limited Company	123,417,898,198	81,641,906,162
Dairy Cow farms	116,080,921,067	35,827,102,037
Can Tho branch	52,101,510,922	52,101,510,922
Angkor Dairy Products Company	35,180,695,154	-
Head quarter	30,752,691,632	6,475,346,918
Saigon milk factory	21,058,337,199	-
Vietnam powder milk factory	14,085,981,504	22,234,884,364
Vietnam milk factory	13,990,180,277	27,693,383,103
Thong Nhat Thanh Hoa Dairy Cow Limited Company	11,580,955,764	20,676,270
Tien Son milk factory	8,777,587,675	92,638,406,909
Driftwood Dairy Holdings Corporation	8,298,533,230	876,848,528
Lam Son milk factory	517,063,872	7,800,711,948
Others	26,741,797,405	15,931,543,454
	803,688,210,258	537,872,350,628

13. Investment property

	Land use rights VND	Infrastructure VND	Buildings VND	Total VND
Cost				
Opening balance	82,224,238,170	6,607,141,091	87,500,683,627	176,332,062,888
Transfer from construction in progress	3,405,538,719	-	-	3,405,538,719
Other decreases	-	(142,922,530)	-	(142,922,530)
Closing balance	85,629,776,889	6,464,218,561	87,500,683,627	179,594,679,077
Accumulated amortisation				
Opening balance	264,518,968	2,711,691,094	23,910,135,825	26,886,345,887
Charge for the year	985,997,241	646,421,850	3,409,596,534	5,042,015,625
Other decreases	-	(59,551,050)	-	(59,551,050)
Closing balance	1,250,516,209	3,298,561,894	27,319,732,359	31,868,810,462
Net book value				
Opening balance	81,959,719,202	3,895,449,997	63,590,547,802	149,445,717,001
Closing balance	84,379,260,680	3,165,656,667	60,180,951,268	147,725,868,615

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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 at 31 December 2014 (31/12/2013: VND7,228,577,143), but which are still in active use.

14. Long-term investments

	% of ownership	% of voting right	31/12/2014 VND	31/12/2013 VND
Long-term equity investments in associates and a jointly control entity				
▪ Miraka Limited	19.3% (*)	19.3% (*)	278,497,731,377	248,670,851,841
▪ Asia Saigon Food Ingredients Joint Stock Company	15.0% (*)	15.0% (*)	39,474,706,280	27,975,762,678
▪ Horizon Apartment – Business Cooperation Contract	24.5%	24.5%	7,247,684,826	7,982,684,826
			<hr/> 325,220,122,483	<hr/> 284,629,299,345
Long-term corporate bonds				
▪ Ho Chi Minh City Development Joint Stock Commercial Bank			300,000,000,000	-
Other long-term investments				
▪ Long-term deposits			46,596,000,000	-
▪ Investment funds			10,559,408,600	21,677,078,220
▪ Listed securities			1,043,566,296	-
▪ Others			21,813,262,063	22,250,548,736
			<hr/> 380,012,236,959	<hr/> 43,927,626,956
Total long-term investments			705,232,359,442	328,556,926,301
Allowance for diminution in value of long-term investments			(4,857,290,601)	(10,248,632,262)
			<hr/> 700,375,068,841	<hr/> 318,308,294,039

(*) 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.

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

	2014 VND	2013 VND
Opening balance	10,248,632,262	14,355,884,467
Increase in allowance during the year	430,226,565	238,406,621
Allowance utilised during the year	(5,821,568,226)	(4,345,658,826)
Closing balance	4,857,290,601	10,248,632,262

15. Long-term prepayments

	Prepaid land costs VND	Tools and instruments VND	Other prepayments VND	Total VND
Opening balance	6,432,866,456	83,951,133,124	80,767,838,735	171,151,838,315
Additions	1,850,226,175	138,071,459,840	40,053,228,478	179,974,914,493
Transfer to short-term prepayments	(1,130,204,051)	(23,929,410,340)	(849,955,136)	(25,909,569,527)
Transfer to expenses	(2,733,050,701)	(94,192,837,201)	(44,814,824,678)	(141,740,712,580)
Translation differences	-	-	28,780,133	28,780,133
Closing balance	4,419,837,879	103,900,345,423	75,185,067,532	183,505,250,834

16. Deferred tax assets

Deferred tax assets were recognised on the following:

	31/12/2014 VND	31/12/2013 VND
Foreign exchange differences	226,023,828	597,622,666
Accrued expenses and provisions	150,567,144,581	114,702,999,974
	150,793,168,409	115,300,622,640

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17. Goodwill

	2014 VND	2013 VND
Opening balance	174,463,919,182	13,662,186,598
Additions	-	166,879,949,640
Adjustment	4,604,945,068	-
Charge for the year	(18,361,924,596)	(1,213,435,128)
Other decreases	-	(4,864,781,928)
Closing balance	160,706,939,654	174,463,919,182

18. Short-term borrowings

	31/12/2014 VND	31/12/2013 VND
Short-term borrowings	1,258,848,534,840	517,000,000
Current portion of long-term borrowings and liabilities (Note 22)	20,676,480,000	178,426,692,147
	1,279,525,014,840	178,943,692,147

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

Lenders	Currency	Annual interest rate	31/12/2014 VND	31/12/2013 VND
The Bank of Tokyo-Mitsubishi UFJ Ltd. – Ho Chi Minh City Branch	(a) USD	1.47%	790,320,000,000	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch	(b) USD	1.30%	320,400,000,000	-
Wells Fargo	(c) USD	3.75%	148,128,534,840	-
Loans from individuals	VND	9% - 16%	-	517,000,000
			1,258,848,534,840	517,000,000

- (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 31 December 2014, this loan was secured by inventories with a carrying amount of VND55,533 million (31/12/2013: VND60,374) and accounts receivables with a carrying amount of VND232,502 million (31/12/2013: VND194,978).

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19. Taxes payable to State Treasury

	31/12/2014	31/12/2013
	VND	VND
Value added tax	97,748,080,575	106,950,956,654
Corporate income tax	396,387,038,230	336,889,518,369
Personal income tax	5,935,298,848	12,853,254,782
Import tax	67,059,641	-
Other taxes	2,505,599,010	32,175,181
	<hr/>	<hr/>
	502,643,076,304	456,725,904,986
	<hr/>	<hr/>

20. Accrued expenses

	31/12/2014	31/12/2013
	VND	VND
Sale incentives, promotion	372,271,399,616	218,642,778,937
Advertising expenses	43,092,205,601	66,981,178,134
Transportation expenses	58,016,454,874	40,344,338,573
Repair and maintenance expenses	15,277,558,615	12,478,798,051
Fuel expenses	14,714,178,145	18,140,900,939
Expenses for outsourced employees	16,259,721,436	13,071,225,266
Interest expense	4,839,765,871	384,249,613
Others	112,642,935,624	120,717,500,491
	<hr/>	<hr/>
	637,114,219,782	490,760,970,004
	<hr/>	<hr/>

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21. Other payables

	31/12/2014	31/12/2013
	VND	VND
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Import duty payables	66,891,229,438	108,992,820,343
Short-term deposits received	51,444,636,092	21,931,607,492
Insurance and trade union fees	1,582,702,277	945,240,476
Dividend payables	-	664,944,528,680
Outstanding checks in exceed of bank balance	16,833,321,089	82,832,057,449
Others	13,669,310,730	14,109,133,450
	<hr/>	<hr/>
	598,428,618,781	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.

22. Long-term borrowings

	31/12/2014	31/12/2013
	VND	VND
Long-term borrowings	367,060,066,552	362,569,476,550
Repayable within twelve months (Note 18)	(20,676,480,000)	(178,426,692,147)
	<hr/>	<hr/>
Repayable after twelve months	346,383,586,552	184,142,784,403
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Terms and conditions of outstanding long-term borrowings were as follows:

		Currency	Annual interest rate	Year of maturity	31/12/2014 VND	31/12/2013 VND
Wells Fargo						
Loan 1		USD	3.75%	2016	-	74,835,285,880
Loan 2	(a)	USD	4.25%	2016	105,689,280,000	115,940,000,000
Loan 3	(a)	USD	4.25%	2016	14,734,790,160	24,111,957,480
Lincoln National	(b)	USD	15.00%	2015	-	131,742,706,320
Sumitomo Mitsui						
Banking Corporation	(b)	USD	1.98%	2017	234,960,000,000	-
Individuals	(b)	VND	None	2039	11,675,996,392	15,939,526,870
					<hr/>	<hr/>
					367,060,066,552	362,569,476,550
					<hr/>	<hr/>

- (a) This loan were secured by assets of Driftwood Dairy Holdings Corporation, a subsidiary, with a carrying amount of VND476,546 million as at 31 December 2014 (31/12/2013: VND397,015 million).
- (b) These loans are unsecured.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2014
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23. Deferred tax liabilities

Deferred tax liabilities were recognised on the following:

	31/12/2014	31/12/2013
	VND	VND
Deferred tax assets:		
Accounts receivable	2,215,809,359	2,294,431,520
Inventories	1,101,371,596	1,079,064,120
Tax losses carry forwards	43,092,703,189	75,264,200,640
Accrued expenses	5,776,475,462	5,325,461,480
Others	473,598,162	297,038,280
Total deferred tax assets	52,659,957,768	84,260,196,040
Valuation allowance	(39,733,061,646)	(64,322,015,320)
Net deferred tax assets	12,926,896,122	19,938,180,720
Deferred tax liabilities:		
Fixed assets and goodwill	(97,499,607,507)	(110,900,003,880)
Others	(138,592,215)	(138,592,215)
Total deferred tax liabilities	(97,638,199,722)	(111,003,780,720)
Net deferred tax liabilities	(84,711,303,600)	(91,065,600,000)

24. Provision for severance allowance

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

	2014	2013
	VND	VND
Opening balance	69,583,293,250	59,635,777,000
Provision made during the year	9,155,064,027	12,277,166,717
Provision used during the year	(1,404,587,777)	(609,124,300)
Written back	-	(1,720,526,167)
Closing balance	77,333,769,500	69,583,293,250

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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
Balance at 1 January 2013	8,339,557,960,000	1,276,994,100,000	(4,504,115,000)	-	93,889,017,729	588,402,022,008	5,198,757,611,121	15,493,096,595,858
Decrease in bonus share issued	-	-	(38,950,000)	-	22,835,000	-	16,115,000	-
Purchase of treasury shares	-	-	(525,442,959)	-	-	-	-	(525,442,959)
Net profit for the year	-	-	-	-	-	-	6,534,133,662,834	6,534,133,662,834
Appropriation to equity funds and bonus and welfare fund	-	-	-	-	856,326,130,883	245,553,773,992	(1,749,089,266,585)	(647,209,361,710)
Dividends	-	-	-	-	-	-	(3,834,006,138,600)	(3,834,006,138,600)
Balance at 1 January 2014	8,339,557,960,000	1,276,994,100,000	(5,068,507,959)	-	950,237,983,612	833,955,796,000	6,149,811,983,770	17,545,489,315,423
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 year	-	-	-	-	-	-	6,068,807,696,841	6,068,807,696,841
Appropriation to equity funds and bonus and welfare fund	-	-	-	-	599,790,800,992	137,733,786,340	(1,337,315,388,325)	(599,790,800,993)
Dividends (Note 27)	-	-	-	-	-	-	(3,333,742,894,341)	(3,333,742,894,341)
Currency translation differences	-	-	-	(161,099,075)	-	-	-	(161,099,075)
Balance at 31 December 2014	10,006,413,990,000	-	(5,388,109,959)	(161,099,075)	1,550,028,784,604	971,689,582,340	7,157,699,467,945	19,680,282,615,855

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26. Share capital

The Company's authorised and issued share capital is:

	31/12/2014		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
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)
Shares currently in circulation				
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 year were as follows:

	2014		2013	
	Number of shares	VND	Number of shares	VND
Opening balance	833,467,061	8,334,489,452,041	833,525,676	8,335,053,845,000
Bonus shares issued during the year	166,685,603	1,666,856,030,000	(3,895)	(38,950,000)
Treasury shares purchased during the year	(34,060)	(319,602,000)	(54,720)	(525,442,959)
Closing balance	1,000,118,604	10,001,025,880,041	833,467,061	8,334,489,452,041

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 each distribution) (2013: VND3,834 billion (VND1,800 per share for the first distribution, VND2,000 per share for the second distribution and VND800 per share for the third distribution)).

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28. Minority interest

Movements in minority interest during the year were as follow:

	2014 VND	2013 VND
Opening balance	22,863,933,884	-
Decrease through business combination	-	(3,912,595,560)
Capital contribution by cash	70,421,503,931	-
Capital contribution by assets	33,520,149,980	26,802,876,651
Adjustment during the year	(6,943,349,048)	-
Foreign exchange difference	696,359,439	-
Net loss for the year	(604,730,533)	(26,347,207)
Closing balance	119,953,867,653	22,863,933,884

29. Total revenue

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

Net revenue comprised:

	2014 VND	2013 VND
Total revenue		
▪ Sales of finished goods	35,036,531,480,704	31,150,951,345,551
▪ Sales of merchandise goods	608,206,650,973	392,518,053,443
▪ Rental income from investment property	14,200,576,247	12,125,306,829
▪ Other services	44,837,468,431	30,412,427,799
	35,703,776,176,355	31,586,007,133,622
Less sales deductions		
▪ Sale discounts (*)	(653,486,626,134)	(615,609,946,192)
▪ Sale returns	(73,361,217,045)	(21,795,060,124)
	(726,847,843,179)	(637,405,006,316)
Net revenue	34,976,928,333,176	30,948,602,127,306

- (*) With reference to the Decision No. 1079/QĐ-BTC dated 20 May 2014 of the Ministry of Finance, the Company offered certain allowances 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 year ended 31 December 2014 was an amount of VND41,084,348,017 related to such allowances (2013: nil).

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30. Cost of sales

	2014 VND	2013 VND
Total cost of sales		
▪ Finished goods sold	22,108,401,594,210	19,356,246,171,629
▪ Merchandise goods sold	496,049,853,379	333,087,645,676
▪ Rental of investment property	6,891,621,743	7,083,811,145
▪ Other services	3,961,479,739	2,153,118,401
▪ Inventories losses	8,594,376,218	7,972,098,132
▪ Under-capacity costs	37,049,110,619	50,916,894,707
▪ Increase of allowance for inventories	7,503,098,580	8,333,940,784
	<hr/>	<hr/>
	22,668,451,134,488	19,765,793,680,474
	<hr/>	<hr/>

31. Financial income

	2014 VND	2013 VND
Interest income from deposits	479,778,494,831	371,382,601,654
Interest income from corporate bonds	11,682,191,784	23,338,013,697
Realised foreign exchange gains	30,619,597,899	89,847,345,276
Unrealised foreign exchange gains	8,404,807,167	-
Dividends	7,268,336,773	22,767,489,751
Gains on disposal of securities	35,816,124,708	12,258,500
Others	-	638
	<hr/>	<hr/>
	573,569,553,162	507,347,709,516
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32. Financial expenses

	2014 VND	2013 VND
Interest expense on loans	39,581,737,758	104,027,048
Payment discounts for distributors	15,823,678,176	26,181,425,042
Realised foreign exchange losses	31,633,506,793	29,550,432,486
Unrealised foreign exchange losses	-	13,064,625,014
Interest expense on deposits received	898,188,327	805,352,929
(Write back allowance)/allowance for short-term and long-term investments	(6,336,355,435)	17,634,293,701
Others	96,996,800	3,450,661,270
	<hr/>	<hr/>
	81,697,752,419	90,790,817,490
	<hr/>	<hr/>

33. Selling expenses

	2014 VND	2013 VND
Staff costs	473,726,239,410	194,049,933,281
Materials expenses	60,289,821,318	60,524,090,011
Tools and supplies expenses	118,604,903,127	82,551,394,335
Depreciation expenses	29,968,528,357	24,911,649,370
Expenses of damaged goods	16,809,808,460	13,414,638,552
Transportation expenses	483,498,543,127	385,469,435,879
Outside service expenses	207,472,016,659	170,156,060,020
Advertising expenses	1,206,192,193,034	878,084,461,527
Market research expenses	20,580,121,049	12,504,458,057
Promotion expenses	797,787,789,006	566,403,057,342
Product display expenses	408,465,064,965	376,163,969,684
Support and commission expenses for distributors	872,747,686,203	512,198,480,608
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	4,696,142,714,715	3,276,431,628,666
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34. General and administration expenses

	2014 VND	2013 VND
Staff costs	305,035,036,843	203,720,294,882
Materials expenses	18,098,831,201	17,697,620,827
Office supplies	19,321,652,371	8,519,542,351
Depreciation expenses	68,559,799,199	62,917,986,126
Fees and duties	10,489,148,731	6,898,909,318
Allowance for doubtful debts and provision for severance allowance	11,774,911,559	12,407,364,263
Transportation for internal transfers of goods	43,199,705,641	43,865,767,765
Outside service expenses	177,236,296,708	151,818,765,982
Loading expenses	19,522,263,773	20,323,775,456
Per-diem allowances	28,438,324,874	18,520,954,726
Bank charges	9,510,869,767	3,471,288,316
Others	84,178,225,723	61,093,236,238
	<hr/>	<hr/>
	795,365,066,390	611,255,506,250
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35. Other income

	2014 VND	2013 VND
Rebate income	149,336,436,635	167,756,170,079
Proceeds from disposals of scrap, tools, supplies and technical equipments	95,087,181,520	96,319,979,308
Proceeds from disposals of tangible fixed assets	59,983,306,410	29,581,525,306
Compensations received from other parties	16,347,305,098	938,427,793
Others	46,705,794,194	18,861,796,533
	<hr/>	<hr/>
	367,460,023,857	313,457,899,019
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36. Other expenses

	2014 VND	2013 VND
Book value of tangible fixed assets disposed	72,216,913,769	36,917,461,324
Others	50,602,844,794	21,902,400,710
	<hr/>	<hr/>
	122,819,758,563	58,819,862,034
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37. Income tax

(i) Recognised in the statement of income

	2014 VND	2013 VND
Current tax expense		
Current year	1,578,444,341,029	1,472,499,920,010
Under provision in prior year	2,214,099,350	10,948,296,650
	<hr/>	<hr/>
	1,580,658,440,379	1,483,448,216,660
	<hr/>	<hr/>
Deferred tax expense		
Origination and reversal of temporary differences	(35,492,545,769)	(7,298,675,568)
	<hr/>	<hr/>
Income tax expense	1,545,165,894,610	1,476,149,541,092
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(ii) Reconciliation of effective tax rate

	2014 VND	2013 VND
Profit before tax	7,613,368,860,918	8,010,256,856,719
Tax at the Company's tax rate	1,674,941,149,402	2,002,564,214,180
Tax rate differential applied to Company's branches and factories	(87,942,917,362)	(282,235,173,307)
Non-taxable income	(6,560,421,527)	(13,678,892,481)
Non-deductible expenses	6,834,356,033	7,544,277,757
Tax incentives	(40,169,077,694)	(253,697,982,690)
Deferred tax assets not previously recognised	(4,151,293,592)	(11,018,011,195)
Write down of deferred tax assets due to reduction in tax rate from 25% to 22%	-	15,722,812,178
Under provision in prior year	2,214,099,350	10,948,296,650
	1,545,165,894,610	1,476,149,541,092

(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 year ended 31 December 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

	2014 VND	2013 VND
Net profit for the year – attributable to ordinary shareholders	6,068,807,696,841	6,534,133,662,834

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(ii) Weighted average number of ordinary shares

	2014	2013 (Restated)
Number of ordinary shares at the beginning of the year	833,467,061	833,525,676
Effect of bonus shares issued	166,687,738	166,701,050
Purchase of treasury shares	(26,565)	(20,428)
Weighted average number of ordinary shares at the end of the year	1,000,128,234	1,000,206,298

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 year ended 31 December 2013 have also been restated accordingly to reflect these bonus shares.

As of 31 December 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	31/12/2014 VND	31/12/2013 VND
Cash and cash equivalents	(ii)	1,526,525,470,187	2,744,355,064,174
Short-term and long-term deposits	(ii)	6,949,996,000,000	3,600,000,000,000
Trade and other receivables	(iii)	2,358,517,115,535	2,305,337,326,185
Long-term corporate bonds	(iv)	300,000,000,000	-
		<hr/>	<hr/>
		11,135,038,585,722	8,649,692,390,359
		<hr/>	<hr/>

(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 year-end that were past due but not impaired is as follows:

	31/12/2014 VND	31/12/2013 VND
Past due 1 – 30 days	78,962,614,586	182,137,670,525
Past due 31 – 60 days	14,533,446,986	1,522,157,190
Past due 61 – 90 days	6,495,649,478	132,616,901
Past due more than 90 days	1,461,719,054	166,581,220
	<hr/>	<hr/>
	101,453,430,104	183,959,025,836

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

	2014 VND	2013 VND
Opening balance	7,387,087,909	3,852,583,886
Increase in allowance during the year	2,619,847,532	7,317,652,651
Translation differences	56,864,251	-
Allowance utilised during the year	(4,145,965,258)	(3,783,148,628)
	<hr/>	<hr/>
Closing balance	5,917,834,434	7,387,087,909

(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 31 December 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:

31 December 2014

	Carrying Amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND	More than 5 years VND
Short-term borrowings	1,279,525,014,840	1,302,655,532,729	1,302,655,532,729	-	-	-
Accounts payable – trade	1,898,529,392,924	1,898,529,392,924	1,898,529,392,924	-	-	-
Payables to employees	163,476,907,176	163,476,907,176	163,476,907,176	-	-	-
Accrued expenses	637,114,219,782	637,114,219,782	637,114,219,782	-	-	-
Other payables	598,428,618,781	598,428,618,781	598,428,618,781	-	-	-
Other long-term liabilities	8,192,561,774	8,192,561,774	-	8,192,561,774	-	-
Long-term borrowings	346,383,586,552	391,252,736,516	49,911,587,702	48,205,580,041	293,135,568,773	-
	4,931,650,301,829	4,999,649,969,682	4,650,116,259,094	56,398,141,815	293,135,568,773	-

31 December 2013

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

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

(d) Market risk

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

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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:

	31 December 2014		31 December 2013	
	USD	EUR	USD	EUR
Cash and cash in banks	3,735,730	20,792	16,776,618	21,606
Trade and other receivables	25,695,472	-	40,228,189	-
Trade and other payables	(20,657,877)	(523,391)	(28,256,420)	(6,861,815)
	<hr/>	<hr/>	<hr/>	<hr/>
	8,773,325	(502,599)	28,748,387	(6,840,209)
	<hr/>	<hr/>	<hr/>	<hr/>

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

	Exchange rate as at	
	31/12/2014	31/12/2013
	VND	VND
USD1	21,360	21,080
EUR1	25,874	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:

	Effect to net profit VND
31 December 2014	
USD (1% strengthening)	1,461,659,878
EUR (11% weakening)	1,115,763,242
	<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 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 VND8,546,285,358 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:

		31/12/2014		31/12/2013	
	Note	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)	1,526,525,470,187	1,526,525,470,187	2,744,355,064,174	2,744,355,064,174
- Short-term deposits	(i)	6,903,400,000,000	6,903,400,000,000	3,600,000,000,000	3,600,000,000,000
- Long-term deposits	(v)	46,596,000,000	Note (v)	-	-
- Trade and other receivables	(i)	2,358,517,115,535	2,358,517,115,535	2,305,337,326,184	2,305,337,326,184
Categorised as available-for-sale financial assets					
- Short-term investments in listed equity instruments	(ii)	179,237,503,400	109,567,833,000	179,237,503,400	100,350,264,600
- Short-term investments in unlisted equity instruments	(iii)	82,533,803,026	12,995,150,626	82,533,803,026	15,446,113,626
- Other short-term investments	(v)	442,000,000,000	Note (v)	442,000,000,000	Note (v)
- Long-term investments in listed equity instruments	(ii)	1,043,566,296	1,043,566,296	-	-
- Long-term investments in investment funds	(iv)	10,559,408,600	5,702,117,999	21,677,078,220	11,428,445,958
- Other long-term investments	(v)	21,813,262,063	Note (v)	22,250,548,736	Note (v)
Categorised as financial liabilities at amortised cost:					
- Short-term borrowings	(i)	(1,279,525,014,840)	(1,279,525,014,840)	(178,943,692,147)	(178,943,692,147)
- Long-term borrowings	(i)	(346,383,586,552)	Note (v)	(184,142,784,403)	Note (v)
- Trade and other payables	(i)	(3,305,741,700,437)	(3,305,741,700,437)	(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 and short-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, other long-term investments and long-term borrowings*

The Group has not determined fair values of these financial instruments for disclosure in the consolidated 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. Their fair values of these financial instruments may differ from their carrying amounts.

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40. Significant transactions with related parties

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

Related Party	Relationship	Nature of transaction	2014 VND	2013 VND
Miraka Limited	Associate	Purchase of goods	282,968,330,700	182,836,660,880
		Capital contribution	-	33,713,307,770
Asia Saigon Food Ingredients Joint Stock Group	Associate	Purchase of goods	-	11,414,335,000
		Sale of services and goods	11,024,603,438	228,233,276
Board of Management's and Board of Directors' members		Compensation	60,064,426,741	61,379,663,770
The State Capital Investment Corporation		Payment of dividends	1,502,928,000,000	1,427,781,600,000

41. Commitments

(a) Capital expenditure

As at 31 December 2014, the Group had the following outstanding capital commitments approved but not provided for in the balance sheet:

	31/12/2014 VND	31/12/2013 VND
Approved and contracted	456,147,536,111	180,816,143,352

(b) Leases

The future minimum lease payments under non-cancellable operating leases were:

	31/12/2014 VND	31/12/2013 VND
Within one year	20,449,178,598	10,229,299,096
Within two to five years	56,351,280,739	40,917,196,384
More than five years	296,216,877,341	298,345,396,804
	373,017,336,678	349,491,892,284

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42. Production and business costs by element

	2014 VND	2013 VND
Raw material costs included in production costs	20,444,555,743,335	18,391,025,570,770
Labour costs and staff costs	1,630,921,219,016	972,049,819,144
Depreciation and amortisation	1,032,730,002,039	780,752,870,880
Outside services	1,411,780,643,687	1,216,971,956,636
Other expenses	3,756,571,116,317	2,635,416,541,217

28 February 2015


Le Thanh Liem
Chief Accountant

Prepared by:


Ngo Thi Thu Trang
Executive Director - Finance

Approved by:



Mai Kieu Lien
Chief Executive Officer