

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

Consolidated interim financial statements
for the six-month period
ended 30 June 2015

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

**Business Registration
Certificate No.**

4103001932
0300588569

20 November 2003
22 May 2015

The Company's business registration certificate has been amended several times, the most recent of which is by business registration certificate No. 0300588569 dated 22 May 2015. The business registration certification was issued by Ho Chi Minh City Planning and Investment Department.

Board of Management

Ms Le Thi Bang Tam

Mdm Mai Kieu Lien

Mr Le Song Lai
Ms Ngo Thi Thu Trang
Mr Ng Jui Sia
Mr Le Anh Minh

Chairwoman (from 25 July 2015)
Member (until 24 July 2015)
Member (from 25 July 2015)
Chairwoman (until 24 July 2015)
Member
Member
Member
Member

Board of Directors

Mdm Mai Kieu Lien
Ms Nguyen Thi Thanh Hoa
Mr Trinh Quoc Dung
Ms Ngo Thi Thu Trang
Mr Tran Minh Van
Mr Nguyen Quoc Khanh
Mr Mai Hoai Anh
Mr Phan Minh Tien
Ms Bui Thi Huong

Chief Executive Officer
Executive Director – Supply chain
Executive Director – Raw Materials Development
Executive Director – Finance
Executive Director – Projects
Executive Director – Production
Executive Director – Sales
Executive Director – Marketing
Executive Director – Human Resource - Admin
and Public Relation

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 30 June 2015 and of the consolidated results of operations and consolidated cash flows for the six-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 and performance 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 64 which give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 30 June 2015, and of its consolidated results of operations and its consolidated cash flows for the six-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, 31 July 2015

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 30 June 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	30/6/2015 VND	1/1/2015 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		16,603,153,127,894	15,457,989,802,876
Cash and cash equivalents	110	6	1,854,221,704,170	1,527,875,428,216
Cash	111		563,457,704,170	993,333,794,600
Cash equivalents	112		1,290,764,000,000	534,541,633,616
Short-term financial investments	120		7,856,878,780,812	7,469,006,501,322
Trading securities	121	7(a)	676,733,617,318	704,814,872,722
Allowance for diminution in the value of trading securities	122	7(a)	(126,482,836,506)	(139,208,371,400)
Held-to-maturity investments	123	7(b)	7,306,628,000,000	6,903,400,000,000
Accounts receivable – short-term	130		3,033,862,672,924	2,777,099,430,909
Accounts receivable from customers	131	8	2,362,130,859,829	1,988,614,362,323
Prepayments to suppliers	132		279,648,900,195	420,615,080,215
Other short-term receivables	136	9(a)	398,815,839,943	370,036,643,588
Allowance for doubtful debts	137	10	(7,774,300,847)	(5,917,834,434)
Shortage of assets awaiting for resolution	139	11	1,041,373,804	3,751,179,217
Inventories	140	12	3,784,847,613,344	3,554,823,963,018
Inventories	141		3,795,398,560,285	3,567,948,334,861
Allowance for inventories	149		(10,550,946,941)	(13,124,371,843)
Other current assets	150		73,342,356,644	129,184,479,411
Short-term prepaid expenses	151	18(a)	58,365,888,691	115,703,239,463
Deductible value added tax	152		14,973,662,295	13,465,035,833
Taxes receivable from State Treasury	153		2,805,658	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 30 June 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	30/6/2015 VND	1/1/2015 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200	10,620,508,562,705	10,312,148,258,081
Accounts receivable – long-term	210	22,808,870,369	21,965,907,697
Long-term loan receivables	215	8,101,164,343	7,395,303,671
Other long-term receivables	216 9(b)	14,707,706,026	14,570,604,026
Fixed assets	220	8,011,367,202,666	8,086,395,812,459
Tangible fixed assets	221 13	7,611,109,388,209	7,548,188,780,138
Cost	222	12,383,742,381,612	11,782,649,084,362
Accumulated depreciation	223	(4,772,632,993,403)	(4,234,460,304,224)
Intangible fixed assets	227 14	400,257,814,457	538,207,032,321
Cost	228	523,429,765,927	691,495,740,057
Accumulated amortisation	229	(123,171,951,470)	(153,288,707,736)
Investment property	230 15	145,083,675,523	147,725,868,615
Cost	231	179,678,050,557	179,594,679,077
Accumulated depreciation	232	(34,594,375,034)	(31,868,810,462)
Long-term work in progress	240	919,667,884,742	868,971,492,694
Long-term work in progress	241 16	75,877,366,990	65,283,282,436
Construction in progress	242 17	843,790,517,752	803,688,210,258
Long-term financial investments	250	704,211,667,763	692,083,817,719
Investments in associates and joint-ventures	252 7(c)	336,761,486,409	317,972,437,657
Equity investments in other entities	253 7(c)	25,722,035,352	32,372,670,663
Allowance for diminution in the value of long-term financial investments	254 7(c)	(4,867,853,998)	(4,857,290,601)
Held-to-maturity investments	255 7(b)	346,596,000,000	346,596,000,000
Other non-current assets	260	817,369,261,642	495,005,358,897
Long-term prepaid expenses	261 18(b)	423,014,863,803	183,505,250,834
Deferred tax assets	262 19	242,828,420,483	150,793,168,409
Goodwill	269 20	151,525,977,356	160,706,939,654
TOTAL ASSETS (270 = 100 + 200)	270	27,223,661,690,599	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 30 June 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	30/6/2015 VND	1/1/2015 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		5,951,379,727,175	5,969,901,577,449
Current liabilities	310		5,431,901,592,093	5,453,280,356,023
Accounts payable to suppliers	311	21	1,654,335,599,073	1,898,529,392,924
Advances from customers	312		22,762,414,626	17,826,386,435
Taxes payable to State Treasury	313	22	645,891,205,348	502,643,076,304
Payables to employees	314		122,357,599,442	163,476,907,176
Accrued expenses	315	23	1,167,002,326,130	632,991,337,019
Unearned revenue	318		1,695,863,621	17,424,992
Other short-term payables	319	24	622,026,720,944	598,428,618,781
Short-term borrowings	320	25(a)	872,896,438,045	1,279,525,014,840
Provision – short-term	321	26(a)	7,939,522,975	4,122,882,763
Bonus and welfare fund	322	27	314,993,901,889	355,719,314,789
Long-term liabilities	330		519,478,135,082	516,621,221,426
Other long-term payables	337		6,980,301,574	8,192,561,774
Long-term borrowings	338	25(b)	338,754,261,458	346,383,586,552
Deferred tax liabilities	341	19	86,376,975,300	84,711,303,600
Provision – long-term	342	26(b)	87,366,596,750	77,333,769,500
EQUITY (400 = 410)	400		21,272,281,963,424	19,800,236,483,508
Owners' equity	410	28	21,272,281,963,424	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		2,819,005,174	(161,099,075)
Investment and development fund	418	31	2,887,837,119,930	2,521,718,366,944
Retained profits	420		8,167,252,378,968	7,157,699,467,945
Non-controlling interest	429	28	213,347,579,311	119,953,867,653
TOTAL RESOURCES (440 = 300 + 400)	440		27,223,661,690,599	25,770,138,060,957

31 July 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 income for the six-month period ended 30 June 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		Six-month period ended	
			30/6/2015 VND	30/6/2014 VND	30/6/2015 VND	30/6/2014 VND
Revenue from sales of goods and provision of services	01	33	10,520,023,895,689	9,289,158,966,819	19,291,362,403,738	17,011,424,978,482
Revenue deductions	02	33	19,913,258,409	32,026,297,535	75,215,852,890	53,489,959,353
Net revenue (10 = 01 - 02)	10	33	10,500,110,637,280	9,257,132,669,284	19,216,146,550,848	16,957,935,019,129
Cost of sales	11	34	6,113,114,652,804	6,347,753,984,935	11,720,178,589,382	11,625,893,372,651
Gross profit (20 = 10 - 11)	20		4,386,995,984,476	2,909,378,684,349	7,495,967,961,466	5,332,041,646,478
Financial income	21	35	173,798,877,003	132,596,919,103	317,752,893,130	260,197,229,206
Financial expenses	22	36	22,021,396,187	30,036,221,972	50,419,798,058	38,921,202,828
<i>In which: Interest expense</i>	23		6,783,629,869	12,363,835,398	14,915,150,212	23,035,158,155
Share of profit in associates	24		24,361,937,174	20,342,364,897	18,789,048,752	31,224,812,106
Selling expenses	25	37	1,687,220,323,247	877,806,929,227	2,837,656,326,234	1,534,329,551,444
General and administration expenses	26	38	254,796,162,804	203,140,968,830	456,716,336,575	373,830,088,034
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		2,621,118,916,415	1,951,333,848,320	4,487,717,442,481	3,676,382,845,484
Other income	31	39	18,676,238,132	50,266,875,786	89,277,366,014	73,932,945,556
Other expenses	32	40	17,310,439,591	31,630,383,828	49,444,442,947	36,990,034,423
Results of other activities (40 = 31 - 32)	40		1,365,798,541	18,636,491,958	39,832,923,067	36,942,911,133

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 six-month period ended 30 June 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		Six-month period ended	
		30/6/2015 VND	30/6/2014 VND	30/6/2015 VND	30/6/2014 VND
50		2,622,484,714,956	1,969,970,340,278	4,527,550,365,548	3,713,325,756,617
51	42	517,885,257,551	439,313,895,004	873,175,566,641	786,610,878,654
52	42	(81,622,565,231)	(45,913,409,285)	(92,035,252,074)	(44,102,544,455)
60		2,186,222,022,636	1,576,569,854,559	3,746,410,050,981	2,970,817,422,418
Attributable to:					
		2,185,170,750,754	1,575,435,749,520	3,742,027,624,993	2,962,817,386,784
		1,051,271,882	1,134,105,039	4,382,425,988	8,000,035,634
70	43	1,973	1,440	3,376	2,673

31 July 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 cash flows for the six-month period ended 30 June 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	Six-month period ended	
		30/6/2015 VND	30/6/2014 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	01	4,527,550,365,548	3,713,325,756,617
Adjustments for			
Depreciation and amortisation	02	538,102,582,931	508,581,202,613
Allowances and provisions	03	2,620,096,117	4,490,383,932
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04	1,733,882,329	(4,245,680,474)
Losses on disposals of tangible fixed assets and construction in progress	05	3,481,240,952	6,234,942,158
Dividends and interest income	05	(283,252,637,418)	(248,292,374,936)
Share of profit in associates	05	(18,789,048,752)	(31,224,812,106)
Losses from other investing activities	05	9,180,962,298	9,180,028,368
Interest expense	06	14,915,150,212	23,035,158,155
Operating profit before changes in working capital	08	4,795,542,594,217	3,981,084,604,327
Change in receivables	09	(100,951,358,388)	441,499,446,121
Change in inventories	10	(415,247,311,740)	(1,105,369,434,521)
Change in payables and other liabilities	11	332,777,001,534	380,958,850,091
Change in prepaid expenses	12	44,931,660,155	41,492,503,842
Change in trading securities	13	24,092,084,906	-
		4,681,144,670,684	3,739,665,969,860
Interest paid	14	(16,094,643,699)	(23,078,618,262)
Income tax paid	15	(767,514,002,773)	(689,618,423,732)
Other payments for operating activities	17	(407,629,184,672)	(385,751,389,954)
Net cash flows from operating activities	20	3,489,906,839,540	2,641,217,537,912

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 six-month period ended 30 June 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	Six-month period ended	
		30/6/2015 VND	30/6/2014 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets	21	(581,931,161,906)	(289,465,822,621)
Collections on disposals of fixed assets	22	39,091,808,627	26,656,972,850
Payments for granting loans	23	(705,860,672)	(2,962,017,002)
Payments for purchase of debt instruments of other entities	23	-	(100,000,000,000)
Increase in time deposits	23	(402,156,500,000)	(1,796,596,000,000)
Payments for investments in other entities	25	-	(747,825,469)
Collections on investments in other entities	26	1,527,061,268	2,535,000,000
Receipts of interest and dividends	27	128,358,597,595	298,043,365,099
Acquisition of subsidiary, net of cash acquired	28	-	86,515,208
Net cash flows from investing activities	30	(815,816,055,088)	(1,862,449,811,935)

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 six-month period ended 30 June 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	Six-month period ended	
		30/6/2015 VND	30/6/2014 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from capital contribution by non-controlling interest	31	84,371,992,908	1,301,716,303
Payments for shares repurchases	32	-	(319,602,000)
Proceeds from borrowings	33	1,306,014,281,986	252,760,555,160
Payments to settle loan principals	34	(1,729,157,715,221)	(226,025,390,062)
Payments of dividends	36	(2,000,237,208,000)	(2,333,645,730,800)
Net cash flows from financing activities	40	(2,339,008,648,327)	(2,305,928,451,399)
Net cash flows during the period (50 = 20 + 30 + 40)	50	335,082,136,125	(1,527,160,725,422)
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	(208,061,517)	690,441,619
Currency translation differences	62	(8,527,798,654)	761,001,555
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61 + 62)	70 6	1,854,221,704,170	1,219,936,043,702

31 July 2015

Prepared by:



Le Thanh Liem
Chief Accountant



Ngô Thị Thu Trang
Executive Director – Finance



Approved by:

Mai Kieu Lien
Chief Executive Officer

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 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;
- Manufacture biscuits;
- Retail sugar, milk and products from milk, bread, jam, candy and products processed from cereal, flour, starch and other food; and
- Retail alcoholic drinks, soft drinks, fizzy drinks, natural mineral water, low-alcoholic or non-alcoholic wine and beer.

(c) Normal operating cycle

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 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 30 June 2015, the Company had 6 subsidiaries (1/1/2015: 7 subsidiaries) as listed below:

Subsidiaries	% of ownership and voting rights	
	30/6/2015	1/1/2015
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 30 June 2015, the Company had 2 associates (1/1/2015: 2 associates) as listed in Note 7(c).

As at 30 June 2015, the Group had 6,249 employees (1/1/2015: 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 requirements applicable to interim 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 six-month period ended
30 June 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 and presentation currency

The Group's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.

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 the Vietnamese Accounting System for enterprises ("Circular 200"). Circular 200 replaced previous guidance on the Vietnamese Accounting System for enterprises under Decision No. 15/2006-QD/BTC dated 20 March 2006 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 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)) - gains or losses incurred on partial acquisitions or disposals that do not result in a loss or gain of control are recorded directly in retained profits under equity. Non-controlling interest is now reclassified as part of equity;
- Recognition of foreign exchange differences (Note 4(b)) - the use of different commercial exchange rates is now provided by Circular 200;
- Earnings per share (Note 4(v)) - profit or loss attributable to the ordinary shareholders of the Company is now determined after deducting amounts appropriated to bonus and welfare fund;
- Goodwill (Note 4(l)) - goodwill recorded in the investment in equity accounted entity is now not amortised.

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.

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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 interim statement of income. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the separate interim 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.

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(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. 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:

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- 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 in banks and bank deposits are retranslated using the foreign currency buying rate at the reporting date quoted by the commercial 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 interim statement of income.

(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.

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(iii) Equity investments in other entities

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

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(ii) Depreciation

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

▪ buildings and structures	10 – 50 years
▪ machinery and equipment	8 – 15 years
▪ motor vehicles	10 years
▪ office equipment	3 – 10 years
▪ livestock	6 years
▪ others	3 years

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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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

(l) 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 interim 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.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property held to earn rental. 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.

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(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, including those for which the Company obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets, and other costs incurred in conjunction with securing the use of leased land (“Circular 45”). These costs are recognised in the consolidated interim 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 prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 1 to 3 years.

(iii) Others

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

(l) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the consolidated interim 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 30 June 2015 will be determined based on the eligible employees’ years of service as at 31 December 2008 and their average salary for the six-month period prior to the termination date.

(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 of amount received over treasury shares’ cost, calculated on a weighted average basis, is recorded in share premium.

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(p) Taxation

Income tax on the consolidated profit or loss for the period comprises current and deferred tax. Income tax is recognised in the consolidated interim 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 interim 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. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(ii) Services rendered

Revenue from services rendered is recognised in the consolidated interim 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 interim 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 interim 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 interim statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated interim 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.

(u) Funds

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

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▪ 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 Company'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 Company 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.

Prior to 1 January 2015, the profit or loss attributable to the ordinary shareholders of the Company included amounts appropriated to bonus and welfare fund, if any. Effective from 1 January 2015, the profit or loss attributable to the ordinary shareholders of the Company is determined after deducting any amounts appropriated to bonus and welfare fund.

(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 enterprises, 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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5. Segment reporting

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

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling expenses, 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	
	Six-month period ended		Six-month period ended		Six-month period ended	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014	30/6/2015	30/6/2014
	VND	VND	VND	VND	VND	VND
Net revenue	15,379,450,034,528	14,033,754,024,276	3,836,696,516,320	2,924,180,994,853	19,216,146,550,848	16,957,935,019,129
Cost of sales	(9,384,167,097,916)	(9,271,396,397,109)	(2,336,011,491,466)	(2,354,496,975,542)	(11,720,178,589,382)	(11,625,893,372,651)
Segment gross profit	5,995,282,936,612	4,762,357,627,167	1,500,685,024,854	569,684,019,311	7,495,967,961,466	5,332,041,646,478

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6. Cash and cash equivalents

	30/6/2015	1/1/2015
	VND	VND
Cash on hand	1,556,432,274	1,349,958,029
Cash in banks	561,895,861,744	991,980,639,406
Cash in transit	5,410,152	3,197,165
Cash equivalents	1,290,764,000,000	534,541,633,616
	<hr/>	<hr/>
	1,854,221,704,170	1,527,875,428,216

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7. Investments

(a) Trading securities

	30/6/2015		1/1/2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	VND	VND	VND	VND
			Allowance for diminution in value	Allowance for diminution in value
Short-term investments in shares:				
▪ Thanh Thanh Cong Tay Ninh Joint Stock Company	150,569,980,000	93,764,033,000	(56,805,947,000)	88,288,761,000
▪ An Binh Commercial Joint Stock Bank	82,283,660,000	12,745,007,600	(69,538,652,400)	12,745,007,600
▪ Bao Viet Joint Stock Commercial Bank	442,000,000,000	(*)	-	(*)
▪ Others	1,879,977,318	1,741,794,812	(138,237,106)	22,572,781,322
	676,733,617,318		(126,482,836,506)	(139,208,371,400)

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

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(b) Held to maturity investments

	30/6/2015	1/1/2015
	VND	VND
Held-to-maturity investments – short-term		
▪ term deposits	7,306,628,000,000	6,903,400,000,000
Held-to-maturity investments – long-term		
▪ term deposits	46,596,000,000	46,596,000,000
▪ corporate bonds	300,000,000,000	300,000,000,000
	346,596,000,000	346,596,000,000

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(c) Equity investments in other entities

30 June 2015	Address	% of equity owned	% of voting rights	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Equity investments in:						
Associates						
▪ Miraka Limited	109 Tuwharetoa, Taupo, New Zealand	(**) 19.3%	19.3%	290,095,606,610	(*)	-
▪ Asia Saigon Food Ingredients Joint Stock Company	Lot C-9E-CN, My Phuoc 3 Industrial Park, Ben Cat District, Binh Duong Province, Vietnam	(**) 15.0%	15.0%	46,665,879,799	(*)	-
Others						
▪ Vietnam Growth Investment Fund	Melinh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam			10,559,408,600	(*)	(4,867,853,998)
▪ An Khang Clinic – Pharmacy	184-186-188 Nguyen Dinh Chieu Street, District 3, Ho Chi Minh City, Vietnam			300,000,000	(*)	-
▪ Rubber plantation				14,078,546,752	(*)	-
▪ Others				784,080,000	(*)	-
				25,722,035,352		(4,867,853,998)
				362,483,521,761		(4,867,853,998)

(*) 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 members of Management of these two entities.

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1 January 2015	Address	% of equity owned	% of voting rights	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Equity investments in:						
Associates						
▪ Miraka Limited	109 Tuwharetoa, Taupo, New Zealand	19.3%	19.3%	278,497,731,377	(*)	-
▪ Asia Saigon Food Ingredients Joint Stock Company	Lot C-9E-CN, My Phuoc 3 Industrial Park, Ben Cat District, Binh Duong Province, Vietnam	15.0%	15.0%	39,474,706,280	(*)	-
Others						
▪ Vietnam Growth Investment Fund	Melinh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam			10,559,408,600	(*)	(4,857,290,601)
▪ An Khang Clinic – Pharmacy	184-186-188 Nguyen Dinh Chieu Street, District 3, Ho Chi Minh City, Vietnam			300,000,000	(*)	-
▪ Rubber plantation				20,744,302,063	(*)	-
▪ Others				768,960,000	(*)	-
				<u>317,972,437,657</u>		<u>-</u>
				<u>10,559,408,600</u>	(*)	<u>(4,857,290,601)</u>
				<u>32,372,670,663</u>		<u>(4,857,290,601)</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 of these two entities.

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

	Six-month period ended	
	30/6/2015 VND	30/6/2014 VND
Opening balance	139,208,371,400	145,974,953,400
Increase in allowance during the period	-	3,819,781,000
Written back	(8,715,955,000)	(3,849,250,000)
Allowance utilised during the period	(4,009,579,894)	-
Closing balance	126,482,836,506	145,945,484,400

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

	Six-month period ended	
	30/6/2015 VND	30/6/2014 VND
Opening balance	4,857,290,601	10,248,632,262
Increase in allowance during the period	10,563,397	-
Written back	-	(210,045,936)
Closing balance	4,867,853,998	10,038,586,326

8. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	30/6/2015 VND	1/1/2015 VND
Abdulkarim Alwan Foodstuff Trading (LLC)	473,078,000,340	348,172,272,000
Other customers	1,889,052,859,489	1,640,442,090,323
	2,362,130,859,829	1,988,614,362,323

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(b) Accounts receivable from customers who are related parties:

	30/6/2015	1/1/2015
	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

	30/6/2015	1/1/2015
	VND	VND
Rebates receivable from suppliers	-	133,509,529,151
Interest income from deposits	285,190,101,275	119,054,965,555
Import tax refundable	47,938,561,443	71,950,068,975
Receivables from import entrustment	44,039,704,997	-
Short-term deposits	4,100,525,057	3,440,371,602
Receivables from employees	3,292,272,719	2,595,249,425
Interest income from bonds	441,095,888	11,682,191,784
Others	13,813,578,564	27,804,267,096
	398,815,839,943	370,036,643,588

(b) Other long-term receivables

	30/6/2015	1/1/2015
	VND	VND
Receivables from an investment	7,247,684,826	7,247,684,826
Long-term deposits	7,460,021,200	7,322,919,200
	14,707,706,026	14,570,604,026

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10. Bad and doubtful debts

	Overdue days	30/6/2015		Overdue days	1/1/2015	
		Carrying amount VND	Recoverable amount VND		Carrying amount VND	Recoverable amount VND
Overdue debts						
▪ Phuoc Long Port Company Limited	Over 3 years	3,470,244,813	-	2 - 3 years	3,470,244,813	1,041,073,444
						2,429,171,369

Of which:

Allowance for doubtful debts - short-term

3,470,244,813

2,429,171,369

11. Shortage of assets awaiting resolution

	30/6/2015 VND	1/1/2015 VND
Inventories	1,041,373,804	3,751,179,217

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12. Inventories

	30/6/2015		1/1/2015	
	Carrying amount VND	Allowance VND	Carrying amount VND	Allowance VND
Goods in transit	662,649,042,326	-	484,349,482,529	-
Raw materials	1,955,686,195,645	(5,570,855,170)	1,950,145,008,854	(6,864,301,705)
Tools and supplies	7,864,464,264	-	7,965,125,849	-
Work in progress	59,524,471,173	-	44,066,598,480	-
Finished goods	1,066,450,154,326	(4,980,091,771)	1,040,310,901,609	(6,257,070,138)
Merchandise inventories	34,631,551,364	-	39,367,889,992	(3,000,000)
Goods on consignment	8,592,681,187	-	1,743,327,548	-
	<u>3,795,398,560,285</u>	<u>(10,550,946,941)</u>	<u>3,567,948,334,861</u>	<u>(13,124,371,843)</u>

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

	Six-month period ended	
	30/6/2015 VND	30/6/2014 VND
Opening balance	13,124,371,843	10,376,905,544
Increase in allowance during the period	4,977,573,463	12,388,355,173
Written back	(7,045,119,475)	(9,011,003,837)
Allowance utilised during the period	(505,878,890)	(110,473,414)
Closing balance	<u>10,550,946,941</u>	<u>13,643,783,466</u>

At 30 June 2015, inventories with carrying value of VND50,888 million (1/1/2015: 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	4,934,877,274	20,306,919,041	18,272,556,888	5,402,137,686	-	2,891,873,832	51,808,364,721
Transfer from construction in progress	212,944,327,069	142,282,708,089	8,386,280,689	7,373,800,647	-	-	370,987,116,494
Transfer from inventories	-	-	-	-	178,933,323,837	-	178,933,323,837
Other increases	(1,094,593,876)	39,914,743,469	-	135,095,679	-	5,138,694,043	45,188,533,191
Reclassification	(160,294,733)	1,102,261,978	287,777,159	(295,445,261)	-	-	-
Disposals	(3,316,231,355)	(11,728,214,703)	(7,283,385,864)	(860,345,294)	(34,342,363,520)	-	(54,374,604,114)
Other decrease	1,268,185,664	-	-	-	-	-	(3,316,231,355)
Translation differences	-	7,837,343,219	1,258,702,371	284,790,449	-	1,217,772,773	11,866,794,476
Closing balance	2,510,705,260,304	8,192,490,731,811	695,023,047,890	460,145,140,595	452,037,313,953	73,340,887,059	12,383,742,381,612
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	57,460,470,278	369,208,497,093	32,822,847,162	30,753,600,740	33,144,155,849	3,481,291,222	526,870,862,344
Disposals	(72,987,770)	(11,170,747,451)	(5,118,064,911)	(860,345,294)	(14,329,800,417)	-	(31,551,945,843)
Reclassification	(314,762,057)	3,085,378,316	(2,570,871,695)	(199,744,564)	-	-	-
Other increases	-	34,947,656,384	-	76,586,798	-	-	35,024,243,182
Translation differences	682,085,348	5,403,883,064	493,902,166	235,874,950	-	1,013,783,968	7,829,529,496
Closing balance	528,546,626,834	3,511,710,789,681	279,979,825,329	273,580,350,985	123,929,532,829	54,885,867,745	4,772,632,993,403
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	1,982,158,633,470	4,680,779,942,130	415,043,222,561	186,564,789,610	328,107,781,124	18,455,019,314	7,611,109,388,209

Included in the cost of tangible fixed assets were assets costing VND993,174,361,530 which were fully depreciated as at 30 June 2015 (1/1/2015: 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
Additions	64,695,000	281,884,200	-	346,579,200
Transfer from construction in progress	-	8,486,562,931	-	8,486,562,931
Reclassification (*)	(182,004,798,683)	-	-	(182,004,798,683)
Translation differences	4,194,282,422	-	911,400,000	5,105,682,422
Closing balance	367,203,699,417	108,963,466,510	47,262,600,000	523,429,765,927
Accumulated amortisation				
Opening balance	62,163,807,772	63,336,171,579	27,788,728,385	153,288,707,736
Charge for the period	2,471,163,857	4,885,470,696	1,149,521,462	8,506,156,015
Reclassification (*)	(39,187,802,703)	-	-	(39,187,802,703)
Translation differences	7,022,275	-	557,868,147	564,890,422
Closing balance	25,454,191,201	68,221,642,275	29,496,117,994	123,171,951,470
Net book value				
Opening balance	482,785,712,906	36,858,847,800	18,562,471,615	538,207,032,321
Closing balance	341,749,508,216	40,741,824,235	17,766,482,006	400,257,814,457

(*) The reclassification represents the net book value of land use rights from long-term land lease contracts obtained after 1 July 2004, the effective date of Land Law 2003, which are not qualified as intangible fixed assets under Circular 45. These assets are reclassified to long-term prepaid expenses (Note 18(b)) during the period.

Included in the cost of intangible fixed assets were assets costing VND48,086,488,915 which were fully amortised as at 30 June 2015 (1/1/2015: 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	680,525,106	323,210,922	1,721,828,544	2,725,564,572
Closing balance	1,931,041,315	3,621,772,816	29,041,560,903	34,594,375,034
Net book value				
Opening balance	84,379,260,680	3,165,656,667	60,180,951,268	147,725,868,615
Closing balance	83,698,735,574	2,842,445,745	58,542,494,204	145,083,675,523

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 30 June 2015 (1/1/2015: VND7,228,577,143), but which are still in active use.

16. Long-term work in progress

	30/6/2015 VND	1/1/2015 VND
Cows with ages under 16 months	75,877,366,990	65,283,282,436

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17. Construction in progress

	Six-month period ended	
	30/6/2015	30/6/2014
	VND	VND
Opening balance	803,688,210,258	537,872,350,628
Additions	524,789,048,170	269,910,022,261
Transfer to tangible fixed assets	(370,987,116,494)	(305,969,215,340)
Transfer to intangible fixed assets	(8,486,562,931)	-
Transfer to inventories	(1,272,883,844)	-
Transfer to long-term prepaid expenses	(84,043,081,775)	-
Disposals	(19,750,391,308)	-
Other decreases	(2,633,884,124)	(2,994,974,594)
Translation differences	2,487,179,800	259,182,584
	<hr/>	<hr/>
Closing balance	843,790,517,752	499,077,365,539

Major constructions in progress were as follows:

	30/6/2015	1/1/2015
	VND	VND
Machinery and equipment – Lam Son Dairy Factory	121,140,045,326	-
Tay Ninh Dairy Cow Farm	163,912,382,746	186,496,474,313
Thanh Hoa 2 Dairy Cow Farm	106,229,709,926	80,003,334,662
Dairy factory – Angkor Dairy Products Co., Ltd.	203,066,278,015	35,180,695,154
Others	249,442,101,739	502,007,706,129
	<hr/>	<hr/>
	843,790,517,752	803,688,210,258

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18. Prepaid expenses

(a) Short-term prepaid expenses

	30/6/2015	1/1/2015
	VND	VND
Prepaid tools and supplies expenses	8,386,900,832	10,110,656,365
Prepaid software deployment and networks maintenance expenses	11,396,794,862	3,060,841,120
Prepaid renovation and repair expenses	9,958,189,048	4,391,038,491
Prepaid operating lease expenses	4,365,055,001	6,243,320,990
Prepaid advertising expenses	2,852,867,341	1,108,065,215
Other short-term prepaid expenses	21,406,081,607	90,789,317,282
	58,365,888,691	115,703,239,463

(b) Long-term prepaid expenses

	Prepaid land costs	Tools and instruments	Other prepayments	Total
	VND	VND	VND	VND
Opening balance	4,419,837,879	105,048,416,556	74,036,996,399	183,505,250,834
Additions	5,473,814,345	52,211,112,574	23,346,770,401	81,031,697,320
Reclassification (*)	142,816,995,980	-	-	142,816,995,980
Transfer from construction in progress	66,965,910,638	7,671,634,946	9,405,536,191	84,043,081,775
Amortisation for the period	(7,189,779,398)	(35,270,349,250)	(26,203,232,828)	(68,663,361,476)
Other decreases	(114,505,958)	-	-	(114,505,958)
Translation differences	329,109,100	-	66,596,228	395,705,328
Closing balance	212,701,382,586	129,660,814,826	80,652,666,391	423,014,863,803

(*) The reclassification represents the net book value of land use rights from long term land lease contracts obtained after 1 July 2004, the effective date of Land Law 2003, which are not qualified as intangible fixed assets under Circular 45. These prepaid land costs were reclassified from intangible fixed assets (Note 14) during the period.

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19. Deferred tax assets and liabilities

(a) Deferred tax assets

	Tax rate	30/6/2015 VND	1/1/2015 VND
Deferred tax assets:			
Foreign exchange differences	20% - 22%	294,651,951	226,023,828
Accrued expenses and provisions	20% - 22%	242,535,476,915	150,567,144,581
Total deferred tax assets		242,830,128,866	150,793,168,409
Deferred tax liabilities:			
Foreign exchange differences	20% - 22%	(1,708,383)	-
Net deferred tax assets		242,828,420,483	150,793,168,409

(b) Deferred tax liabilities

		30/6/2015 VND	1/1/2015 VND
Deferred tax assets:			
Accounts receivable	40%	2,259,378,792	2,215,809,359
Inventories	40%	1,123,027,852	1,101,371,596
Tax losses carry forwards	40%	43,940,034,503	43,092,703,189
Accrued expenses	40%	5,890,058,231	5,776,475,462
Others	40%	482,910,517	473,598,162
Total deferred tax assets		53,695,409,895	52,659,957,768
Valuation allowance	40%	(40,514,332,368)	(39,733,061,646)
Net deferred tax assets		13,181,077,527	12,926,896,122
Deferred tax liabilities:			
Fixed assets and goodwill	40%	(99,416,741,138)	(97,499,607,507)
Others	40%	(141,311,689)	(138,592,215)
Total deferred tax liabilities		(99,558,052,827)	(97,638,199,722)
Net deferred tax liabilities		(86,376,975,300)	(84,711,303,600)

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20. Goodwill

	Six-month period ended	
	30/6/2015 VND	30/6/2014 VND
Opening balance	160,706,939,654	174,463,919,182
Adjustment	-	4,586,266,392
Charge for the period	(9,180,962,298)	(9,180,028,368)
	<hr/>	<hr/>
Closing balance	151,525,977,356	169,870,157,206

21. Accounts payable to suppliers

Accounts payable to suppliers who are related parties

	30/6/2015 VND	1/1/2015 VND
Associate		
Miraka Limited	30,009,224,700	53,275,711,500
	<hr/>	<hr/>

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

	1/1/2015 VND	Incurred VND	Paid VND	Translation differences VND	30/6/2015 VND
Value added tax	97,748,080,575	923,496,684,105	(890,987,025,041)	-	130,257,739,639
Import tax	67,059,641	107,674,921,281	(106,016,383,593)	-	1,725,597,329
Corporate income tax	396,387,038,231	873,175,566,641	(767,514,002,773)	(2,649,513)	502,045,952,586
Personal income tax	5,935,298,848	107,933,799,296	(104,244,433,776)	1,546,957	9,626,211,325
Other taxes	2,505,599,009	10,629,463,146	(10,944,510,334)	45,152,648	2,235,704,469
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	502,643,076,304	2,022,910,434,469	(1,879,706,355,517)	44,050,092	645,891,205,348

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23. Accrued expenses

	30/6/2015	1/1/2015
	VND	VND
Sale incentives, promotion	441,358,669,574	372,271,399,616
Advertising expenses	489,102,817,873	43,092,205,601
Transportation expenses	78,063,248,967	58,016,454,874
Repair and maintenance expenses	37,200,788,236	15,277,558,615
Fuel expenses	15,837,749,080	14,714,178,145
Expenses for outsourced employees	27,833,011,346	16,259,721,436
Interest expense	3,660,272,384	4,839,765,871
Rental fee	3,878,181,822	530,000,015
Others	70,067,586,848	107,990,052,846
	1,167,002,326,130	632,991,337,019

24. Other payables

	30/6/2015	1/1/2015
	VND	VND
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Import duty payables	52,255,253,208	66,891,229,438
Short-term deposits received	64,474,584,511	51,444,636,092
Insurance and trade union fees	2,703,538,755	1,582,702,277
Outstanding checks in exceed of bank balance	44,273,660,686	16,833,321,089
Others	10,312,264,629	13,669,310,730
	622,026,720,944	598,428,618,781

- (*) 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

	1/1/2015 VND	Incurred VND	Paid VND	Translation differences VND	30/6/2015 VND
Short-term borrowings	1,258,848,534,840	1,305,828,423,127	(1,714,892,233,997)	2,028,674,075	851,813,398,045
Current portion of long-term borrowings	20,676,480,000	-	-	406,560,000	21,083,040,000
	<u>1,279,525,014,840</u>	<u>1,305,828,423,127</u>	<u>(1,714,892,233,997)</u>	<u>2,435,234,075</u>	<u>872,896,438,045</u>

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

Lenders		Annual Currency interest rate	30/6/2015 VND	1/1/2015 VND
The Bank of Tokyo-Mitsubishi UFJ Ltd. – Ho Chi Minh City Branch	(i)	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	(ii)	USD 1.30%	-	320,400,000,000
Wells Fargo	(iii)	USD 2.125%	61,493,398,045	148,128,534,840
			<u>851,813,398,045</u>	<u>1,258,848,534,840</u>

- (i) This borrowing has a maximum facility of USD50 million and is unsecured.
- (ii) This borrowing has a maximum facility of VND3,300 billion and is unsecured.
- (iii) As at 30 June 2015, this borrowing was secured by inventories of Driftwood Dairy Holdings Corporation, a subsidiary, with carrying amount of VND50,888 million (1/1/2015: VND55,533 million) and accounts receivable with carrying amount of VND157,516 million (1/1/2015: VND232,502 million).

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(b) Long-term borrowings

	30/6/2015	1/1/2015
	VND	VND
Long-term borrowings	359,837,301,458	367,060,066,552
Repayable within twelve months	(21,083,040,000)	(20,676,480,000)
	<hr/>	<hr/>
Repayable after twelve months	338,754,261,458	346,383,586,552
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Terms and conditions of outstanding long-term borrowings were as follows:

			Annual	Year of	30/6/2015	1/1/2015
			interest rate	maturity	VND	VND
Wells Fargo						
▪ Loan 1	(i)	USD	2.375%	2016	100,253,340,000	105,689,280,000
▪ Loan 2	(i)	USD	2.375%	2016	9,264,798,180	14,734,790,160
Sumitomo Mitsui						
Banking Corporation	(ii)	USD	2%	2017	239,580,000,000	234,960,000,000
Individuals	(ii)	VND	None	2039	10,739,163,278	11,675,996,392
					<hr/>	<hr/>
					359,837,301,458	367,060,066,552
					<hr/>	<hr/>

(ii) These borrowings were secured by assets of Driftwood Dairy Holdings Corporation, a subsidiary, with carrying amount of VND449,499 million as at 30 June 2015 (1/1/2015: VND476,546 million).

(ii) These borrowings are unsecured.

26. Provisions

(a) Short-term provision

	30/6/2015	1/1/2015
	VND	VND
Fixed asset overhaul	7,939,522,975	4,122,882,763
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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
Increase in provision during the period	10,981,031,083
Provision used during the period	(948,203,833)
	<hr/>
Closing balance	87,366,596,750

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:

	Six-month period ended	
	30/6/2015	30/6/2014
	VND	VND
Opening balance	355,719,314,789	361,477,571,902
Appropriation	366,118,752,984	289,577,404,047
Utilisation	(406,844,165,884)	(388,740,662,410)
	<hr/>	<hr/>
Closing balance	314,993,901,889	262,314,313,539

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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	-	-	(319,602,000)	-	-	-	-	(319,602,000)
Net profit for the period	-	-	-	-	-	2,962,817,386,784	8,000,035,634	2,970,817,422,418
Appropriation to investment and development fund	-	-	-	-	289,577,404,047	(289,577,404,047)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(289,577,404,049)	-	(289,577,404,049)
Capital contribution by non-controlling interest	-	-	-	-	-	(1,666,874,642,000)	34,685,901,143	34,685,901,143
Dividends	-	-	-	-	-	-	(3,443,683,856)	(3,443,683,856)
Adjustments	-	-	-	496,768,421	-	-	596,057,461	1,092,825,882
Translation differences	-	-	-	-	-	-	-	-
Balance at 1 July 2014	8,339,557,960,000	1,276,994,100,000	(5,388,109,959)	496,768,421	2,073,771,183,659	6,866,599,920,458	62,702,244,266	18,614,734,066,845
Bonus shares issued	1,666,856,030,000	(1,276,994,100,000)	-	-	-	(389,861,930,000)	-	-
Net profit for the period	-	-	-	-	-	3,105,990,310,057	(8,604,766,167)	3,097,385,543,890
Appropriation to investment and development fund	-	-	-	-	447,947,183,285	(447,947,183,285)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(310,213,396,944)	-	(310,213,396,944)
Dividends	-	-	-	-	-	(1,666,868,252,341)	-	(1,666,868,252,341)
Capital contribution by non-controlling interest	-	-	-	-	-	-	69,255,843,757	69,255,843,757
Adjustments	-	-	-	(657,867,496)	-	-	(3,499,756,181)	(3,499,756,181)
Translation differences	-	-	-	-	-	-	100,301,978	(557,565,518)
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	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	-	-	-	-	3,742,027,624,993	4,382,425,988	3,746,410,050,981
Appropriation to investment and development fund	-	-	-	366,118,752,986	(366,118,752,986)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	(366,118,752,984)	-	(366,118,752,984)
Dividends (Note 30)	-	-	-	-	(2,000,237,208,000)	-	(2,000,237,208,000)
Adjustments	-	-	-	-	-	1,833,137,569	1,833,137,569
Capital contribution by non-controlling interest	-	-	-	-	-	84,371,992,908	84,371,992,908
Translation differences	-	-	2,980,104,249	-	-	2,806,155,193	5,786,259,442
Balance at 30 June 2015	10,006,413,990,000	(5,388,109,959)	2,819,005,174	2,887,837,119,930	8,167,252,378,968	213,347,579,311	21,272,281,963,424

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29. Share capital

The Company's authorised and issued share capital are:

	30/6/2015		1/1/2015	
	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
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)
Shares currently in circulation				
Ordinary shares	1,000,118,604	10,001,025,880,041	1,000,118,604	10,001,025,880,041

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

30. Dividends

The Shareholders of the Company on 27 April 2015 resolved to distribute dividends amounting to VND2,000 billion (VND2,000 per share) (for the six-month period ended 30 June 2014: VND1,667 billion (VND2,000 per share)).

31. 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 fund is utilised for business expansion, the amount utilised is transferred to share capital.

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32. Off balance sheet items

	30/6/2015		1/1/2015	
	Original currency	VND equivalent	Original currency	VND equivalent
Foreign currencies				
▪ USD	3,728,517	81,207,098,518	3,735,730	79,795,184,897
▪ EUR	12,512	302,827,283	20,792	537,979,711
		81,509,925,801		80,333,164,608

33. 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:

	Six-month period ended	
	30/6/2015 VND	30/6/2014 VND
Total revenue		
▪ Sales of finished goods	18,914,411,978,335	16,625,477,524,918
▪ Sales of merchandise goods	308,710,898,358	312,031,529,762
▪ Rental income from investment property	6,478,436,759	7,627,336,655
▪ Other services	22,333,691,378	18,842,056,976
▪ Sales of scraps	39,427,398,908	47,446,530,171
	19,291,362,403,738	17,011,424,978,482
Less revenue deductions		
▪ Sale discounts	(320,049,571)	(325,368,740)
▪ Sale returns	(72,734,422,519)	(39,794,166,244)
▪ Sales allowances	(2,161,380,800)	(13,370,424,369)
	(75,215,852,890)	(53,489,959,353)
Net revenue	19,216,146,550,848	16,957,935,019,129

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34. Cost of sales

	Six-month period ended	
	30/6/2015	30/6/2014
	VND	VND
Total cost of sales		
▪ Finished goods sold	11,561,368,223,384	11,342,898,879,070
▪ Merchandise goods sold	132,429,014,171	256,403,260,511
▪ Operating costs of investment property held to earn rental	4,327,295,348	3,227,024,003
▪ Other services	2,251,933,329	1,814,568,257
▪ Inventories losses	6,230,414,650	3,147,479,491
▪ Under-capacity cost	15,639,254,512	15,024,809,983
▪ (Decrease)/increase of allowance for inventories	(2,067,546,012)	3,377,351,336
	<hr/>	<hr/>
	11,720,178,589,382	11,625,893,372,651
	<hr/>	<hr/>

35. Financial income

	Six-month period ended	
	30/6/2015	30/6/2014
	VND	VND
Interest income from deposits	271,192,513,484	242,851,759,812
Interest income from corporate bonds	11,882,191,775	155,555,556
Foreign exchange gains	34,500,255,897	11,897,674,830
Dividends	56,870,978	5,145,160,880
Others	121,060,996	147,078,128
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	317,752,893,130	260,197,229,206
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36. Financial expenses

	Six-month period ended	
	30/6/2015	30/6/2014
	VND	VND
Interest expense on borrowings	14,915,150,212	23,035,158,155
Payment discounts granted to distributors	(273,015,418)	9,550,902,229
Foreign exchange losses	43,384,041,338	6,111,685,309
Interest expense on deposits received	1,003,067,830	416,150,527
Allowance/(written back allowance) for investments	(8,705,391,603)	(239,514,936)
Others	95,945,699	46,821,544
	<hr/>	<hr/>
	50,419,798,058	38,921,202,828
	<hr/>	<hr/>

37. Selling expenses

	Six-month period ended	
	30/6/2015	30/6/2014
	VND	VND
Staff costs	262,361,489,824	232,386,170,229
Materials expenses	21,665,196,121	31,671,994,771
Tools and supplies expenses	34,794,975,374	58,418,020,722
Depreciation expenses	17,013,158,783	13,570,723,688
Expenses of damaged goods	11,753,648,653	8,564,573,835
Transportation expenses	284,207,897,338	231,374,182,693
Outside service expenses	122,932,317,549	91,020,009,744
Advertising expenses	791,142,511,382	385,124,342,529
Market research expenses	13,795,384,638	4,313,323,370
Promotion expenses	12,329,603,660	8,059,277,906
Product display expenses	212,479,169,539	174,778,479,139
Support and commission expenses for distributors	1,053,180,973,373	295,048,452,818
	<hr/>	<hr/>
	2,837,656,326,234	1,534,329,551,444
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38. General and administrative expenses

	Six-month period ended	
	30/6/2015 VND	30/6/2014 VND
Staff costs	170,016,634,487	149,546,076,470
Materials expenses	9,481,875,589	7,801,694,874
Office supplies	10,904,908,197	6,763,488,747
Depreciation expenses	38,975,758,217	33,174,122,004
Fees and duties	10,739,613,553	3,571,971,351
Allowance for doubtful debts and provision for severance allowance	13,335,412,131	9,946,517,149
Transportation expenses	22,576,726,915	21,678,049,020
Outside service expenses	107,446,026,964	80,840,992,392
Loading expenses	11,515,989,159	8,008,589,279
Per-diem allowances	13,920,686,955	10,609,491,289
Bank charges	3,805,390,175	5,368,587,120
Others	43,997,314,233	36,520,508,339
	456,716,336,575	373,830,088,034

39. Other income

	Six-month period ended	
	30/6/2015 VND	30/6/2014 VND
Rebate income	25,340,866,170	15,160,011,201
Proceeds from disposals of tangible fixed assets	19,341,417,319	28,416,095,004
Proceeds from disposals of construction in progress	19,750,391,308	-
Compensations received from other parties	9,560,855,463	8,278,154,540
Others	15,283,835,754	22,078,684,811
	89,277,366,014	73,932,945,556

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40. Other expenses

	Six-month period ended	
	30/6/2015	30/6/2014
	VND	VND
Book value of tangible fixed assets disposed	22,822,658,271	34,582,887,162
Book value of construction in progress disposed	19,750,391,308	-
Others	6,871,393,368	2,407,147,261
	49,444,442,947	36,990,034,423

41. Production and business costs by element

	Six-month period ended	
	30/6/2015	30/6/2014
	VND	VND
Raw material costs included in production costs	9,326,743,614,486	10,077,722,578,557
Labour costs and staff costs	879,409,524,377	816,890,410,989
Depreciation and amortisation	538,102,582,931	509,577,072,102
Outside services	870,313,750,053	676,191,144,706
Other expenses	2,993,286,923,923	1,549,640,207,455

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42. Income tax

(i) Recognised in the consolidated interim statement of income

	Six-month period ended	
	30/6/2015 VND	30/6/2014 VND
Current tax expense		
Current period	885,024,024,937	784,396,260,686
(Over)/under provision in prior period	(11,848,458,296)	2,214,617,968
	873,175,566,641	786,610,878,654
Deferred tax benefit		
Origination and reversal of temporary differences	(92,035,252,074)	(44,102,544,455)
	781,140,314,567	742,508,334,199

(ii) Reconciliation of effective tax rate

	Six-month period ended	
	30/6/2015 VND	30/6/2014 VND
Accounting profit before tax	4,527,550,365,548	3,713,325,756,617
Tax at the Company's tax rate	996,061,080,421	816,931,666,456
Tax rate differential applied to Company's branches and factories	(16,694,581,497)	(55,771,672,141)
Non-taxable income	8,729,658,848	2,139,563,023
Non-deductible expenses	2,901,359,402	1,861,006,335
Tax incentives	(212,065,149,807)	(19,709,622,454)
Deferred tax assets not previously recognised	(14,056,405,496)	(5,157,224,988)
(Over)/under provision in prior year	(11,848,458,296)	2,214,617,968
	781,140,314,567	742,508,334,199

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(iii) Applicable tax rates

The companies in the Group have an obligation to pay the government income tax at rates ranging from 15% to 40%, depending on principal 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, Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia and Driftwood Dairy Holdings Corporation incurred the income tax charges. Other companies have no taxable income.

43. Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 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

	Six-month period ended	
	30/6/2015	30/6/2014
	VND	VND
Net profit for the period – attributable to ordinary shareholders before appropriation to bonus and welfare fund	3,742,027,624,993	2,962,817,386,784
Allocation to bonus and welfare fund	(366,118,752,984)	(289,577,404,049)
Net profit for the period attributable to ordinary shareholders after appropriation to bonus and welfare fund	3,375,908,872,009	2,673,239,982,735

(ii) Weighted average number of ordinary shares

	Six-month period ended	
	30/6/2015	30/6/2014
Number of ordinary shares at the beginning of the period	1,000,118,604	833,467,061
Effect of bonus shares issued	-	166,689,604
Purchase of treasury shares	-	(19,042)
Weighted average number of ordinary shares	1,000,118,604	1,000,137,623

As at 30 June 2015, the Company did not have potentially dilutive ordinary shares.

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44. 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	30/6/2015 VND	1/1/2015 VND
Cash and cash equivalents	(ii)	1,852,665,271,896	1,526,525,470,187
Held-to-maturity investments	(iii)	7,653,224,000,000	7,249,996,000,000
Accounts receivable from customers and other receivables	(iv)	2,775,981,269,294	2,374,699,079,174
		12,281,870,541,190	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 value of held-to-maturity investments as at 30 June 2015 and 1 January 2015.

(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:

	30/6/2015	1/1/2015
	VND	VND
Past due 1 – 30 days	95,134,562,838	78,962,614,586
Past due 31 – 60 days	8,663,426,015	14,533,446,986
Past due 61 – 90 days	9,731,776,501	6,495,649,478
Past due more than 90 days	4,217,095,121	1,461,719,054
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	117,746,860,475	101,453,430,104

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

	Six-month period ended	
	30/6/2015	30/6/2014
	VND	VND
Opening balance	5,917,834,434	7,387,087,909
Increase in allowance during the period	2,412,002,648	1,352,547,532
Allowance utilised during the period	(629,215,591)	(2,607,330,646)
Translation differences	73,679,356	39,659,040
	<hr/>	<hr/>
Closing balance	7,774,300,847	6,171,963,835

(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 including the estimate interest payments:

30 June 2015

	Carrying Amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND
Accounts payable to suppliers	1,654,335,599,073	1,654,335,599,073	1,654,335,599,073	-	-
Payables to employees	122,357,599,442	122,357,599,442	122,357,599,442	-	-
Accrued expenses	1,167,002,326,130	1,167,002,326,130	1,167,002,326,130	-	-
Other short-term payables	622,026,720,944	622,026,720,944	622,026,720,944	-	-
Short-term borrowings	872,896,438,045	877,344,587,698	877,344,587,698	-	-
Other long-term liabilities	6,980,301,574	6,980,301,574	-	6,980,301,574	-
Long-term borrowings	338,754,261,458	379,414,213,022	43,898,701,842	80,404,747,902	255,110,763,278
	4,784,353,246,666	4,829,461,347,883	4,486,965,535,129	87,385,049,476	255,110,763,278

1 January 2015

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND
Accounts payable to suppliers	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 short-term 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 Company, 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:

	30/6/2015		1/1/2015	
	USD	EUR	USD	EUR
Cash and cash equivalents	3,728,517	12,512	3,735,730	20,792
Accounts receivable from customers and other receivables	22,961,052	-	25,695,472	-
Accounts payable to suppliers and other payables	(18,798,801)	(3,443,528)	(20,657,877)	(523,391)
	<u>7,890,768</u>	<u>(3,431,016)</u>	<u>8,773,325</u>	<u>(502,599)</u>

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

	30/6/2015		Exchange rate as at
	VND		1/1/2015
	Buying rate	Selling rate	VND
USD1	21,780	21,840	Buying rate
EUR1	24,202	24,451	21,360
			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
30 June 2015	
USD (2% strengthening)	2,663,434,665
EUR (6% weakening)	3,926,279,995

1 January 2015	
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 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 two years.

For investments in listed securities, if the share prices had increased/decreased by 10% with all other variables including tax rate being held constant, the Group's net profit after tax would have been VND7,347,809,118 higher/lower (for six-month period ended 30 June 2014: VND8,020,790,544).

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45. Significant transactions with related parties

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

Related Party	Relationship	Nature of transaction	Six-month period ended	
			30/6/2015 VND	30/6/2014 VND
Miraka Limited	Associate	Purchases of goods	349,814,106,086	229,692,619,200
Asia Saigon Food Ingredients Joint Stock Group	Associate	Sales of goods and services	255,727,047	331,149,070
Board of Management's and Board of Directors' members		Compensation	43,744,453,062	36,586,082,401
The State Capital Investment Corporation		Payments of dividends	901,756,800,000	1,052,049,600,000

46. Corresponding figures

As described in Note 3, the Group adopted prospectively Circular 200 and Circular 202 from 1 January 2015. As a result, the presentation of certain financial statement captions have been changed. Certain corresponding figures as at 1 January 2015 and for the period ended 30 June 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

	1/1/2015 VND (as reclassified)	1/1/2015 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	370,036,643,588	368,425,283,975
Shortage of assets awaiting for resolution	3,751,179,217	-
Other current assets	-	5,442,538,830
Long-term loans receivable	7,395,303,671	-
Other long-term receivables	14,570,604,026	7,395,303,671
Long-term work in progress	65,283,282,436	-
Inventories	3,567,948,334,861	3,633,231,617,297

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	1/1/2015 VND (as reclassified)	1/1/2015 VND (as previously reported)
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 non-current 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

(b) Consolidated interim statement of income

	Three-month period ended 30/6/2014		Six-month period ended 30/6/2014	
	VND (as reclassified)	VND (as previously reported)	VND (as reclassified)	VND (as previously reported)
Revenue from sales of goods and provision of services	9,289,158,966,819	9,439,872,135,375	17,011,424,978,482	17,283,850,105,014
Revenue deductions	32,026,297,535	207,529,993,653	53,489,959,353	373,361,616,056
Cost of sales	6,347,753,984,935	6,067,063,430,918	11,625,893,372,651	11,180,704,589,966
Selling expenses	877,806,929,227	1,158,497,483,244	1,534,329,551,444	1,979,518,334,129
Other income	50,266,875,786	75,057,403,348	73,932,945,556	121,379,475,727
Basic earnings per share	1,440	1,890	2,673	3,555

31 July 2015

Prepared by:



Le Thanh Liem
Chief Accountant



Ngo Thi Thu Trang
Executive Director – Finance



Approved by:

Mai Kieu Lien
Chief Executive Officer