

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

Consolidated interim financial statements
for the three-month period ended 31 March 2015

Vietnam Dairy Products Joint Stock Company and its subsidiaries Corporate Information

Business Registration

Certificate No.	4103001932	20 November 2003
	0300588569	25 November 2014

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

Board of Management

Mdm Mai Kieu Lien	Chairwoman
Mr Le Song Lai	Member
Ms Ngo Thi Thu Trang	Member
Mr Ng Jui Sia	Member
Mr Le Anh Minh	Member
Ms Le Thi Bang Tam	Member

Board of Directors

Mdm Mai Kieu Lien	Chief Executive Officer
Ms Nguyen Thi Thanh Hoa	Executive Director – Supply chain
Mr Trinh Quoc Dung	Executive Director Dairy Farm Development
Ms Ngo Thi Thu Trang	Executive Director – Finance
Mr Tran Minh Van	Executive Director – Project
Mr Nguyen Quoc Khanh	Executive Director Production and Products Development
Mr Mai Hoai Anh	Executive Director – Sales
Mr Phan Minh Tien	Executive Director – Marketing

Registered Office

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

Auditors

KPMG Limited
Vietnam

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

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

The Board of Directors is responsible for the consolidated interim financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 31 March 2015 and of the consolidated results of operations and cash flows for the three-month period then ended. In preparing these consolidated interim financial statements, the Board of Directors is required to:

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

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

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated interim financial statements set out on pages 4 to 62 which give a true and fair view of the consolidated financial position of the Group as at 31 March 2015, and of the consolidated results of operations and cash flows for the three-month period then ended in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

On behalf of the Board of Directors

Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, 28 May 2015

FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders

Vietnam Dairy Products Joint Stock Company and its subsidiaries

We have reviewed the accompanying consolidated interim financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”), which comprise the consolidated balance sheet as at 31 March 2015, the related consolidated statements of income and cash flows for the three-month period then ended and the explanatory notes thereto which were authorized for issue by the Company’s Board of Directors on 28 May 2015, as set out on pages 4 to 62. These consolidated interim financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of Vietnam Dairy Products Joint Stock Company and its subsidiaries as at 31 March 2015 and of their consolidated results of operations and their consolidated cash flows for the three-month period then ended in accordance with Vietnamese Accounting Standard 27 - *Interim Financial Reporting*, the relevant requirements of the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial statements.

KPMG Limited’s Branch in Ho Chi Minh City

Vietnam

Operating registration certificate No.: 4114000230

Review Report No.: 15-01-226/02



Chang Hung Chun

Practicing Auditor Registration

Certificate No. 0863-2013-007-1

Deputy General Director

Nguyen Thanh Nghi

Practicing Auditor Registration

Certificate No. 0304-2013-007-1

Ho Chi Minh City, 28 May 2015

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 March 2015

Form B 01a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/3/2015 VND	31/12/2014 VND
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		16,640,748,752,812	15,458,069,802,876
Cash and cash equivalents	110	6	1,227,505,962,892	1,527,875,428,216
Cash	111		946,150,962,892	993,333,794,600
Cash equivalents	112		281,355,000,000	534,541,633,616
Short-term investments	120		8,469,267,785,759	7,469,006,501,322
Trading securities	121	7(a)	678,346,339,242	704,814,872,722
Allowance for diminution in the value of trading securities	122	7(a)	(145,198,553,483)	(139,208,371,400)
Held-to-maturity investments	123	7(b)	7,936,120,000,000	6,903,400,000,000
Accounts receivable – short-term	130		2,941,878,217,850	2,777,179,430,909
Accounts receivable from customers	131	8	2,189,267,481,557	1,988,614,362,323
Prepayments to suppliers	132		424,014,615,246	420,615,080,215
Other short-term receivables	136	9(a)	330,530,318,921	370,116,643,588
Allowance for doubtful debts	137	10	(7,517,973,300)	(5,917,834,434)
Shortage of assets awaiting for resolution	139	11	5,583,775,426	3,751,179,217
Inventories	140	12	3,924,904,956,963	3,554,823,963,018
Inventories	141		3,935,975,905,243	3,567,948,334,861
Allowance for inventories	149		(11,070,948,280)	(13,124,371,843)
Other current assets	150		77,191,829,348	129,184,479,411
Short-term prepaid expenses	151	18(a)	52,163,110,450	115,703,239,463
Deductible value added tax	152		24,957,834,292	13,465,035,833
Taxes receivable from State Treasury	153		70,884,606	16,204,115

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 March 2015 (continued)

Form B 01a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code Note	31/3/2015 VND	31/12/2014 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200	10,362,315,602,001	10,312,068,258,081
Accounts receivable – long-term	210	23,926,755,438	21,885,907,697
Long-term loans receivable	215	9,371,916,340	7,395,303,671
Other long-term receivables	216 9(b)	14,554,839,098	14,490,604,026
Fixed assets	220	8,045,671,470,354	8,086,395,812,459
Tangible fixed assets	221 13	7,501,601,926,003	7,548,188,780,138
<i>Cost</i>	222	11,998,660,210,132	11,782,649,084,362
<i>Accumulated depreciation</i>	223	(4,497,058,284,129)	(4,234,460,304,224)
Intangible fixed assets	227 14	544,069,544,351	538,207,032,321
<i>Cost</i>	228	701,879,165,062	691,495,740,057
<i>Accumulated amortisation</i>	229	(157,809,620,711)	(153,288,707,736)
Investment property	230 15	146,446,481,929	147,725,868,615
Cost	231	179,678,050,557	179,594,679,077
Accumulated depreciation	232	(33,231,568,628)	(31,868,810,462)
Long-term work in progress	240	932,277,481,348	868,971,492,694
Long-term work in progress	241 16	50,630,989,593	65,283,282,436
Construction in progress	242 17	881,646,491,755	803,688,210,258
Long-term financial investments	250	686,532,937,484	692,083,817,719
Investments in associates and joint-ventures	252 7(c)	312,399,549,235	317,972,437,657
Equity investments in other entities	253 7(c)	32,399,773,139	32,372,670,663
Allowance for diminution in the value of long-term financial investments	254 7(c)	(4,862,384,890)	(4,857,290,601)
Held-to-maturity investments	255 7(b)	346,596,000,000	346,596,000,000
Other long-term assets	260	527,460,475,448	495,005,358,897
Long-term prepaid expenses	261 18(b)	210,138,161,691	183,505,250,834
Deferred tax assets	262 19	161,205,855,252	150,793,168,409
Goodwill	269 20	156,116,458,505	160,706,939,654
TOTAL ASSETS (270 = 100 + 200)	270	27,003,064,354,813	25,770,138,060,957

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 March 2015 (continued)

Form B 01a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/3/2015 VND	31/12/2014 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		5,741,614,197,631	5,969,901,577,449
Current liabilities	310		5,227,911,279,864	5,453,280,356,023
Accounts payable to suppliers	311	21	2,069,300,365,671	1,898,529,392,924
Advances from customers	312		15,238,253,354	17,826,386,435
Taxes payable to State Treasury	313	22	465,016,572,558	502,643,076,304
Payables to employees	314		116,852,520,372	163,476,907,176
Accrued expenses	315	23	767,785,773,922	632,991,337,019
Unearned revenue	318		148,470,445	17,424,992
Other short-term payables	319	24	668,602,254,991	598,428,618,781
Short-term borrowings	320	25(a)	922,783,147,378	1,279,525,014,840
Provision – short-term	321	26(a)	6,027,114,922	4,122,882,763
Bonus and welfare fund	322	27	196,156,806,251	355,719,314,789
Long-term liabilities	330		513,702,917,767	516,621,221,426
Other long-term liabilities	337		7,587,679,400	8,192,561,774
Long-term borrowings	338	25(b)	343,756,460,322	346,383,586,552
Deferred tax liabilities	341	19	85,385,504,050	84,711,303,600
Provision – long-term	342	26(b)	76,973,273,995	77,333,769,500
EQUITY (400 = 410)	400		21,261,450,157,182	19,800,236,483,508
Owners' equity	410	28	21,261,450,157,182	19,800,236,483,508
Share capital	411	29	10,006,413,990,000	10,006,413,990,000
Treasury shares	415	29	(5,388,109,959)	(5,388,109,959)
Foreign exchange differences	417		58,011,952	(161,099,075)
Investment and development fund	418	30	2,676,353,447,778	2,521,718,366,944
Retained profits	420		8,405,286,180,516	7,157,699,467,945
Non-controlling interest	429	28	178,726,636,895	119,953,867,653
TOTAL RESOURCES (440 = 300 + 400)	440		27,003,064,354,813	25,770,138,060,957

28 May 2015

Prepared 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 consolidated interim financial statements

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of income for the three-month period ended 31 March 2015

Form B 02a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Three-month period ended	
			31/3/2015 VND	31/3/2014 VND
Revenue from sales of goods and provision of services	01	32	8,771,338,508,049	7,722,266,011,663
Revenue deductions	02	32	55,302,594,481	21,463,661,818
Net revenue (10 = 01 - 02)	10	32	8,716,035,913,568	7,700,802,349,845
Cost of sales	11	33	5,607,063,936,578	5,278,139,387,716
Gross profit (20 = 10 - 11)	20		3,108,971,976,990	2,422,662,962,129
Financial income	21	34	143,954,016,127	127,600,310,103
Financial expenses	22	35	28,398,401,871	8,884,980,856
<i>In which: Interest expense</i>	23		<i>8,131,520,374</i>	<i>10,671,322,757</i>
Share of (loss)/profit in associates	24		(5,572,888,422)	10,882,447,209
Selling expenses	25	36	1,150,436,002,987	656,522,622,217
General and administration expenses	26	37	201,920,173,771	170,689,119,204
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		1,866,598,526,066	1,725,048,997,164
Other income	31	38	70,601,127,882	23,666,069,770
Other expenses	32	39	32,134,003,356	5,359,650,595
Results of other activities (40 = 31 - 32)	40		38,467,124,526	18,306,419,175
Profit before tax (50 = 30 + 40 + 45)	50		1,905,065,650,592	1,743,355,416,339
Income tax expense – current	51	41	355,290,309,090	347,296,983,650
Income tax (benefit)/expenses – deferred	52	41	(10,412,686,843)	1,810,864,830
Net profit after tax (60 = 50 - 51 - 52)	60		1,560,188,028,345	1,394,247,567,859

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of income for the three-month period ended 31 March 2015
(continued)

Form B 02a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Three-month period ended	
			31/3/2015 VND	31/3/2014 VND
Net profit after tax (60 = 50 - 51 - 52)	60		1,560,188,028,345	1,394,247,567,859
Attributable to:				
Non-controlling interest	61		3,331,154,106	6,865,930,595
Equity holders of the Company	62		1,556,856,874,239	1,387,381,637,264
Basic earnings per share	70	42	1,402	1,251

28 May 2015

Prepared by:



Le Thanh Liem
Chief Accountant



Ngo Thi Thu Trang
Executive Director - Finance



Approved by:



Mai Kieu Lien
Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the three-month period ended 31 March 2015
(Indirect method)

Form B 03a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code Note	Three-month period ended	
		31/3/2015 VND	31/3/2014 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	01	1,905,065,650,592	1,743,355,416,339
Adjustments for			
Depreciation and amortisation	02	266,697,914,650	251,880,590,533
Allowances and provisions	03	9,730,802,015	(6,691,497,143)
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04	21,503,375	(1,860,468,523)
Losses on disposals of tangible fixed assets and construction in progress	05	290,022,345	1,561,335,779
Dividends and interest income	05	(131,406,703,383)	(121,776,182,089)
Losses from other investing activities	05	4,590,481,149	4,475,357,523
Share of loss/(profit) in associates	05	5,572,888,422	(10,882,447,209)
Interest expense	06	8,131,520,374	10,671,322,757
Operating profit before changes in working capital	08	2,068,694,079,539	1,870,733,427,967
Change in receivables	09	(80,205,693,234)	231,209,112,918
Change in inventories	10	(479,008,754,986)	(614,365,683,108)
Change in payables and other liabilities	11	339,622,288,181	84,031,617,046
Change in prepayments	12	64,253,223,010	45,574,782,583
Change in trading securities	13	22,765,700,000	-
		1,936,120,842,510	1,617,183,257,406
Interest paid	14	(10,192,015,021)	(10,671,322,757)
Income tax paid	15	(422,438,032,200)	(369,710,651,438)
Other payments for operating activities	17	(314,040,258,790)	(379,321,936,739)
Net cash flows from operating activities	20	1,189,450,536,499	857,479,346,472

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the three-month period ended 31 March 2015
(Indirect method – continued)

Form B 03a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Three-month period ended	
			31/3/2015 VND	31/3/2014 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(212,491,480,427)	(168,331,439,284)
Collections on disposals of fixed assets	22		28,530,489,589	2,707,450,005
Increase in time deposits	23		(1,032,137,500,000)	(1,600,000,000,000)
Payments for granting loans	24		(1,976,612,669)	(3,406,876,001)
Payments for investments in other entities	25		(20,982,476)	(175,474,400)
Collections on investments in other entities	26		-	925,447,095
Receipts of interest and dividends	27		41,664,629,405	18,568,820,979
Net cash flows from investing activities	30		(1,176,431,456,578)	(1,749,712,071,606)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from capital contribution by non-controlling interest	31		52,517,495,013	1,197,446,049
Payments for shares repurchases	32		-	(243,814,000)
Proceeds from short-term and long-term borrowings	33		-	11,804,394,842
Payments to settle loan principals	34		(363,166,758,519)	(5,966,180,000)
Payments of dividends	36		-	(666,771,088,800)
Net cash flows from financing activities	40		(310,649,263,506)	(659,979,241,909)
Net cash flows during the period (50 = 20 + 30 + 40)	50		(297,630,183,585)	(1,552,211,967,043)
Cash and cash equivalents at the beginning of the period	60		1,527,875,428,216	2,745,645,325,950
Effect of exchange rate fluctuations on cash and cash equivalents	61		1,224,681,602	(122,491,110)
Currency translation differences	62		(3,963,963,341)	-
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61 + 62)	70	6	1,227,505,962,892	1,193,310,867,797

28 May 2015

Prepared by:


Le Thanh Liem
Chief Accountant


Ngo Thi Thu Trang
Executive Director - Finance


Approved by:
Mai Kieu Lien
Chief Executive Officer



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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the three-month period ended
31 March 2015

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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

1. Reporting Entity

(a) Ownership structure

Vietnam Dairy Products Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam.

(b) Principal activities

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.

(c) Normal operating cycle

The normal operating cycle of the Company is within 12 months.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the three-month period ended
31 March 2015 (continued)

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(d) Group structure

As at 31 March 2015, the Company had 6 subsidiaries (31/12/2014: 7 subsidiaries) as listed below:

Subsidiaries	% of ownership and voting rights	
	31/3/2015	31/12/2014
Vietnam Dairy Cow One Member Limited Company	100.00%	100.00%
Lamson Dairy Products One Member Company Limited	100.00%	100.00%
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	100.00%	100.00%
Thong Nhat Thanh Hoa Dairy Cow Limited Company	96.11%	96.11%
Driftwood Dairy Holdings Corporation	70.00%	70.00%
Angkor Dairy Products Co., Ltd.	51.00%	51.00%
International Real Estate One Member Limited Company (*)	-	100.00%

(*) This company was liquidated 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 March 2015, the Company had 2 associates (31/12/2014: 2 associates) as listed in Note 7(c).

As at 31 March 2015, the Group had 6,252 employees (31/12/2014: 6,244 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the three-month period ended
31 March 2015 (continued)

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(d) Accounting currency

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

3. Adoption of new guidance on accounting system for enterprises

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC providing guidance on Vietnamese Accounting System for enterprises (“Circular 200”). Circular 200 replaced previous guidance on Vietnamese Accounting System for enterprises under Decision No. 15/2006-QD/BTC dated 20 March 2006 (“Decision 15”) and Circular No. 244/2009/TT-BTC dated 31 December 2009. Circular 200 is applicable for annual accounting periods beginning on or after 1 January 2015.

On the same date of 22 December 2014, the Ministry of Finance also issued Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements (Circular 202). Circular 202 replaces previous guidance on preparation and presentation of consolidated financial statements provided in Part XIII of Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance. Circular 202 is also applicable for annual accounting periods beginning on or after 1 January 2015.

The Group has adopted the applicable requirements of Circular 200 and Circular 202 effective from 1 January 2015 on a prospective basis. The significant changes to the Group’s accounting policies and the effects on the consolidated interim financial statements, if any, are disclosed in the following notes to the consolidated interim financial statements.

- Basis of consolidation (Note 4(a))
- Recognition of foreign exchange difference (Note 4(b))
- Investments (Note 4(d))
- Earnings per share (Note 4(v))
- Goodwill (Note 4(l))

The Circulars also brought change in presentation of certain items in the consolidated interim balance sheet and the consolidated interim statement of income. Corresponding figures have been reclassified to conform to the current period presentation. Details of reclassification of corresponding figures are disclosed in Note 46 to these consolidated interim financial statements.

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the three-month period ended
31 March 2015 (continued)

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

4. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated income statement. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the separate financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

(iv) Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

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When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) *Transactions eliminated on consolidation*

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

(vi) *Business combination*

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

(b) *Foreign currency*

(i) *Foreign currency transactions*

Transactions in currencies other than VND during the period have been translated into VND at actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at actual rates of exchange ruling at the balance sheet date. The actual rates of exchange applied to retranslate monetary items denominated in foreign currency at reporting date are determined as follows:

- For monetary assets (cash on hand and receivables): the foreign currency buying rate at the reporting date quoted by the commercial bank where the Group has the largest outstanding balance. Cash at bank and bank deposits are retranslated using the foreign currency buying rate of the bank where the Group deposits the money or maintains those bank accounts.
- For monetary liabilities (payables and borrowings): the foreign currency selling rate at reporting date quoted by the commercial bank where the Group has the largest outstanding balance.

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

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(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to VND at exchange rates at the balance sheet date. The income and expenses of foreign operations are translated to VND at average exchange rates of the period.

Foreign currency differences arising from the translation of foreign operations are recognised in the balance sheet under the caption “Foreign exchange differences” in equity.

(c) Cash and cash equivalents

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

(d) Investments

(i) Trading securities

Trading securities are those held by the Group for trading purpose i.e. purchased for resale with the aim of making profits. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less allowance for diminution in value. An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities’ carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(ii) Held to maturity investments

Held to maturity investments are those that the Group’s management has intention and ability to hold until maturity. Held to maturity investments include term deposits at bank, bonds, redeemable preference shares which the issuers are required to repurchase at a certain date and granting loans held to maturity. These investments are stated at costs less allowance for impairment.

(iii) Investment in equity instruments of other entities

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Group’s management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had

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been made. 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.

(e) Accounts receivable

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

(f) Inventories

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

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

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

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(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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

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

(ii) Software

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

(iii) Others

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

(i) Investment property

(i) Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental 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 held to earn rental has been put into operation, such as repair and maintenance, is charged to the consolidated statement of income in the period in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

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(ii) Depreciation

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

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

Land use rights with indefinite period are not amortised.

(j) Construction in progress

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

(k) Long-term prepaid expenses

(i) Prepaid land costs

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

(ii) Tools and instruments

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 1 – 3 years.

(iii) Others

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

(l) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the consolidated statement of income.

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

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(m) Trade and other payables

Trade and other payables are stated at their cost.

(n) Provisions

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

Severance allowance

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

Pursuant to the Law on Social Insurance, effective from 1 January 2009 the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as at 31 March 2015 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

(o) Share capital

(i) Ordinary shares

Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

(ii) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

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(p) Taxation

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

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

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

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

(q) Revenue and other income

(i) Goods sold

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

(ii) Services rendered

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

(iii) Rental income

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

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(iv) Interest income

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

(v) Dividend income

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

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

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

(r) Operating lease payments

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

(s) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(t) Dividend distribution

The Group'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.

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(u) Funds

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

- | | |
|-----------------------------------|-------------------------|
| ▪ Bonus and welfare fund | 10% of profit after tax |
| ▪ Investment and development fund | 10% of profit after tax |

Under Circular 200, financial reserve is no longer used. Outstanding balance of this reserve is transferred to the investment and development fund. Utilisation of the above reserve funds requires approval of the shareholders, the Board of Directors or the Chief Executive Officer, depending on the nature and magnitude of the transactions involved as stated in the Group's Charter and financial regulations.

(v) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group after appropriation to bonus and welfare fund by the weighted average number of ordinary shares outstanding during the period. 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.

(w) Segment reporting

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

(x) Related parties

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

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

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

Geographical segments

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

	Domestic (Customers located in Vietnam)		Overseas (Customers located in countries other than Vietnam)		Total	
	Three-month period ended 31/3/2015	31/3/2014	Three-month period ended 31/3/2015	31/3/2014	Three-month period ended 31/3/2015	31/3/2014
	VND	VND	VND	VND	VND	VND
Net revenue	6,827,071,875,720	6,299,165,224,308	1,888,964,037,848	1,401,637,125,537	8,716,035,913,568	7,700,802,349,845
Cost of sales	(4,387,478,291,673)	(4,176,780,306,096)	(1,219,585,644,905)	(1,101,359,081,620)	(5,607,063,936,578)	(5,278,139,387,716)
Segment income	2,439,593,584,047	2,122,384,918,212	669,378,392,943	300,278,043,917	3,108,971,976,990	2,422,662,962,129

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6. Cash and cash equivalents

	31/3/2015	31/12/2014
	VND	VND
Cash on hand	2,449,107,629	1,349,958,029
Cash in banks	943,680,486,092	991,980,639,406
Cash in transit	21,369,171	3,197,165
Cash equivalents	281,355,000,000	534,541,633,616
	<hr/>	<hr/>
	1,227,505,962,892	1,527,875,428,216
	<hr/>	<hr/>

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7. Investments

(a) Trading securities

	31/3/2015				31/12/2014			
	Quantity	Carrying amount VND	Fair value VND	Allowance for diminution in value VND	Quantity	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Short-term investments in shares:								
▪ Thanh Thanh Cong Tây Ninh Joint Stock Company	6,844,090	150,569,980,000	74,600,581,000	(75,969,399,000)	6,844,090	150,569,980,000	88,288,761,000	(62,281,219,000)
▪ An Binh Commercial Joint Stock Bank	2,450,963	82,283,660,000	13,480,296,500	(68,803,363,500)	2,450,963	82,283,660,000	12,745,007,600	(69,538,652,400)
▪ Bao Viet Joint Stock Commercial Bank	44,200,000	442,000,000,000	(*)	-	44,200,000	442,000,000,000	(*)	-
▪ Others	121,625	3,492,699,242	3,066,968,259	(425,790,983)	1,319,975	29,961,232,722	22,572,781,322	(7,388,500,000)
		<u>678,346,339,242</u>		<u>(145,198,553,483)</u>		<u>704,814,872,722</u>		<u>(139,208,371,400)</u>

(*) At the reporting date, fair value of this investment was not available.

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(b) Held to maturity investments

	31/3/2015	31/12/2014
	VND	VND
Held-to-maturity investments – short-term		
▪ term deposits	7,936,120,000,000	6,903,400,000,000
<hr/>		
Held-to-maturity investments – long-term		
▪ term deposits	46,596,000,000	46,596,000,000
▪ bonds	300,000,000,000	300,000,000,000
<hr/>		
	346,596,000,000	346,596,000,000
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(c) Investments in other entities

	31 March 2015				31 December 2014						
	% of equity owned	% of voting rights	Carrying amount VND	Fair value VND	Allowance for diminution in value VND	% of equity owned	% of voting rights	Carrying amount VND	Fair value VND	Allowance for diminution in value VND	
Equity investments in:											
Associates											
▪ Miraka Limited	(**)	19.3%	19.3%	269,321,809,586	(*)	-	19.3%	19.3%	278,497,731,377	(*)	-
▪ Asia Saigon Food Ingredients Joint Stock Company	(**)	15.0%	15.0%	43,077,739,649	(*)	-	15.0%	15.0%	39,474,706,280	(*)	-
			<u>312,399,549,235</u>		<u>-</u>			<u>317,972,437,657</u>		<u>-</u>	
Others											
▪ Vietnam Growth Investment Fund			10,559,408,600	(*)	(4,862,384,890)			10,559,408,600	(*)	(4,857,290,601)	
▪ An Khang Clinic			300,000,000	(*)	-			300,000,000	(*)	-	
▪ Rubber plantation			20,765,284,539	(*)	-			20,744,302,063	(*)	-	
▪ Others			775,080,000	(*)	-			768,960,000	(*)	-	
			<u>32,399,773,139</u>		<u>(4,862,384,890)</u>			<u>32,372,670,663</u>		<u>(4,857,290,601)</u>	
			<u>344,799,322,374</u>		<u>(4,862,384,890)</u>			<u>350,345,108,320</u>		<u>(4,857,290,601)</u>	

(*) At the reporting date, fair value of these investments was not available.

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

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

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Opening balance	139,208,371,400	145,974,953,400
Increase in allowance during the period	13,688,180,000	-
Written back	(3,986,858,900)	(8,755,459,300)
Allowance utilised during the period	(3,711,139,017)	-
	<hr/>	<hr/>
Closing balance	145,198,553,483	137,219,494,100
	<hr/> <hr/>	<hr/> <hr/>

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

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Opening balance	4,857,290,601	10,248,632,262
Increase in allowance during the period	5,094,289	-
Written back	-	(132,856,957)
	<hr/>	<hr/>
Closing balance	4,862,384,890	10,115,775,305
	<hr/> <hr/>	<hr/> <hr/>

8. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	31/3/2015		31/12/2014	
	VND		VND	
Abdulkarim Alwan Foodstuff Trading (LLC)	253,630,001,098	348,172,272,000		
Other customers	1,935,637,480,459	1,640,442,090,323		
	<hr/>	<hr/>		
	2,189,267,481,557	1,988,614,362,323		
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(b) Accounts receivable from customers who are related parties:

	31/3/2015	31/12/2014
	VND	VND
Associate		
Asia Saigon Food Ingredients Joint Stock Company	-	1,008,001,984

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

9. Other receivables

(a) Other short-term receivables

	31/3/2015	31/12/2014
	VND	VND
Rebates receivable from suppliers	6,656,955,000	133,509,529,151
Interest income from deposits	202,879,231,313	119,054,965,555
Interest income from bonds	17,600,000,004	11,682,191,784
Import tax refundable	68,918,828,695	71,950,068,975
Receivables from employees	2,634,021,360	2,224,415,209
Short-term deposits	3,798,678,865	3,840,499,097
Others	28,042,603,684	27,854,973,817
	330,530,318,921	370,116,643,588

(b) Other long-term receivables

	31/3/2015	31/12/2014
	VND	VND
Receivables from investment	7,247,684,826	7,247,684,826
Long-term deposits	7,300,746,200	7,242,919,200
Others	6,408,072	-
	14,554,839,098	14,490,604,026

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10. Bad and doubtful debts

		31/3/2015			31/12/2014				
	Overdue days	Carrying amount VND	Recoverable amount VND	Allowance VND	Overdue days	Carrying amount VND	Recoverable amount VND	Allowance VND	
Overdue debts									
Phuoc Long Port									
Company Limited	Over 3 years	3,470,244,813	-	3,470,244,813	2 – 3 years	3,470,244,813	1,041,073,444	2,429,171,369	
Others	Over 3 years	4,047,728,487	-	4,047,728,487	2 – 3 years	3,515,070,670	26,407,605	3,488,663,065	
		<hr/>		<hr/>			<hr/>	<hr/>	
		7,517,973,300	-	7,517,973,300			6,985,315,483	1,067,481,049	5,917,834,434
Of which:									
Allowance for doubtful debts – short-term				7,517,973,300					5,917,834,434
				<hr/>					<hr/>

11. Shortage of assets awaiting resolution

	31/3/2015 VND	31/12/2014 VND
Inventories	5,583,775,426	3,751,179,217
		<hr/>

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12. Inventories

	31/3/2015		31/12/2014	
	Carrying amount VND	Allowance VND	Carrying amount VND	Allowance VND
Goods in transit	961,354,349,713	-	484,349,482,529	-
Raw materials	1,813,415,455,958	(5,694,113,127)	1,950,145,008,854	(7,010,786,895)
Tools and supplies	6,938,951,947	-	7,965,125,849	-
Work in progress	124,012,956,674	-	44,066,598,480	-
Finished goods	980,402,072,196	(5,373,835,153)	1,040,310,901,609	(6,110,584,948)
Merchandise inventories	49,802,618,755	(3,000,000)	39,367,889,992	(3,000,000)
Goods on consignment	49,500,000	-	1,743,327,548	-
	3,935,975,905,243	(11,070,948,280)	3,567,948,334,861	(13,124,371,843)

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

	Three-month period ended	
	31/3/2015 VND	31/3/2014 VND
Opening balance	13,124,371,843	10,376,905,544
Increase in allowance during the period	1,811,424,778	4,628,934,640
Written back	(3,551,890,802)	(3,789,385,166)
Allowance utilised during the period	(312,957,539)	(712,399)
Closing balance	11,070,948,280	11,215,742,619

At 31 March 2015, inventories with a carrying value of VND67,401 million (31/12/2014: VND55,533 million) were pledged with banks as security for loans granted to the Group (Note 25).

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13. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Livestock VND	Others VND	Total VND
Cost							
Opening balance	2,296,128,990,261	7,992,774,970,718	674,101,116,647	448,105,106,689	307,446,353,636	64,092,546,411	11,782,649,084,362
Additions	963,676,002	8,843,478,768	6,291,665,363	2,555,684,525	-	2,288,670,991	20,943,175,649
Transfers from construction in progress	45,053,977,297	25,121,325,462	5,277,120,949	228,800,000	-	-	75,681,223,708
Transfers from inventories	-	-	-	-	126,025,654,437	-	126,025,654,437
Disposals	-	(10,872,242,856)	(5,935,621,051)	(805,365,884)	(19,008,417,899)	-	(36,621,647,690)
Transfer to construction in progress	-	(14,749,965,952)	-	-	-	-	(14,749,965,952)
Other increases	-	39,867,266,772	47,476,697	135,095,679	-	-	40,049,839,148
Translation differences	494,267,848	3,160,509,486	426,945,355	114,834,223	-	486,289,558	4,682,846,470
Closing balance	2,342,640,911,408	8,044,145,342,398	680,208,703,960	450,334,155,232	414,463,590,174	66,867,506,960	11,998,660,210,132
Accumulated depreciation							
Opening balance	470,791,821,035	3,110,236,122,275	254,352,012,607	243,574,378,355	105,115,177,397	50,390,792,555	4,234,460,304,224
Charge for the period	28,036,555,750	184,158,750,362	16,206,788,991	15,583,849,879	15,397,873,267	1,660,823,192	261,044,641,441
Disposals	-	(10,843,626,799)	(4,153,027,371)	(805,365,884)	(8,595,395,941)	-	(24,397,415,995)
Transfer to construction in progress	-	(12,166,169,645)	-	-	-	-	(12,166,169,645)
Other increases	-	34,944,886,911	2,769,473	76,586,798	-	-	35,024,243,182
Translation differences	271,552,736	2,145,479,794	182,913,228	94,328,752	-	398,406,412	3,092,680,922
Closing balance	499,099,929,521	3,308,475,442,898	266,591,456,928	258,523,777,900	111,917,654,723	52,450,022,159	4,497,058,284,129
Net book value							
Opening balance	1,825,337,169,226	4,882,538,848,443	419,749,104,040	204,530,728,334	202,331,176,239	13,701,753,856	7,548,188,780,138
Closing balance	1,843,540,981,887	4,735,669,899,500	413,617,247,032	191,810,377,332	302,545,935,451	14,417,484,801	7,501,601,926,003

Included in the cost of tangible fixed assets were assets costing VND975,877,643,709 which were fully depreciated as at 31 March 2015 (31/12/2014: VND962,560,738,732), but which are still in active use.

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14. Intangible fixed assets

	Land use rights VND	Software VND	Others VND	Total VND
Cost				
Opening balance	544,949,520,678	100,195,019,379	46,351,200,000	691,495,740,057
Addition	64,275,000	-	-	64,275,000
Transfers from construction in progress	-	8,114,665,490	-	8,114,665,490
Translation differences	1,835,584,515	-	368,900,000	2,204,484,515
Closing balance	546,849,380,193	108,309,684,869	46,720,100,000	701,879,165,062
Accumulated amortisation				
Opening balance	62,163,807,772	63,336,171,579	27,788,728,385	153,288,707,736
Charge for the period	1,398,534,300	2,320,951,358	571,029,384	4,290,515,042
Translation differences	6,434,450	-	223,963,483	230,397,933
Closing balance	63,568,776,522	65,657,122,937	28,583,721,252	157,809,620,711
Net book value				
Opening balance	482,785,712,906	36,858,847,800	18,562,471,615	538,207,032,321
Closing balance	483,280,603,671	42,652,561,932	18,136,378,748	544,069,544,351

Included in the cost of intangible fixed assets were assets costing VND47,704,588,915 which were fully amortised as at 31 March 2015 (31/12/2014: VND47,704,588,915), but which are still in use.

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15. Investment property

	Land use rights VND	Infrastructure VND	Buildings VND	Total VND
Cost				
Opening balance	85,629,776,889	6,464,218,561	87,500,683,627	179,594,679,077
Other increases	-	-	83,371,480	83,371,480
Closing balance	85,629,776,889	6,464,218,561	87,584,055,107	179,678,050,557
Accumulated amortisation				
Opening balance	1,250,516,209	3,298,561,894	27,319,732,359	31,868,810,462
Charge for the period	340,238,433	161,605,461	860,914,272	1,362,758,166
Closing balance	1,590,754,642	3,460,167,355	28,180,646,631	33,231,568,628
Net book value				
Opening balance	84,379,260,680	3,165,656,667	60,180,951,268	147,725,868,615
Closing balance	84,039,022,247	3,004,051,206	59,403,408,476	146,446,481,929

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

Included in the cost of investment property held to earn rental was assets costing VND7,228,577,143 which were fully depreciated as at 31 March 2015 (31/12/2014: VND7,228,577,143), but which are still in active use.

16. Long-term work in progress

	31/3/2015 VND	31/12/2014 VND
Cows with ages from 12 to 16 months	50,630,989,593	65,283,282,436

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17. Construction in progress

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Opening balance	803,688,210,258	537,872,350,628
Additions	204,593,102,574	55,903,867,537
Transfers to tangible fixed assets	(75,681,223,708)	(178,026,065,892)
Transfers to intangible fixed assets	(8,114,665,490)	-
Transfers to inventories	(173,421,789)	-
Transfers to prepaid expenses	(27,449,281,615)	(58,547,186)
Disposals	(18,452,293,808)	-
Transfers from tangible fixed assets	2,583,796,307	-
Other decreases	(48,932,429)	(355,597,615)
Translation differences	701,201,455	-
Closing balance	881,646,491,755	415,336,007,472

18. Prepaid expenses

(a) Short-term prepaid expenses

	31/3/2015	31/12/2014
	VND	VND
Prepaid tools and supplies expenses	8,079,231,285	3,060,841,120
Prepaid software deployment and networks maintenance expenses	1,375,513,713	1,108,065,215
Prepaid renovation and repair expenses	3,285,292,945	6,243,320,990
Prepaid operating lease expenses	10,798,246,635	10,028,079,233
Prepaid advertising expenses	6,396,217,451	4,391,038,491
Other short-term prepaid expenses	22,228,608,421	90,871,894,414
	52,163,110,450	115,703,239,463

(b) Long-term prepaid expenses

Prepaid	Tools and	Other	Total
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	land costs VND	instruments VND	prepayments VND	VND
Opening balance	4,419,837,879	103,900,345,423	75,185,067,532	183,505,250,834
Additions	-	16,310,732,637	43,926,898,425	60,237,631,062
Amortisation for the period	(484,987,764)	(19,599,981,929)	(13,433,791,144)	(33,518,760,837)
Other decreases	(114,505,958)	-	-	(114,505,958)
Translation differences	-	-	28,546,590	28,546,590
Closing balance	3,820,344,157	100,611,096,131	105,706,721,403	210,138,161,691

19. Deferred tax assets and liabilities

(a) Deferred tax assets

	Tax rate	31/3/2015 VND	31/12/2014 VND
Deferred tax assets:			
Foreign exchange differences	20% - 22%	-	226,023,828
Accrued expenses and provisions	20% - 22%	161,917,202,707	150,567,144,581
Total deferred tax assets		161,917,202,707	150,793,168,409
Deferred tax liabilities:			
Foreign exchange differences	20% - 22%	(711,347,455)	-
Net deferred tax assets		161,205,855,252	150,793,168,409

(b) Deferred tax liabilities

31/3/2015 VND	31/12/2014 VND
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Deferred tax assets:			
Accounts receivable	40%	2,233,444,546	2,215,809,359
Inventories	40%	1,110,137,194	1,101,371,596
Tax losses carry forwards	40%	43,435,669,460	43,092,703,189
Accrued expenses	40%	5,822,449,284	5,776,475,462
Others	40%	477,367,435	473,598,162
		<hr/>	
Total deferred tax assets		53,079,067,919	52,659,957,768
Valuation allowance	40%	(40,049,289,197)	(39,733,061,646)
		<hr/>	
Net deferred tax assets		13,029,778,722	12,926,896,122
<hr/>			
Deferred tax liabilities:			
Fixed assets and goodwill	40%	(98,275,587,529)	(97,499,607,507)
Others	40%	(139,695,243)	(138,592,215)
		<hr/>	
Total deferred tax liabilities		(98,415,282,772)	(97,638,199,722)
		<hr/>	
Net deferred tax liabilities		(85,385,504,050)	(84,711,303,600)
		<hr/> <hr/>	

20. Goodwill

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Opening balance	160,706,939,654	174,463,919,182
Charge for the period	(4,590,481,149)	(4,475,357,523)
		<hr/>
Closing balance	156,116,458,505	169,988,561,659
		<hr/> <hr/>

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21. Accounts payable to suppliers

Accounts payable to suppliers who are related parties

	31/3/2015	31/12/2014
	VND	VND
Associate		
Miraka Limited	179,512,336,669	53,275,711,500
	179,512,336,669	53,275,711,500

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

22. Taxes payable to State Treasury

	31/12/2014	Incurred	Paid	Translation	31/3/2015
	VND	VND	VND	differences	VND
				VND	VND
Value added tax	97,748,080,575	377,934,461,442	(346,123,203,835)	-	129,559,338,182
Import tax	67,059,641	40,903,078,261	(40,970,137,902)	-	-
Corporate income tax	396,387,038,231	355,290,309,090	(422,438,032,200)	6,376,056	329,245,691,177
Personal income tax	5,935,298,848	80,123,918,309	(81,219,163,329)	396,938	4,840,450,766
Other taxes	2,505,599,009	2,590,197,931	(3,738,729,758)	14,025,251	1,371,092,433
	502,643,076,304	856,841,965,033	(894,489,267,024)	20,798,245	465,016,572,558

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23. Accrued expenses

	31/3/2015	31/12/2014
	VND	VND
Sale incentives, promotion	320,699,998,917	372,271,399,616
Advertising expenses	243,954,287,163	43,092,205,601
Transportation expenses	58,487,121,586	58,016,454,874
Repair and maintenance expenses	26,097,690,295	15,277,558,615
Fuel expenses	16,055,946,088	14,714,178,145
Expenses for outsourced employees	20,365,160,852	16,259,721,436
Interest expense	2,779,271,224	4,839,765,871
Rental fee	10,536,552,744	530,000,015
Others	68,809,745,053	107,990,052,846
	<hr/>	<hr/>
	767,785,773,922	632,991,337,019
	<hr/>	<hr/>

24. Other payables

	31/3/2015	31/12/2014
	VND	VND
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Import duty payables	65,450,598,905	66,891,229,438
Short-term deposits received	55,343,417,481	51,444,636,092
Insurance and trade union fees	4,017,122,473	1,582,702,277
Outstanding checks in exceed of bank balance	80,848,198,648	16,833,321,089
Others	14,935,498,329	13,669,310,730
	<hr/>	<hr/>
	668,602,254,991	598,428,618,781
	<hr/>	<hr/>

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

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25. Short-term and long-term borrowings

(a) Short-term borrowings

	31/12/2014 VND	Paid VND	Translation differences VND	31/3/2015 VND
Short-term borrowings	1,258,848,534,840	(357,901,564,769)	995,137,307	901,942,107,378
Current portion of long-term borrowings	20,676,480,000	-	164,560,000	20,841,040,000
	<u>1,279,525,014,840</u>	<u>(357,901,564,769)</u>	<u>1,159,697,307</u>	<u>922,783,147,378</u>

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

Lenders		Annual interest rate	31/3/2015 VND	31/12/2014 VND
The Bank of Tokyo-Mitsubishi UFJ Ltd. – Ho Chi Minh City Branch	(a)	USD 1.47%	790,320,000,000	790,320,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch	(b)	USD 1.30%	-	320,400,000,000
Wells Fargo	(c)	USD 2.625%	111,622,107,378	148,128,534,840
			<u>901,942,107,378</u>	<u>1,258,848,534,840</u>

- (a) This short-term loan has a maximum facility of USD50 million and is unsecured.
- (b) This loan has a maximum facility of VND3,300 billion and is unsecured.
- (c) As at 31 March 2015, this loan was secured by inventories with carrying amount of VND67,401 million (31/12/2014: VND55,533 million) and accounts receivables with carrying amount of VND265,543 million (31/12/2014: VND232,502 million).

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(b) Long-term borrowings

	31/3/2015	31/12/2014
	VND	VND
Long-term borrowings	364,597,500,322	367,060,066,552
Repayable within twelve months	(20,841,040,000)	(20,676,480,000)
	<hr/>	<hr/>
Repayable after twelve months	343,756,460,322	346,383,586,552
	<hr/> <hr/>	<hr/> <hr/>

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

		Annual	Year of	31/3/2015	31/12/2014
		interest rate	maturity	VND	VND
	Currency				
Wells Fargo					
▪ Loan 1	(a) USD	2.875%	2016	103,559,300,000	105,689,280,000
▪ Loan 2	(a) USD	2.875%	2016	12,532,203,930	14,734,790,160
Sumitomo Mitsui					
Banking Corporation	(b) USD	1.98%	2017	236,830,000,000	234,960,000,000
Individuals	(b) VND	None	2039	11,675,996,392	11,675,996,392
				<hr/>	<hr/>
				364,597,500,322	367,060,066,552
				<hr/> <hr/>	<hr/> <hr/>

(a) This loan were secured by assets of Driftwood Dairy Holdings Corporation, a subsidiary, with carrying amount of VND461,064 million as at 31 March 2015 (31/12/2014: VND476,546 million).

(b) These loans are unsecured.

26. Provisions

(a) Short-term provision

	31/3/2015	31/12/2014
	VND	VND
Fixed asset overhaul	6,027,114,922	4,122,882,763
	<hr/>	<hr/>

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(b) Long-term provision

Movements of long-term provisions during the period were as follows:

	Severance allowance VND
Opening balance	77,333,769,500
Provision used during the period	(360,495,505)
	76,973,273,995
Closing balance	76,973,273,995

27. Bonus and welfare fund

This fund is established by appropriating from retained profits as approved by shareholders at shareholders' meeting. This fund is used to pay bonus and welfare to the Company's and subsidiaries' employees in accordance with the Company's bonus and welfare policies.

Movements of bonus and welfare fund during the period were as follows:

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Opening balance	355,719,314,789	361,477,571,902
Appropriation	154,635,080,834	136,123,121,709
Utilisation	(314,197,589,372)	(373,844,643,411)
	196,156,806,251	123,756,050,200
Closing balance	196,156,806,251	123,756,050,200

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28. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 January 2014	8,339,557,960,000	1,276,994,100,000	(5,068,507,959)	-	1,784,193,779,612	6,149,811,983,770	22,863,933,884	17,568,353,249,307
Purchase of treasury shares	-	-	(243,814,000)	-	-	-	-	(243,814,000)
Net profit for the period	-	-	-	-	-	1,387,381,637,264	6,865,930,595	1,394,247,567,859
Appropriation to investment and development fund	-	-	-	-	136,123,121,722	(136,123,121,722)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(136,123,121,709)	-	(136,123,121,709)
Capital contribution by non-controlling interest	-	-	-	-	-	-	34,626,766,264	34,626,766,264
Translation differences	-	-	-	(102,051,000)	-	-	-	(102,051,000)
Balance at 31 March 2014	8,339,557,960,000	1,276,994,100,000	(5,312,321,959)	(102,051,000)	1,920,316,901,334	7,264,947,377,603	64,356,630,743	18,860,758,596,721
Bonus shares issued	1,666,856,030,000	(1,276,994,100,000)	-	-	-	(389,861,930,000)	-	-
Purchase of treasury shares	-	-	(75,788,000)	-	-	-	-	(75,788,000)
Net profit for the period	-	-	-	-	-	4,681,426,059,577	(7,470,661,128)	4,673,955,398,449
Appropriation to investment and development fund	-	-	-	-	601,401,465,610	(601,401,465,610)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(463,667,679,284)	-	(463,667,679,284)
Dividends	-	-	-	-	-	(3,333,742,894,341)	-	(3,333,742,894,341)
Capital contribution by non-controlling interest	-	-	-	-	-	-	69,314,887,647	69,314,887,647
Adjustments	-	-	-	-	-	-	(6,943,349,048)	(6,943,349,048)
Translation differences	-	-	-	(59,048,075)	-	-	696,359,439	637,311,364
Balance at 1 January 2015	10,006,413,990,000	-	(5,388,109,959)	(161,099,075)	2,521,718,366,944	7,157,699,467,945	119,953,867,653	19,800,236,483,508

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	Share capital VND	Share premium VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 January 2015	10,006,413,990,000	-	(5,388,109,959)	(161,099,075)	2,521,718,366,944	7,157,699,467,945	119,953,867,653	19,800,236,483,508
Net profit for the period	-	-	-	-	-	1,556,856,874,239	3,331,154,106	1,560,188,028,345
Appropriation to investment and development fund	-	-	-	-	154,635,080,834	(154,635,080,834)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(154,635,080,834)	-	(154,635,080,834)
Dividends	-	-	-	-	-	-	1,821,236,839	1,821,236,839
Capital contribution by non-controlling interest	-	-	-	-	-	-	52,517,495,013	52,517,495,013
Translation differences	-	-	-	219,111,027	-	-	1,102,883,284	1,321,994,311
Balance at 31 March 2015	10,006,413,990,000	-	(5,388,109,959)	58,011,952	2,676,353,447,778	8,405,286,180,516	178,726,636,895	21,261,450,157,182

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29. Share capital

The Company's authorised and issued share capital is:

	31/3/2015		31/12/2014	
	Number of shares	VND	Number of shares	VND
Authorised share capital	1,000,641,399	10,006,413,990,000	1,000,641,399	10,006,413,990,000
<hr/>				
Issued ordinary shares				
Ordinary shares	1,000,641,399	10,006,413,990,000	1,000,641,399	10,006,413,990,000
Treasury ordinary shares				
Ordinary shares	(522,795)	(5,388,109,959)	(522,795)	(5,388,109,959)
<hr/>				
Shares currently in circulation				
Ordinary shares	1,000,118,604	10,001,025,880,041	1,000,118,604	10,001,025,880,041
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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.

30. Investment and development fund

In accordance with the Company's Charter, the Company appropriated 10% of its net profit after tax for the purpose of future business expansion and presented as Investment and development fund in the equity section. When the funds are utilised for business expansion, the amount utilised is transferred to Share capital.

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31. Off balance sheet items

	31/3/2015		31/12/2014	
	Original currency	VND equivalent	Original currency	VND equivalent
Foreign currencies				
USD	8,270,885	178,072,153,836	3,735,730	79,795,184,897
EUR	15,166	348,923,013	20,792	537,979,711
		178,421,076,849		80,333,164,608
		178,421,076,849		80,333,164,608

32. Revenue from sales of goods and provision of services

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

Net revenue comprised:

	Three-month period ended	
	31/3/2015 VND	31/3/2014 VND
Total revenue		
▪ Sales of finished goods	8,589,155,022,357	7,536,153,742,198
▪ Sales of merchandise goods	150,433,382,844	150,575,749,807
▪ Rental income from investment property	3,115,425,291	4,017,774,355
▪ Other services	8,984,318,485	8,862,742,694
▪ Sales of scraps	19,650,359,072	22,656,002,609
	8,771,338,508,049	7,722,266,011,663
Less sales deductions		
▪ Sale discounts	(181,671,345)	(190,862,229)
▪ Sale returns	(55,120,923,136)	(21,272,799,589)
	(55,302,594,481)	(21,463,661,818)
Net revenue	8,716,035,913,568	7,700,802,349,845

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33. Cost of sales

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Total cost of sales		
▪ Finished goods sold	5,517,134,581,310	5,139,312,011,406
▪ Merchandise goods sold	78,541,829,706	128,048,360,379
▪ Rental of investment property	2,175,127,107	1,591,205,083
▪ Other services	1,080,884,682	865,600,207
▪ Inventories losses	2,983,817,051	1,724,484,444
▪ Under-capacity costs	6,888,162,746	5,758,176,723
▪ (Decrease)/increase of allowance for inventories	(1,740,466,024)	839,549,474
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	5,607,063,936,578	5,278,139,387,716
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34. Financial income

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Interest income from deposits	125,483,793,013	120,694,932,089
Interest income from corporate bonds	5,917,808,220	-
Foreign exchange gains	12,509,052,194	5,824,128,014
Dividends	5,102,150	1,081,250,000
Others	38,260,550	-
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	143,954,016,127	127,600,310,103
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35. Financial expenses

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Interest expense on loans	8,131,520,374	10,671,322,757
Payment discounts for distributors	(273,015,418)	4,101,133,821
Foreign exchange losses	10,421,735,889	2,831,718,152
Interest expense on deposits received	366,214,237	169,122,383
Allowance/(written back allowance) for investments	9,706,415,389	(8,888,316,257)
Others	45,531,400	-
	<hr/>	<hr/>
	28,398,401,871	8,884,980,856
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36. Selling expenses

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Staff costs	133,236,789,147	113,290,058,056
Materials expenses	10,115,691,760	14,292,509,491
Tools and supplies expenses	13,177,701,278	30,402,149,413
Depreciation expenses	8,422,181,463	6,419,364,868
Expenses of damaged goods	5,274,896,872	5,501,830,590
Transportation expenses	124,799,078,616	95,249,787,747
Outside service expenses	64,072,856,956	40,387,532,375
Advertising expenses	256,707,725,457	120,844,989,963
Market research expenses	7,089,885,319	2,273,807,928
Promotion expenses	3,491,378,099	1,084,008,153
Product display expenses	84,175,424,258	86,989,042,915
Support and commission expenses for distributors	439,872,393,762	139,787,540,718
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	1,150,436,002,987	656,522,622,217
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37. General administrative expenses

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Staff costs	83,770,041,488	66,537,027,203
Materials expenses	4,221,797,747	3,773,554,615
Office supplies	5,420,300,941	3,473,621,375
Depreciation expenses	19,106,915,379	16,230,070,531
Fees and duties	1,847,730,767	2,198,069,290
Allowance for doubtful debts and provision for severance allowance	1,707,231,049	1,357,269,640
Transportation for internal transfers of goods	8,538,764,802	8,695,099,584
Outside service expenses	45,814,757,282	38,442,062,951
Loading expenses	3,618,066,762	3,294,082,667
Per-diem allowances	5,762,610,406	4,860,280,311
Bank charges	2,009,389,204	3,228,987,663
Others	20,102,567,944	18,598,993,374
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	201,920,173,771	170,689,119,204
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38. Other income

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Rebate income	25,438,335,468	14,789,355,201
Proceeds from disposals of tangible fixed assets	11,934,209,350	3,327,843,189
Proceeds from disposals of construction in progress	18,452,293,808	-
Compensations received from other parties	8,494,268,698	834,230,143
Others	6,282,020,558	4,714,641,237
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	70,601,127,882	23,666,069,770
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39. Other expenses

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Book value of tangible fixed assets disposed	12,224,231,695	4,889,178,968
Book value of construction in progress disposed	18,452,293,808	-
Others	1,457,477,853	470,471,627
	32,134,003,356	5,359,650,595
	32,134,003,356	5,359,650,595

40. Production and business costs by element

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Raw material costs included in production costs	4,710,253,851,864	4,698,293,196,473
Labour costs and staff costs	437,093,687,872	388,014,474,092
Depreciation and amortisation	266,697,914,650	251,880,590,533
Outside services	392,758,287,230	298,911,546,922
Other expenses	886,316,064,748	463,473,754,644
	10,793,119,806,364	10,140,113,562,664
	10,793,119,806,364	10,140,113,562,664

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41. Income tax

(i) Recognised in the consolidated interim statement of income

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Current tax expense		
Current period	354,697,288,865	346,746,809,316
Under provision in prior period	593,020,225	550,174,334
	355,290,309,090	347,296,983,650
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	(10,412,686,843)	1,810,864,830
	344,877,622,247	349,107,848,480
	344,877,622,247	349,107,848,480

(ii) Reconciliation of effective tax rate

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Profit before tax	1,905,065,650,592	1,743,355,416,339
Tax at the Company's tax rate	419,114,443,130	383,538,191,595
Tax rate differential applied to Company's branches and factories	(4,545,949,547)	(30,119,407,377)
Non-taxable income	11,714,182,776	6,333,869,611
Non-deductible expenses	1,878,821,227	972,989,142
Tax incentives	(89,537,022,029)	(7,026,667,574)
Deferred tax assets not previously recognised	5,660,126,465	(5,141,301,251)
Under provision in prior year	593,020,225	550,174,334
	344,877,622,247	349,107,848,480
	344,877,622,247	349,107,848,480

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(iii) Applicable tax rates

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

42. Earnings per share

The calculation of earnings per share for the three-month period ended 31 March 2015 was based on the profit attributable to ordinary shareholders after appropriation to bonus and welfare fund and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
		(Restated)
Net profit for the period – attributable to ordinary shareholders before appropriation to bonus and welfare fund	1,556,856,874,239	1,387,381,637,264
Allocation to bonus and welfare fund	(154,635,080,834)	(136,123,121,709)
Net profit for the period attributable to ordinary shareholders after appropriation to bonus and welfare fund	1,402,221,793,405	1,251,258,515,555

(ii) Weighted average number of ordinary shares

	Three-month period ended	
	31/3/2015	31/3/2014
Number of ordinary shares at the beginning of the period	1,000,118,604	833,467,061
Effect of bonus shares issued	-	166,691,482
Purchase of treasury shares	-	(9,653)
Weighted average number of ordinary shares at the end of the period	1,000,118,604	1,000,148,890

As at 31 March 2015, the Company did not have potentially dilutive ordinary shares.

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43. Financial risk management

(a) Overview

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

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

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

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

(b) Risk management framework

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

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

(c) Credit risk

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

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(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	31/3/2015 VND	31/12/2014 VND
Cash and cash equivalents	(ii)	1,225,056,855,263	1,526,525,470,187
Held to maturity investments	(iii)	8,282,716,000,000	7,249,996,000,000
Accounts receivable from customers and other receivables	(iv)	2,536,206,582,616	2,374,699,079,174
		12,043,979,437,879	11,151,220,549,361

(ii) Cash and cash equivalents

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

(iii) Held to maturity investments

Held to maturity investments include corporate bonds and term deposits. The Group's exposure to credit risk from held to maturity investments is influenced by individual characteristics of the instrument issuer. In managing this risk, the Group 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. Held to maturity investments that are term deposits at bank are mainly held with well-know financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

There was no allowance for diminution in the value of held to maturity investments as at 31 March 2015 và 31 December 2014.

(iv) Accounts receivable from customers and other receivables

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

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

The aging of accounts receivable from customers and other receivables at period-end that were past due but not impaired was as follows:

	31/3/2015	31/12/2014
	VND	VND
Past due 1 – 30 days	56,856,130,512	78,962,614,586
Past due 31 – 60 days	8,741,115,059	14,533,446,986
Past due 61 – 90 days	5,864,635,685	6,495,649,478
Past due more than 90 days	1,017,758,989	1,461,719,054
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	72,479,640,245	101,453,430,104
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Movements in the allowance for doubtful debts during the period were as follows:

	Three-month period ended	
	31/3/2015	31/3/2014
	VND	VND
Opening balance	5,917,834,434	7,387,087,909
Increase in allowance during the period	1,764,852,649	1,357,269,640
Written off	(194,053,081)	(1,611,165,480)
Translation differences	29,339,298	-
	<hr/>	<hr/>
Closing balance	7,517,973,300	7,133,192,069
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(d) Liquidity risk

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

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

31 March 2015

	Carrying Amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND
Accounts payable – trade	2,069,300,365,671	2,069,300,365,671	2,069,300,365,671	-	-
Payables to employees	116,852,520,372	116,852,520,372	116,852,520,372	-	-
Accrued expenses	767,785,773,922	767,785,773,922	767,785,773,922	-	-
Other payables	668,602,254,991	668,602,254,991	668,602,254,991	-	-
Short-term borrowings	922,783,147,378	935,032,592,261	935,032,592,261	-	-
Other long-term liabilities	7,587,679,400	7,587,679,400	-	7,587,679,400	-
Long-term borrowings	343,756,460,322	385,340,463,798	46,724,032,715	45,611,489,135	293,004,941,948
	4,896,668,202,056	4,950,501,650,415	4,604,297,539,932	53,199,168,535	293,004,941,948

31 December 2014

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND
Accounts payable – trade	1,898,529,392,924	1,898,529,392,924	1,898,529,392,924	-	-
Payables to employees	163,476,907,176	163,476,907,176	163,476,907,176	-	-
Accrued expenses	632,991,337,019	632,991,337,019	632,991,337,019	-	-
Other payables	598,428,618,781	598,428,618,781	598,428,618,781	-	-
Short-term borrowings	1,279,525,014,840	1,302,655,532,729	1,302,655,532,729	-	-
Other long-term liabilities	8,192,561,774	8,192,561,774	-	8,192,561,774	-
Long-term borrowings	346,383,586,552	391,252,736,516	49,911,587,702	48,205,580,041	293,135,568,773
	4,927,527,419,066	4,995,527,086,919	4,645,993,376,331	56,398,141,815	293,135,568,773

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

(e) Market risk

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

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(i) Currency risk

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

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

The principal amounts of the Group's USD bank loans have been fully hedged using forward contracts that mature on the same dates that the loans are due for repayment.

Exposure to currency risk

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

	31 March 2015		31 December 2014	
	USD	EUR	USD	EUR
Cash and cash in banks	8,270,885	15,166	3,735,730	20,792
Accounts receivable from customers and other receivables	15,429,634	-	25,695,472	-
Accounts payable to suppliers and other payables	(30,803,505)	(1,863,822)	(20,657,877)	(523,391)
	(7,102,986)	(1,848,656)	8,773,325	(502,599)

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

	Exchange rate as at		
	31/3/2015		31/12/2014
	VND		
	Selling rate	Buying rate	Buying rate
USD 1	21,590	21,530	21,360
EUR 1	23,257	23,007	25,874

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

	Effect to net profit VND
31 March 2015	
USD (1% strengthening)	(1,207,248,815)
EUR (11% weakening)	3,689,226,416
31 December 2014	
USD (1% strengthening)	1,461,659,878
EUR (11% weakening)	1,115,763,242

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

(ii) Interest rate risk

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

(iii) Price risk

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

For investments in listed securities, if the share prices had increased/decreased by 10% with all other variables including tax rate being held constant, the Group's consolidated net profit after tax would have been VND5,956,505,178 higher/lower (31 December 2014: VND8,546,285,358).

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44. Significant transactions with related parties

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

Related Party	Relationship	Nature of transaction	Three-month period ended	
			31/3/2015 VND	31/3/2014 VND
Miraka Limited	Associate	Purchase of goods	290,089,239,956	153,170,930,880
Asia Saigon Food Ingredients Joint Stock Group	Associate	Sale of services and goods	128,378,524	127,348,524
Board of Management's and Board of Directors' members		Compensation	27,862,333,561	28,364,392,935
The State Capital Investment Corporation		Payment of dividends	-	300,565,600,000

45. Post balance sheet event

After 31 March 2015, the Company declared dividends of VND2,001 billion (VND2,000 per share) were declared on 27 April 2015. The amount payable has not been accrued in the consolidated interim financial statements.

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46. Corresponding figures

As described in Note 3, the Group adopted prospectively Circular 200 and Circular 202 effective from 1 January 2015. As a result, the presentation of certain financial statement captions have been changed. Certain corresponding figures as at 31 December 2014 and for the period ended 31 March 2014 have been reclassified to conform to the requirements of Circular 200 and Circular 202 in respect of financial statement presentation. A comparison of the amounts previously reported and as reclassified is as follows:

(a) Consolidated interim balance sheet

	31/12/2014 VND (as reclassified)	31/12/2014 VND (as previously reported)
Trading securities	704,814,872,722	-
Short-term investments	-	7,607,171,306,426
Held-to-maturity investments – short-term	6,903,400,000,000	-
Other short-term receivables	370,116,643,588	368,425,283,975
Shortage of assets awaiting for resolution	3,751,179,217	-
Other current assets	-	5,458,742,945
Long-term loans receivable	7,395,303,671	-
Other long-term receivables	14,490,604,026	7,395,303,671
Long-term work in progress	65,283,282,436	-
Investments in associates and joint-ventures	317,972,437,657	325,220,122,483
Other long-term investments	-	380,012,236,959
Equity investments in other entities	32,372,670,663	-
Held-to-maturity investments – long-term	346,596,000,000	-
Other long-term assets	-	7,242,919,200
Accrued expenses	632,991,337,019	637,114,219,782
Provision for severance allowance	-	77,333,769,500
Provision – short-term	4,122,882,763	-
Provision – long-term	77,333,769,500	-
Investment and development fund	2,521,718,366,944	1,550,028,784,604
Financial reserve	-	971,689,582,340

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(b) Consolidated interim statement of income

	Three- month period ended	
	31/3/2014	31/3/2014
	VND	VND
	(as reclassified)	(as previously reported)
Revenue from sales of goods and provision of services	7,722,266,011,663	7,843,977,969,639
Revenue deductions	21,463,661,818	165,831,622,403
Cost of sales	5,278,139,387,716	5,113,641,159,048
Selling expenses	656,522,622,217	821,020,850,885
Other income	23,666,069,770	46,322,072,379
Earnings per share (restated)	1,251	1,665

28 May 2015

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Approved by:



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Chief Executive Officer