

**Vietnam Dairy Products Joint Stock Company**

Separate financial statements  
for the year ended 31 December 2014

## Vietnam Dairy Products Joint Stock Company Corporate Information

### Business Registration

<b>Certificate No.</b>	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.

<b>Board of Management</b>	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)
<b>Board of Directors</b>	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)
<b>Registered Office</b>	10 Tan Trao Tan Phu Ward, District 7 Ho Chi Minh City Vietnam	
<b>Auditors</b>	KPMG Limited Vietnam	

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

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

The Board of Directors is responsible for the separate financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) which give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2014 and of the unconsolidated results of operations and cash flows for the year then ended. In preparing these separate financial statements, the Board of Directors is required to:

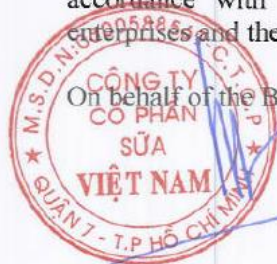
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the unconsolidated financial position of the Company and which enable these separate 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS**

We hereby approve the accompanying separate financial statements set out on pages 5 to 54 which give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2014, and of the unconsolidated 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

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders Vietnam Dairy Products Joint Stock Company**

We have audited the accompanying separate financial statements of Vietnam Dairy Products Joint Stock Company ("the Company"), which comprise the separate balance sheet as at 31 December 2014, the separate 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 54.

### **Management's Responsibility**

The Company'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 separate 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 separate 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 separate financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate 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 separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Vietnam Dairy Products Joint Stock Company as at 31 December 2014 and of its unconsolidated results of operations and its unconsolidated 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



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Chang Hung Chun  
Practicing Auditor Registration  
Certificate No. 0863-2013-007-1  
*Deputy General Director*

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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**  
**Separate balance sheet as at 31 December 2014**

**Form B 01 – DN**

	<b>Code</b>	<b>Note</b>	<b>31/12/2014 VND</b>	<b>31/12/2013 VND</b>
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>14,598,577,355,598</b>	<b>12,415,938,573,034</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>1,298,826,375,540</b>	<b>2,649,635,556,014</b>
Cash	111		798,826,375,540	1,349,635,556,014
Cash equivalents	112		500,000,000,000	1,300,000,000,000
<b>Short-term investments</b>	<b>120</b>	<b>6</b>	<b>7,414,562,935,026</b>	<b>4,167,317,622,318</b>
Short-term investments	121		7,553,771,306,426	4,313,292,575,718
Allowance for diminution in the value of short-term investments	129		(139,208,371,400)	(145,974,953,400)
<b>Accounts receivable – short-term</b>	<b>130</b>	<b>7</b>	<b>2,462,234,686,105</b>	<b>2,449,900,290,879</b>
Accounts receivable – trade	131		1,745,599,580,608	1,739,619,472,317
Prepayments to suppliers	132		368,348,817,693	305,461,174,876
Other receivables	135		350,794,021,307	406,739,802,657
Allowance for doubtful debts	139	35(b)	(2,507,733,503)	(1,920,158,971)
<b>Inventories</b>	<b>140</b>	<b>8</b>	<b>3,376,827,382,764</b>	<b>3,016,748,244,786</b>
Inventories	141		3,389,805,269,417	3,027,125,150,330
Allowance for inventories	149		(12,977,886,653)	(10,376,905,544)
<b>Other current assets</b>	<b>150</b>		<b>46,125,976,163</b>	<b>132,336,859,037</b>
Short-term prepayments	151		40,219,219,619	115,212,816,603
Deductible value added tax	152		3,825,748,291	16,079,608,608
Other current assets	158		2,081,008,253	1,044,433,826

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate balance sheet as at 31 December 2014 (continued)**

Form B 01 – DN

	Code	Note	31/12/2014 VND	31/12/2013 VND
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>9,884,064,037,686</b>	<b>9,466,984,212,085</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>7,395,303,671</b>	<b>736,666,667</b>
Other long-term receivables	218		7,395,303,671	736,666,667
<b>Fixed assets</b>	<b>220</b>		<b>7,106,342,961,790</b>	<b>7,634,662,008,779</b>
Tangible fixed assets	221	9	6,532,456,859,451	7,075,948,185,947
<i>Cost</i>	222		10,034,979,836,758	9,785,029,845,569
<i>Accumulated depreciation</i>	223		(3,502,522,977,307)	(2,709,081,659,622)
Intangible fixed assets	227	10	289,780,030,785	298,010,933,176
<i>Cost</i>	228		414,548,323,336	409,324,240,376
<i>Accumulated amortisation</i>	229		(124,768,292,551)	(111,313,307,200)
Construction in progress	230	11	284,106,071,554	260,702,889,656
<b>Investment property</b>	<b>240</b>	<b>12</b>	<b>144,512,770,233</b>	<b>106,022,395,521</b>
<i>Cost</i>	241		176,189,140,358	132,849,190,358
<i>Accumulated depreciation</i>	242		(31,676,370,125)	(26,826,794,837)
<b>Long-term investments</b>	<b>250</b>	<b>13</b>	<b>2,316,875,997,760</b>	<b>1,474,193,337,749</b>
Investments in subsidiaries	251		1,840,531,569,524	1,355,850,560,000
Investments in associates and joint-ventures	252		238,275,992,596	239,010,992,596
Other long-term investments	258		357,455,408,600	21,977,078,220
Allowance for diminution in the value of long-term investments	259		(119,386,972,960)	(142,645,293,067)
<b>Other long-term assets</b>	<b>260</b>		<b>308,937,004,232</b>	<b>251,369,803,369</b>
Long-term prepayments	261	14	157,161,532,623	134,992,760,729
Deferred tax assets	262	15	150,793,168,409	115,300,622,640
Other long-term assets	268		982,303,200	1,076,420,000
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>24,482,641,393,284</b>	<b>21,882,922,785,119</b>

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate balance sheet as at 31 December 2014 (continued)**

Form B 01 – DN

	Code	Note	31/12/2014 VND	31/12/2013 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>5,033,777,484,833</b>	<b>4,498,115,839,593</b>
<b>Current liabilities</b>	<b>310</b>		<b>4,956,652,265,341</b>	<b>4,427,923,145,335</b>
Short-term borrowings	311	16	1,110,720,000,000	-
Accounts payable – trade	312	17	1,647,920,447,124	1,758,323,135,506
Advances from customers	313		16,268,617,018	18,713,599,852
Taxes payable to State Treasury	314	18	499,301,151,862	455,641,139,360
Payables to employees	315		146,782,641,213	130,474,291,268
Accrued expenses	316	19	607,313,677,302	452,019,954,359
Other payables	319	20	575,553,064,671	1,255,411,806,799
Bonus and welfare fund	323		352,792,666,151	357,339,218,191
<b>Long-term liabilities</b>	<b>330</b>		<b>77,125,219,492</b>	<b>70,192,694,258</b>
Provision for severance allowance	337	21	77,107,794,500	69,357,318,250
Unearned revenue	338		17,424,992	835,376,008
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>19,448,863,908,451</b>	<b>17,384,806,945,526</b>
<b>Owners' equity</b>	<b>410</b>	<b>22</b>	<b>19,448,863,908,451</b>	<b>17,384,806,945,526</b>
Share capital	411	23	10,006,413,990,000	8,339,557,960,000
Share premium	412		-	1,276,994,100,000
Treasury shares	414	23	(5,388,109,959)	(5,068,507,959)
Investment and development fund	417		1,550,028,784,604	950,237,983,612
Financial reserve	418		971,689,582,340	833,955,796,000
Retained profits	420		6,926,119,661,466	5,989,129,613,873
<b>TOTAL RESOURCES</b> <b>(440 = 300 + 400)</b>	<b>440</b>		<b>24,482,641,393,284</b>	<b>21,882,922,785,119</b>

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



**Vietnam Dairy Products Joint Stock Company**  
**Separate balance sheet as at 31 December 2014 (continued)**

**Form B 01 – DN**

**OFF BALANCE SHEET ITEMS**

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

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 separate financial statements*

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of income for the year ended 31 December 2014**

Form B 02 – DN

	Code	Note	2014 VND	2013 VND
<b>Total revenue</b>	<b>01</b>	<b>25</b>	<b>33,068,937,469,256</b>	<b>31,764,198,288,076</b>
<b>Less revenue deductions</b>	<b>02</b>	<b>25</b>	<b>677,713,289,636</b>	<b>637,359,436,066</b>
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>25</b>	<b>32,391,224,179,620</b>	<b>31,126,838,852,010</b>
<b>Cost of sales</b>	<b>11</b>	<b>26</b>	<b>20,669,829,791,908</b>	<b>20,013,586,199,305</b>
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>11,721,394,387,712</b>	<b>11,113,252,652,705</b>
Financial income	21	27	581,280,739,214	505,980,596,858
Financial expenses	22	28	27,179,875,582	89,593,264,933
<i>In which: Interest expense</i>	23		7,444,530,604	-
Selling expenses	24	29	4,356,702,582,567	3,276,513,761,576
General and administration expenses	25	30	608,868,603,241	564,036,706,634
<b>Net operating profit</b> <b>{30 = 20 + (21 - 22) - (24 + 25)}</b>	<b>30</b>		<b>7,309,924,065,536</b>	<b>7,689,089,516,420</b>
Other income	31	31	300,637,730,171	355,617,732,974
Other expenses	32	32	73,859,569,880	98,008,656,518
<b>Results of other activities</b> <b>(40 = 31 - 32)</b>	<b>40</b>		<b>226,778,160,291</b>	<b>257,609,076,456</b>
<b>Profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>7,536,702,225,827</b>	<b>7,946,698,592,876</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>33</b>	<b>1,574,286,761,679</b>	<b>1,481,903,651,380</b>
<b>Income tax benefit – deferred</b>	<b>52</b>	<b>33</b>	<b>(35,492,545,769)</b>	<b>(7,298,675,568)</b>
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>5,997,908,009,917</b>	<b>6,472,093,617,064</b>
<b>Basic earnings per share</b>	<b>70</b>	<b>34</b>	<b>5,997</b>	<b>6,471</b>

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 separate financial statements

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2014**  
**(Indirect method)**

Form B 03 – DN

	Code Note	2014 VND	2013 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>	<b>01</b>	<b>7,536,702,225,827</b>	<b>7,946,698,592,876</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	867,532,661,957	703,756,978,549
Allowances and provisions	03	(16,135,052,959)	26,725,432,688
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	3,698,966,780	768,553,751
Dividends and interest income	05	(510,858,433,793)	(416,120,992,444)
Losses from other investing activities	05	-	3,408,284,633
Interest expense	06	7,444,530,604	-
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>7,879,980,091,249</b>	<b>8,278,301,475,067</b>
Change in receivables	09	(113,527,112,980)	76,773,842,125
Change in inventories	10	(370,467,880,881)	327,703,928,296
Change in payables and other liabilities	11	134,025,336,241	(507,226,934,283)
Change in prepayments	12	57,524,603,201	(41,809,381,072)
		<b>7,587,535,036,830</b>	<b>8,133,742,930,133</b>
Interest paid	13	(2,955,560,013)	-
Income tax paid	14	(1,514,603,717,509)	(1,398,018,166,940)
Other receipts from operating activities	15	10,511,344,492	20,984,913,520
Other payments for operating activities	16	(602,231,026,719)	(691,211,993,304)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>5,478,256,077,081</b>	<b>6,065,497,683,409</b>

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2014**  
**(Indirect method – continued)**

**Form B 03 – DN**

	<b>Code Note</b>	<b>2014 VND</b>	<b>2013 VND</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets	21	(454,754,884,257)	(1,188,180,709,199)
Collections on disposals of fixed assets	22	61,528,960,173	30,479,227,108
Increase in time deposits	23	(3,296,596,000,000)	(623,100,000,000)
Payments for purchases of debt instruments of other entities	23	(300,000,000,000)	-
Proceeds from sales of debt instruments of other entities	24	5,296,101,394	4,531,896,380
Collections on loan to other entities	24	-	30,000,000,000
Payments for investments in other entities	25	(528,253,202,500)	(515,763,867,770)
Collections on investment in other entities	26	967,242,976	133,786,051,481
Proceeds from matured bonds	26	-	350,000,000,000
Receipts of interest and dividends	27	573,044,098,170	306,351,954,041
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(3,938,767,684,044)</b>	<b>(1,471,895,447,959)</b>

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2014**  
**(Indirect method – continued)**

Form B 03 – DN

	Code Note	2014 VND	2013 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for shares repurchases	32	(319,602,000)	(525,442,959)
Proceeds from short-term borrowings	33	1,110,720,000,000	-
Payments of dividends	36	(4,000,511,732,800)	(3,167,235,049,800)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(2,890,111,334,800)</b>	<b>(3,167,760,492,759)</b>
<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>(1,350,622,941,763)</b>	<b>1,425,841,742,691</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>2,649,635,556,014</b>	<b>1,224,462,285,364</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>(186,238,711)</b>	<b>(668,472,041)</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)</b>	<b>70 5</b>	<b>1,298,826,375,540</b>	<b>2,649,635,556,014</b>

28 February 2015

Prepared by:  

Approved by: 



Le Thanh Liem  
Chief Accountant

Ngo Thi Thu Trang  
Executive Director - Finance

Mai Kieu Lien  
Chief Executive Officer

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

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014**

**Form B 09 – DN**

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

## **1. Reporting Entity**

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

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

As at 31 December 2014, the Company had 7 subsidiaries (31 December 2013: 5 subsidiaries):

<b>Subsidiaries</b>	<b>Principal activities</b>	<b>Ownership of legal capital by the Company</b>
Vietnam Dairy Cow One Member Limited Company	Milk production	100.00%
Lamson Dairy Products One Member Company Limited	Milk production	100.00%
International Real Estate One Member Limited Company (*)	Real estate trading	100.00%
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Animal and milk trading	100.00%
Thong Nhat Thanh Hoa Dairy Cow Company Limited	Milk production	96.11%
Driftwood Dairy Holdings Corporation	Milk production	70.00%
Angkor Dairy Products Co., Ltd.	Milk production	51.00%

- (\*) On 24 February 2014, the Company’s Board of Management passed a resolution to liquidate this subsidiary. 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 Company had 5,072 employees (31/12/2013: 5,049 employees).

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014**  
**(continued)**

Form B 09 – DN

**2. Basis of preparation**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

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

**(c) Annual accounting period**

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

**(d) Accounting currency**

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

**3. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Company in the preparation of these separate financial statements.

**(a) Foreign currency transactions**

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

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

**(b) Cash and cash equivalents**

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

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014**  
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**(c) Short-term and long-term investments**

**(i) Classification**

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

**(ii) Recognition**

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

**(iii) Measurement**

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

**(iv) Impairment**

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

**(v) Derecognition**

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

**(d) Accounts receivable**

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

**(e) Inventories**

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

The Company applies the perpetual method of accounting for inventories.



**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014**  
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**(f) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use, and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the separate statement of income in the 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 – 8 years   |

**(g) Intangible fixed assets**

**(i) Land use rights**

Land use rights comprise:

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

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

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

**(ii) Software**

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

**(h) Investment property**

**(i) Cost**

Investment property is stated at cost less accumulated depreciation. The initial cost of an investment property comprises its purchase price, cost of land use rights and any directly attributable expenditure of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after the investment property has been put into operation, such as repair and maintenance, is charged to the separate statement of income in the 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.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**(ii) Depreciation**

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

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

**(i) Construction in progress**

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

**(j) Long-term prepayments**

**(i) Prepaid land costs**

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

**(ii) Tools and instruments**

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45. 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.

**(k) Trade and other payables**

Trade and other payables are stated at their cost.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**(l) Provisions**

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

***Severance allowance***

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

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

**(m) Classification of financial instruments**

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

**(i) *Financial assets***

***Financial assets at fair value through profit or loss***

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

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

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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*Held-to-maturity investments*

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

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

*Loans and receivables*

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

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

*Available-for-sale financial assets*

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

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

**(ii) *Financial liabilities***

*Financial liabilities at fair value through profit or loss*

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

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

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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

*Financial liabilities carried at amortised cost*

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

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

**(n) Taxation**

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

Current tax is the expected tax payable on the taxable income for the 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.

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

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

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

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**(p) Revenue**

**(i) Goods sold**

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

**(ii) Services rendered**

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

**(iii) Rental income**

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

**(q) Financial income**

**(i) Interest income**

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

**(ii) Dividend income**

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

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

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

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**(r) Operating lease payments**

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

**(s) Dividend distribution**

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

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

**(t) Equity funds**

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

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 Company's paid in capital. Utilisation of the above reserve funds requires approval of the shareholders, the Board of Directors or the Chief Executive Officer, depending on the nature and magnitude of the transactions involved as stated in the Company's Charter and financial regulations.

**(u) Earnings per share**

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

**(v) Segment reporting**

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



**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**(w) Related parties**

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

**Vietnam Dairy Products Joint Stock Company****Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**4. Segment reporting**

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

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

**Geographical segments**

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

	<b>Domestic</b>		<b>Overseas</b>		<b>Total</b>	
	<b>2014 VND</b>	<b>2013 VND</b>	<b>2014 VND</b>	<b>2013 VND</b>	<b>2014 VND</b>	<b>2013 VND</b>
Net sales	29,434,506,801,203	26,712,897,786,407	2,956,717,378,417	4,413,941,065,603	32,391,224,179,620	31,126,838,852,010
Cost of sales	(18,487,944,033,626)	(16,561,140,169,133)	(2,181,885,758,282)	(3,452,446,030,172)	(20,669,829,791,908)	(20,013,586,199,305)
Segment income	10,946,562,767,577	10,151,757,617,274	774,831,620,135	961,495,035,431	11,721,394,387,712	11,113,252,652,705

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**5. Cash and cash equivalents**

	<b>31/12/2014</b> <b>VND</b>	<b>31/12/2013</b> <b>VND</b>
Cash on hand	730,356,102	636,768,587
Cash in banks	798,096,019,438	1,348,998,787,427
Cash equivalents	500,000,000,000	1,300,000,000,000
	<hr/>	<hr/>
	1,298,826,375,540	2,649,635,556,014
	<hr/> <hr/>	<hr/> <hr/>

**6. Short-term investments**

	<b>31/12/2014</b> <b>VND</b>	<b>31/12/2013</b> <b>VND</b>
Short-term investments in:		
▪ Listed securities	179,237,503,400	188,758,772,692
▪ Unlisted securities	82,533,803,026	82,533,803,026
▪ Term deposits	6,850,000,000,000	3,600,000,000,000
▪ Other short-term investments	442,000,000,000	442,000,000,000
	<hr/>	<hr/>
	7,553,771,306,426	4,313,292,575,718
Allowance for diminution in value of short-term investments	(139,208,371,400)	(145,974,953,400)
	<hr/>	<hr/>
	7,414,562,935,026	4,167,317,622,318
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2014</b> <b>VND</b>	<b>2013</b> <b>VND</b>
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)
	<hr/>	<hr/>
Closing balance	139,208,371,400	145,974,953,400
	<hr/> <hr/>	<hr/> <hr/>

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**7. Accounts receivable – short-term**

Accounts receivable included the following amounts due from related parties:

	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
<b>Amount due from related parties</b>		
Trade	67,875,774,483	60,099,169,471

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

Other receivables comprised:

	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Rebates receivable from suppliers	133,509,529,151	80,172,000,489
Interest income from deposits	118,619,712,835	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	15,032,518,562	7,866,115,818
	<b>350,794,021,307</b>	<b>406,739,802,657</b>

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**8. Inventories**

	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Goods in transit	479,836,716,027	545,709,876,853
Raw materials	1,834,075,105,321	1,601,312,578,132
Tools and supplies	584,442,313	2,656,080,719
Work in progress	24,800,077,770	46,449,573,986
Finished goods	1,022,920,173,470	806,041,510,279
Merchandise inventories	25,845,426,968	24,132,281,664
Goods on consignment	1,743,327,548	823,248,697
	<hr/>	<hr/>
	3,389,805,269,417	3,027,125,150,330
Allowance for inventories	(12,977,886,653)	(10,376,905,544)
	<hr/>	<hr/>
	3,376,827,382,764	3,016,748,244,786
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2014</b>	<b>2013</b>
	<b>VND</b>	<b>VND</b>
Opening balance	10,376,905,544	3,455,165,385
Increase in allowance during the year	25,375,054,520	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	12,977,886,653	10,376,905,544
	<hr/> <hr/>	<hr/> <hr/>

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**9. Tangible fixed assets**

	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	1,692,151,444,465	7,167,671,244,816	549,891,781,955	375,315,374,333	9,785,029,845,569
Additions	7,537,708,345	52,536,841,197	45,585,321,485	37,126,611,524	142,786,482,551
Transfers from construction in progress	79,149,783,203	97,468,403,043	9,006,691,000	3,070,110,182	188,694,987,428
Transfers to long-term prepayments	-	(1,750,105,500)	-	-	(1,750,105,500)
Reclassification	-	1,544,080,491	-	(1,544,080,491)	-
Disposals	(2,517,174,855)	(12,727,222,950)	(24,113,764,923)	(137,406,527)	(39,495,569,255)
Written off	-	-	-	(235,964,887)	(235,964,887)
Other decreases	-	(39,914,743,469)	-	(135,095,679)	(40,049,839,148)
Closing balance	1,776,321,761,158	7,264,828,497,628	580,370,029,517	413,459,548,455	10,034,979,836,758
<b>Accumulated depreciation</b>					
Opening balance	279,788,756,482	2,084,303,059,207	170,948,009,959	174,041,833,974	2,709,081,659,622
Charge for the year	77,766,921,199	668,652,833,873	51,226,257,017	51,582,089,229	849,228,101,318
Reclassifications	47,463,481	389,682,234	(70,221,537)	(366,924,178)	-
Disposals	(2,266,905,340)	(7,705,379,329)	(10,416,884,367)	(137,406,527)	(20,526,575,563)
Written off	-	-	-	(235,964,887)	(235,964,887)
Other decreases	-	(34,947,656,384)	-	(76,586,799)	(35,024,243,183)
Closing balance	355,336,235,822	2,710,692,539,601	211,687,161,072	224,807,040,812	3,502,522,977,307
<b>Net book value</b>					
Opening balance	1,412,362,687,983	5,083,368,185,609	378,943,771,996	201,273,540,359	7,075,948,185,947
Closing balance	1,420,985,525,336	4,554,135,958,027	368,682,868,445	188,652,507,643	6,532,456,859,451

Included in the cost of tangible fixed assets were assets costing VND917,825,635,829 which were fully depreciated as at 31 December 2014 (31/12/2013: VND816,527,555,828), but which are still in active use.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**10. Intangible fixed assets**

	<b>Land use rights VND</b>	<b>Software VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening balance	314,353,303,957	94,970,936,419	409,324,240,376
Additions	-	5,224,082,960	5,224,082,960
<hr/>			
Closing balance	314,353,303,957	100,195,019,379	414,548,323,336
<hr/>			
<b>Accumulated amortisation</b>			
Opening balance	56,128,172,644	55,185,134,556	111,313,307,200
Charge for the year	5,303,948,328	8,151,037,023	13,454,985,351
<hr/>			
Closing balance	61,432,120,972	63,336,171,579	124,768,292,551
<hr/>			
<b>Net book value</b>			
Opening balance	258,225,131,313	39,785,801,863	298,010,933,176
Closing balance	252,921,182,985	36,858,847,800	289,780,030,785
<hr/>			

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.

**11. Construction in progress**

	<b>2014 VND</b>	<b>2013 VND</b>
Opening balance	260,702,889,656	3,490,371,666,917
Additions	262,296,965,469	775,387,897,989
Transfers to tangible fixed assets	(188,694,987,428)	(3,740,456,174,389)
Transfers to investment property	(43,339,950,000)	(38,884,288,170)
Transfers to intangible fixed assets	-	(54,686,566,064)
Disposals	(8,225,418,386)	(68,715,944,563)
Other increases/(decreases)	1,366,572,243	(102,313,702,064)
<hr/>		
Closing balance	284,106,071,554	260,702,889,656
<hr/>		

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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Major constructions in progress related to the following locations:

	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Dairy Cow farms	116,080,921,067	35,827,102,037
Can Tho branch	52,101,510,922	52,101,510,922
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 dairy factory	13,990,180,277	27,693,383,103
Tien Son milk factory	8,777,587,675	92,638,406,909
Lam Son milk factory	517,063,872	7,800,711,948
Others	26,741,797,406	15,931,543,455
	<hr/>	<hr/>
	284,106,071,554	260,702,889,656
	<hr/>	<hr/>

## 12. Investment property

	<b>Land use rights</b>	<b>Infrastructure</b>	<b>Buildings</b>	<b>Total</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
<b>Cost</b>				
Opening balance	38,884,288,170	6,464,218,561	87,500,683,627	132,849,190,358
Transfer from construction in progress	43,339,950,000	-	-	43,339,950,000
	<hr/>	<hr/>	<hr/>	<hr/>
	82,224,238,170	6,464,218,561	87,500,683,627	176,189,140,358
<b>Accumulated depreciation</b>				
Opening balance	264,518,968	2,652,140,044	23,910,135,825	26,826,794,837
Charge for the year	793,556,904	646,421,850	3,409,596,534	4,849,575,288
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	1,058,075,872	3,298,561,894	27,319,732,359	31,676,370,125
<b>Net book value</b>				
Opening balance	38,619,769,202	3,812,078,517	63,590,547,802	106,022,395,521
Closing balance	81,166,162,298	3,165,656,667	60,180,951,268	144,512,770,233
	<hr/>	<hr/>	<hr/>	<hr/>

The Company's investment property represents buildings and infrastructure held for earning rental income. The fair value of investment property has not been determined as there was no recent market transaction for similar property in the same location as the Company's investment property.

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



**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**13. Long-term investments**

	% of ownership	% of voting right	31/12/2014 VND	31/12/2013 VND
<b>Long-term equity investments in subsidiaries</b>				
▪ Vietnam Dairy Cow One Member Limited Company	100.00%	100.00%	1,174,000,000,000	1,057,000,000,000
▪ Lamson Dairy Products One Member Company Limited	100.00%	100.00%	370,800,000,000	90,800,000,000
▪ International Real Estate One Member Limited Company	100.00%	100.00%	2,427,807,024	46,000,000,000
▪ Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	100.00%	100.00%	9,834,270,000	-
▪ Thong Nhat Thanh Hoa Dairy Cow Limited Company	96.11%	96.11%	17,800,000,000	4,300,000,000
▪ Driftwood Dairy Holdings Corporation	70.00%	70.00%	157,750,560,000	157,750,560,000
▪ Angkor Dairy Products Co, Ltd	51.00%	51.00%	107,918,932,500	-
			1,840,531,569,524	1,355,850,560,000
<b>Long-term equity investments in associates and a jointly control entity</b>				
▪ Miraka Limited	19.30% (*)	19.30% (*)	213,028,307,770	213,028,307,770
▪ Asia Saigon Food Ingredients Joint Stock Company	15.00% (*)	15.00% (*)	18,000,000,000	18,000,000,000
▪ Horizon Apartment – Business Cooperation Contract	24.50%	24.50%	7,247,684,826	7,982,684,826
			238,275,992,596	239,010,992,596
<b>Long-term corporate bonds</b>				
▪ Ho Chi Minh City Development Joint Stock Commercial Bank			300,000,000,000	-
<b>Other long-term investments</b>				
▪ Long-term deposits			46,596,000,000	-
▪ Investment funds			10,559,408,600	21,677,078,220
▪ Others			300,000,000	300,000,000
			357,455,408,600	21,977,078,220
Total long-term investments			2,436,262,970,720	1,616,838,630,816
Allowance for diminution in value of long-term investments			(119,386,972,960)	(142,645,293,067)
			2,316,875,997,760	1,474,193,337,749

(\*) Management assessed that the Company had significant influence over these two entities because two members of the Company's Board of Directors are Board of Management members of these two entities.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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

	<b>2014</b> <b>VND</b>	<b>2013</b> <b>VND</b>
Opening balance	142,645,293,067	191,607,308,624
Increase in allowance during the year	430,226,565	930,019,799
Allowance utilised during the year	(5,821,568,226)	(48,106,896,668)
Written back	(17,866,978,446)	(1,785,138,688)
	<hr/>	<hr/>
Closing balance	119,386,972,960	142,645,293,067
	<hr/> <hr/>	<hr/> <hr/>

#### **14. Long-term prepayments**

	<b>Prepaid land costs VND</b>	<b>Tools and instruments VND</b>	<b>Other prepayments VND</b>	<b>Total VND</b>
Opening balance	6,432,866,456	51,691,930,029	76,867,964,244	134,992,760,729
Additions	1,850,226,175	129,539,930,365	23,144,584,802	154,534,741,342
Transfer to short-term prepayments	(1,130,204,051)	(23,929,410,340)	(849,955,137)	(25,909,569,528)
Transfer to expenses	(2,733,050,701)	(71,010,168,609)	(32,713,180,610)	(106,456,399,920)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	4,419,837,879	86,292,281,445	66,449,413,299	157,161,532,623
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### **15. Deferred tax assets**

Deferred tax assets were recognised on the following:

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

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**16. Short-term borrowings**

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

<b>Lenders</b>	<b>Currency</b>	<b>Annual interest rate</b>	<b>31/12/2014 VND</b>	<b>31/12/2013 VND</b>
The Bank of Tokyo-Mitsubishi UFJ Ltd. – Ho Chi Minh City Branch	(a) USD	1.47%	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	-
			<hr/>	
			1,110,720,000,000	-
			<hr/>	

(a) This short-term loan has a maximum facility of USD50 million and is unsecured.

(b) This loan has a maximum facility of VND3,300 billion and is unsecured.

**17. Accounts payable – trade**

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

	<b>31/12/2014 VND</b>	<b>31/12/2013 VND</b>
Amounts due to related parties	179,172,035,340	76,935,191,029
	<hr/>	<hr/>

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

**18. Taxes payable to State Treasury**

	<b>31/12/2014 VND</b>	<b>31/12/2013 VND</b>
Value added tax	97,705,192,489	106,885,830,826
Corporate income tax	395,750,399,000	336,067,354,818
Personal income tax	5,740,856,627	12,658,403,836
Import tax	67,059,641	-
Natural resources tax	37,644,105	29,549,880
	<hr/>	<hr/>
	499,301,151,862	455,641,139,360
	<hr/>	<hr/>

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**19. Accrued expenses**

	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Sale incentives, promotion	372,079,159,616	218,453,058,937
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	4,488,970,591	-
Others	83,385,428,424	82,550,454,459
	<hr/>	<hr/>
	607,313,677,302	452,019,954,359
	<hr/>	<hr/>

**20. Other payables**

	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Import duty payables	66,891,229,438	108,992,820,343
Short-term deposits received	51,152,051,092	21,558,597,492
Insurance and trade union fees	535,355,764	517,527,813
Dividend payables	-	664,944,528,680
Others	8,967,009,222	11,390,913,316
	<hr/>	<hr/>
	575,553,064,671	1,255,411,806,799
	<hr/>	<hr/>

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

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**21. Provision for severance allowance**

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

	<b>2014</b> <b>VND</b>	<b>2013</b> <b>VND</b>
Opening balance	69,357,318,250	59,325,269,500
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	-	(1,635,993,667)
	<hr/>	<hr/>
Closing balance	77,107,794,500	69,357,318,250
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**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**22. Changes in owners' equity**

	<b>Share capital VND</b>	<b>Share premium VND</b>	<b>Treasury shares VND</b>	<b>Investment and development fund VND</b>	<b>Financial reserve VND</b>	<b>Retained profits VND</b>	<b>Total VND</b>
<b>Balance at 1 January 2013</b>	8,339,557,960,000	1,276,994,100,000	(4,504,115,000)	93,889,017,729	588,402,022,008	5,100,115,286,990	15,394,454,271,727
Decrease in bonus share issued	-	-	(38,950,000)	22,835,000	-	16,115,000	-
Purchase of treasury shares	-	-	(525,442,959)	-	-	-	(525,442,959)
Net profit for the year	-	-	-	-	-	6,472,093,617,064	6,472,093,617,064
Appropriation to equity funds and bonus and welfare fund	-	-	-	856,326,130,883	245,553,773,99	(1,749,089,266,581)	(647,209,361,706)
Dividends	-	-	-	-	-	(3,834,006,138,600)	(3,834,006,138,600)
<b>Balance at 1 January 2014</b>	8,339,557,960,000	1,276,994,100,000	(5,068,507,959)	950,237,983,612	833,955,796,000	5,989,129,613,873	17,384,806,945,526
Bonus shares issued	1,666,856,030,000	(1,276,994,100,000)	-	-	-	(389,861,930,000)	-
Purchase of treasury shares	-	-	(319,602,000)	-	-	-	(319,602,000)
Net profit for the year	-	-	-	-	-	5,997,908,009,917	5,997,908,009,917
Appropriation to equity funds and bonus and welfare fund	-	-	-	599,790,800,992	137,733,786,340	(1,337,315,388,324)	(599,790,800,992)
Dividends (Note 24)	-	-	-	-	-	(3,333,740,644,000)	(3,333,740,644,000)
<b>Balance at 31 December 2014</b>	10,006,413,990,000	-	(5,388,109,959)	1,550,028,784,604	971,689,582,340	6,926,119,661,466	19,448,863,908,451

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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

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

Movements in share capital during the 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)
<hr/>				
Closing balance	1,000,118,604	10,001,025,880,041	833,467,061	8,334,489,452,041
<hr/>				

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**24. Dividends**

The Shareholders of the Company on 25 April 2014 and 25 July 2014 resolved to distribute dividends totally amounting to VND3,334 billion (VND2,000 per share 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)).

**25. Total revenue**

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

Net revenue comprised:

	<b>2014</b> <b>VND</b>	<b>2013</b> <b>VND</b>
Total revenue		
▪ Sales of finished goods	32,251,979,849,703	31,157,971,691,285
▪ Sales of merchandise goods	768,894,764,483	566,188,343,944
▪ Rental income from investment property	13,876,954,092	11,961,125,011
▪ Other services	34,185,900,978	28,077,127,836
	<hr/>	<hr/>
	33,068,937,469,256	31,764,198,288,076
	<hr/>	<hr/>
Less sales deductions		
▪ Sale discounts (*)	(652,837,579,640)	(615,564,375,942)
▪ Sale returns	(24,875,709,996)	(21,795,060,124)
	<hr/>	<hr/>
	(677,713,289,636)	(637,359,436,066)
	<hr/>	<hr/>
Net revenue	32,391,224,179,620	31,126,838,852,010
	<hr/>	<hr/>

- (\*) 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).



**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**26. Cost of sales**

	<b>2014</b>	<b>2013</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Finished goods sold	19,972,140,384,072	19,456,071,122,584
▪ Merchandise goods sold	663,016,210,816	507,229,002,831
▪ Rental of investment property	6,699,181,406	7,055,227,541
▪ Other services	2,596,533,891	1,499,447,331
▪ Inventories losses	-	6,370,980
▪ Under-capacity cost	18,020,868,333	33,391,087,254
▪ Increase of allowance for inventories	7,356,613,390	8,333,940,784
	<hr/>	<hr/>
	20,669,829,791,908	20,013,586,199,305
	<hr/> <hr/>	<hr/> <hr/>

**27. Financial income**

	<b>2014</b>	<b>2013</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	473,365,396,409	367,590,303,527
Interest income from bonds	11,682,191,784	23,338,013,697
Dividends	25,810,845,600	24,567,489,751
Realised foreign exchange gains	26,201,373,546	89,847,345,276
Unrealised foreign exchange gains	8,404,807,167	-
Gains on disposal of securities	35,816,124,708	12,258,500
Interest income on loans granted	-	625,185,469
Others	-	638
	<hr/>	<hr/>
	581,280,739,214	505,980,596,858
	<hr/> <hr/>	<hr/> <hr/>

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**28. Financial expenses**

	<b>2014</b> <b>VND</b>	<b>2013</b> <b>VND</b>
Interest expense on loans	7,444,530,604	-
Payment discounts for distributors	15,823,678,176	26,181,425,042
Realised foreign exchange losses	27,126,137,568	29,550,432,488
Unrealised foreign exchange losses	-	13,064,625,013
Interest expense on deposits received	898,188,327	805,352,929
(Write back allowance)/allowance for short-term and long-term investments	(24,203,333,881)	16,540,768,191
Others	90,674,788	3,450,661,270
	<hr/> 27,179,875,582	<hr/> 89,593,264,933 <hr/>

**29. Selling expenses**

	<b>2014</b> <b>VND</b>	<b>2013</b> <b>VND</b>
Staff costs	230,645,788,351	194,020,066,191
Materials expenses	60,289,821,318	60,524,090,011
Tools and supplies expenses	91,783,397,835	82,551,394,335
Depreciation expenses	24,022,703,083	24,911,649,370
Expenses of damaged goods	16,809,808,460	13,414,638,552
Transportation expenses	429,073,411,965	385,469,435,879
Outside service expenses	199,021,509,706	170,268,060,020
Advertising expenses	1,206,192,193,034	878,084,461,527
Market research expenses	20,580,121,049	12,504,458,057
Promotion expenses	797,071,076,598	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
	<hr/> 4,356,702,582,567	<hr/> 3,276,513,761,576 <hr/>

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**30. General and administration expenses**

	<b>2014</b>	<b>2013</b>
	<b>VND</b>	<b>VND</b>
Staff costs	203,764,558,045	182,602,570,722
Materials expenses	16,828,753,898	17,258,405,562
Office supplies	13,095,475,375	7,518,697,379
Depreciation expenses	58,380,313,541	59,819,573,535
Fees and duties	4,931,821,871	4,584,810,977
Allowance for doubtful debts and provision for severance allowance	9,866,731,559	12,491,896,763
Transportation for internal transfers of goods	43,193,148,074	43,865,767,765
Outside service expenses	156,643,837,205	142,708,078,239
Loading expenses	19,522,263,773	20,323,775,456
Per-diem allowances	28,240,733,471	18,520,954,726
Bank charges	3,347,396,210	3,471,288,316
Others	51,053,570,219	50,870,887,194
	<hr/>	<hr/>
	608,868,603,241	564,036,706,634
	<hr/> <hr/>	<hr/> <hr/>

**31. Other income**

	<b>2014</b>	<b>2013</b>
	<b>VND</b>	<b>VND</b>
Proceeds from disposals of scrap, tools, supplies and technical equipments	96,415,377,597	97,672,202,034
Rebate income	149,336,436,635	167,756,170,079
Proceeds from disposals of construction in progress	8,225,418,386	68,715,944,563
Proceeds from disposals of tangible fixed assets	15,338,176,912	13,335,426,129
Compensations received from other parties	16,347,305,098	938,427,793
Others	14,975,015,543	7,199,562,376
	<hr/>	<hr/>
	300,637,730,171	355,617,732,974
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Vietnam Dairy Products Joint Stock Company  
Notes to the separate financial statements for the year ended 31 December 2014 (continued)

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**32. Other expenses**

	<b>2014 VND</b>	<b>2013 VND</b>
Book value of tangible fixed assets disposed	18,968,993,692	14,101,707,153
Book value of construction in progress disposed	8,225,418,386	68,715,944,563
Others	46,665,157,802	15,191,004,802
	<hr/> 73,859,569,880	<hr/> 98,008,656,518
	<hr/> <hr/>	<hr/> <hr/>

**33. Income tax**

*(i) Recognised in the statement of income*

	<b>2014 VND</b>	<b>2013 VND</b>
<b>Current tax expense</b>		
Current year	1,572,067,114,538	1,469,948,425,971
Under provision in prior year	2,219,647,141	11,955,225,409
	<hr/> 1,574,286,761,679	<hr/> 1,481,903,651,380
	<hr/> <hr/>	<hr/> <hr/>
<b>Deferred tax benefit</b>		
Origination and reversal of temporary differences	(35,492,545,769)	(7,298,675,568)
	<hr/> 1,538,794,215,910	<hr/> 1,474,604,975,812
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2014</b> <b>VND</b>	<b>2013</b> <b>VND</b>
Profit before tax	7,536,702,225,827	7,946,698,592,876
Tax at the Company's tax rate	1,658,074,489,682	1,986,674,648,219
Tax rate differential applied to Company's branches and factories	(85,305,802,089)	(278,822,358,901)
Non-taxable income	(5,677,632,205)	(6,141,872,438)
Non-deductible expenses	6,834,356,033	7,449,310,316
Tax incentives	(37,350,842,652)	(251,241,456,089)
Deferred tax assets not previously recognised	-	(10,991,332,883)
Write down of deferred tax assets due to reduction in tax rate from 25% to 22%	-	15,722,812,179
Under provision in prior year	2,219,647,141	11,955,225,409
	<u>1,538,794,215,910</u>	<u>1,474,604,975,812</u>

**(iii) Applicable tax rates**

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

**34. Basic earnings per share**

The calculation of basic earnings per share for the 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**

	<b>2014</b> <b>VND</b>	<b>2013</b> <b>VND</b>
Net profit for the year – attributable to ordinary shareholders	5,997,908,009,917	6,472,093,617,064

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**(ii) Weighted average number of ordinary shares**

	<b>2014</b>	<b>2013</b> <b>(Restated)</b>
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 at 31 December 2014, the Company did not have potentially dilutive ordinary shares.

## **35. Financial instruments**

### **(a) Financial risk management**

#### **(i) Overview**

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

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

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

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

#### **(ii) Risk management framework**

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

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

**(b) Credit risk**

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

**(i) Exposure to credit risk**

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

	Note	31/12/2014 VND	31/12/2013 VND
Cash and cash equivalents	(ii)	1,298,096,019,438	2,648,998,787,427
Short-term and long-term deposits	(ii)	6,896,596,000,000	3,600,000,000,000
Trade and other receivables	(iii)	2,101,281,172,083	2,145,175,782,670
Long-term corporate bonds	(iv)	300,000,000,000	-
		10,595,973,191,521	8,394,174,570,097

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

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

**(iii) Trade and other receivables**

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

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

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

	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Past due 1 – 30 days	45,894,578,078	149,359,450,373
Past due 31 – 60 days	3,325,354,948	1,522,157,190
Past due 61 – 90 days	-	132,616,901
Past due more than 90 days	-	166,581,220
	<hr/>	<hr/>
	49,219,933,026	151,180,805,684
	<hr/>	<hr/>

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

	<b>2014</b>	<b>2013</b>
	<b>VND</b>	<b>VND</b>
Opening balance	1,920,158,971	3,832,172,450
Increase in allowance during the year	711,667,532	1,850,723,713
Allowance utilised during the year	(124,093,000)	(3,762,737,192)
	<hr/>	<hr/>
Closing balance	2,507,733,503	1,920,158,971
	<hr/>	<hr/>

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

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

There was no allowance for diminution in the value of the investments in long-term corporate bonds as at 31 December 2014.

**(c) Liquidity risk**

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



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

**31 December 2014**

	<b>Carrying Amount VND</b>	<b>Contractual cash flows VND</b>	<b>Within 1 year VND</b>
Short-term borrowings	1,110,720,000,000	1,117,186,057,719	1,117,186,057,719
Accounts payable – trade	1,647,920,447,124	1,647,920,447,124	1,647,920,447,124
Payables to employees	146,782,641,213	146,782,641,213	146,782,641,213
Accrued expenses	607,313,677,302	607,313,677,302	607,313,677,302
Other payables	575,553,064,671	575,553,064,671	575,553,064,671
	4,088,289,830,310	4,094,755,888,029	4,094,755,888,029

**31 December 2013**

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

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

**(d) Market risk**

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

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**(i) Currency risk**

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

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

*Exposure to currency risk*

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

	<b>31 December 2014</b>		<b>31 December 2013</b>	
	<b>USD</b>	<b>EUR</b>	<b>USD</b>	<b>EUR</b>
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)

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

	<b>Exchange rate as at</b>	
	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
USD 1	21,360	21,080
EUR 1	25,874	28,956

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

	<b>Effect to net profit VND</b>
<b>31 December 2014</b>	
USD (1% strengthening)	1,461,659,878
EUR (11% weakening)	1,115,763,242
<hr/>	
<b>31 December 2013</b>	
USD (5% strengthening)	22,725,600,132
EUR (5% weakening)	7,427,441,572
<hr/> <hr/>	

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

**(ii) Interest rate risk**

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

**(iii) Price risk**

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

For investments in listed securities, if the share prices had increased/decreased by 10% with all other variables including tax rate being held constant, the Company's net profit after tax would have been VND8,546,285,358 higher/lower (31 December 2013: VND7,526,266,200).

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**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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

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

	Note	31/12/2014		31/12/2013	
		Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Categorised as financial assets at fair value through profit or loss:					
- Short-term investments in listed equity instruments	(ii)	-	-	9,521,269,292	26,326,080,000
Categorised as held-to-maturity investments:					
- Long-term corporate bonds	(v)	300,000,000,000	Note (v)	-	-
Categorised as loans and receivables:					
- Cash and cash equivalents	(i)	1,298,096,019,438	1,298,096,019,438	2,648,998,787,427	2,648,998,787,427
- Short-term deposits	(i)	6,850,000,000,000	6,850,000,000,000	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)	2,101,281,172,083	2,101,281,172,083	2,145,175,782,670	2,145,175,782,670
Categorised as available-for-sale financial assets					
- Short-term investments in listed equity instruments	(ii)	179,237,503,400	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 investment funds	(iv)	10,559,408,600	5,702,117,999	21,677,078,220	11,428,445,958
- Other long-term investments	(v)	300,000,000	Note (v)	300,000,000	Note (v)
Categorised as financial liabilities at amortised cost:					
- Short-term borrowings	(i)	(1,110,720,000,000)	(1,110,720,000,000)	-	-
- Trade and other payables	(i)	(2,977,569,830,310)	(2,977,569,830,310)	(3,596,229,187,932)	(3,596,229,187,932)

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

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

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

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

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

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

**(iv) *Investment funds***

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

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

The Company has not determined fair values of these financial instruments for disclosure in the separate 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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**36. Significant transactions with related parties**

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

<b>Related Party</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>2014 VND</b>	<b>2013 VND</b>
Vietnam Dairy Cow One Member Limited Company	Subsidiary	Sales of goods and fixed assets	62,463,090,774	67,584,949,455
		Purchases of goods	371,893,760,198	294,567,454,963
		Capital contribution	117,000,000,000	320,000,000,000
Lamson Dairy Products One Member Company Limited	Subsidiary	Sales of goods and fixed assets	221,935,595,529	207,099,962,811
		Purchases of goods	383,344,603,418	298,175,275,424
		Capital contribution	280,000,000,000	-
Thong Nhat Thanh Hoa Dairy Cow Company Limited	Subsidiary	Sales of goods and fixed assets	36,363,636	-
		Purchases of goods	17,000,000	-
		Capital contribution	13,500,000,000	4,300,000,000
Angkor Dairy Products Co., Ltd	Subsidiary	Sales of goods and fixed assets	1,262,642,956	-
		Capital contribution	107,918,932,500	-
Driftwood Dairy Holdings Corporation	Subsidiary	Purchases of goods	246,235,695	-
		Capital contribution	-	157,750,560,000
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Subsidiary	Purchases of goods	80,574,918,038	-
		Capital contribution	9,834,270,000	-
Miraka Limited	Associate	Purchases of goods	282,968,330,700	182,836,660,880
		Capital contribution	-	33,713,307,770
Asia Saigon Food Ingredients Joint Stock Company	Associate	Sales of services and goods	11,024,603,438	228,233,276
		Purchases of goods	-	11,414,335,000
Board of Management's and Board of Directors' members		Compensations	60,064,426,741	61,379,663,770
The State Capital Investment Corporation		Payments of dividends	1,502,928,000,000	1,427,781,600,000

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**Notes to the separate financial statements for the year ended 31 December 2014 (continued)**

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**37. Commitments**

**(a) Capital expenditure**

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

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

**(b) Leases**

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

	<b>31/12/2014</b> <b>VND</b>	<b>31/12/2013</b> <b>VND</b>
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
	<b>373,017,336,678</b>	<b>349,491,892,284</b>

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

	<b>2014</b> <b>VND</b>	<b>2013</b> <b>VND</b>
Raw material costs included in production costs	19,133,194,928,573	18,760,407,939,160
Labour costs and staff costs	1,044,373,103,675	922,670,264,360
Depreciation and amortisation	867,532,661,957	698,104,080,075
Outside services	1,315,022,550,145	1,159,915,348,824
Other expenses	3,608,249,845,616	2,615,368,848,867

28 February 2015

Prepared by:

  
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**Ngo Thi Thu Trang**  
*Executive Director - Finance*

  
**Mai Kieu Lien**  
*Chief Executive Officer*

