



VINAMILK



SUSTAINING
PIONEER
POSITION

ANNUAL
REPORT | 2014

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

STOCK CODE: VNM

Company name : Công ty Cổ phần Sữa Việt Nam
English name : Vietnam Dairy Products Joint Stock Company
Abbreviated name : Vinamilk
Charter capital : VND10,006,413,990,000
Headquarter : No.10 Tan Trao Street, Tan Phu Ward, District 7,
Ho Chi Minh City
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Email : vinamilk@vinamilk.com.vn
Business registration certificate and tax code: 0300588569

www.vinamilk.com.vn





VISION, MISSION
CORE VALUES

Vision

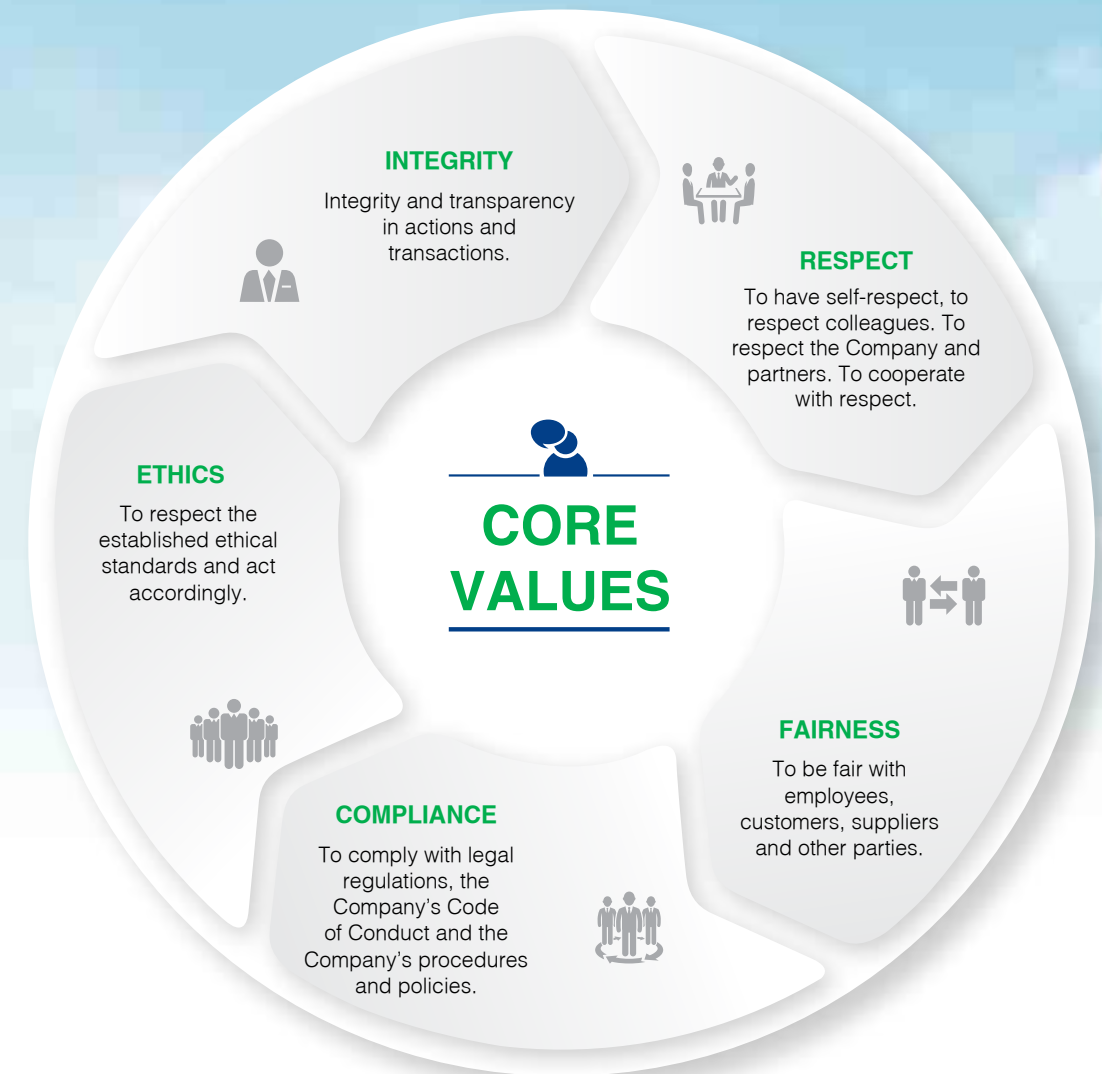


To become a world grade brand in food and beverage industry, where people put all their trust in nutrient and health products.

Mission



To deliver the most valuable nutrition to community with our respect, love and responsibility.



RESPONSIBILITIES	SUSTAINABLE DEVELOPMENT	CREATIVITY	HUMAN DEVELOPMENT	CUSTOMER IS CENTER
Wholehearted commitment to mission and acting with the highest responsibility are always accompanied by us.	We do business on the basis of paying attention to long-term interest of customer, shareholders and relevant parties.	We have high opinion of renovation and creativity in order to improve quality, performance of all operations.	We attach special importance to all activities related to development of knowledge and competence of employee.	We always pursue what brings true thing, good thing for customer and keep customer centered principle in every thought and action.





ABBREVIATIONS:

The Company	: Vietnam Dairy Products Joint Stock Company
Vinamilk	: Vietnam Dairy Products Joint Stock Company
AGM	: Annual General Meeting
BOM	: Board of Management
IC	: Inspection Committee
BOD	: Board of Executive Directors
IA	: Internal Audit
SCIC	: The State Capital Investment Corporation
HOSE	: Hochiminh Stock Exchange

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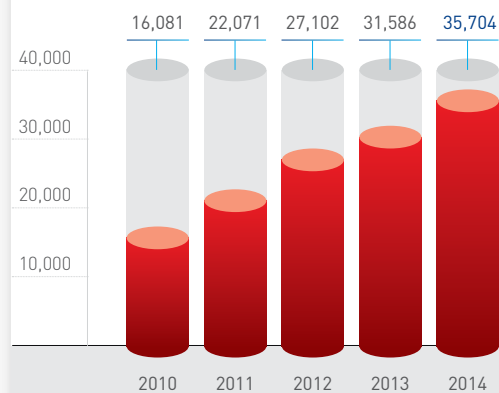
KEY FINANCIAL INFORMATION

(Consolidated, audited)

Unit: VND billion

TOTAL REVENUE

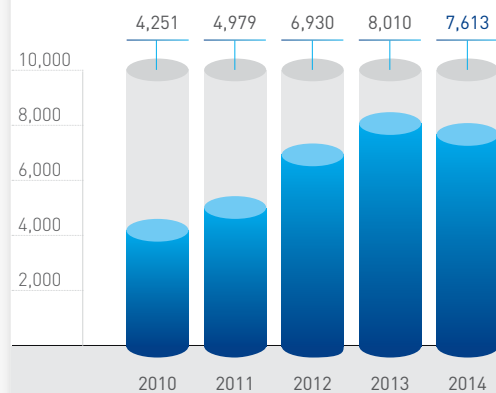
(VND billion)



↑ 22% COMPOUND AVERAGE GROWTH RATE

PROFIT BEFORE TAX

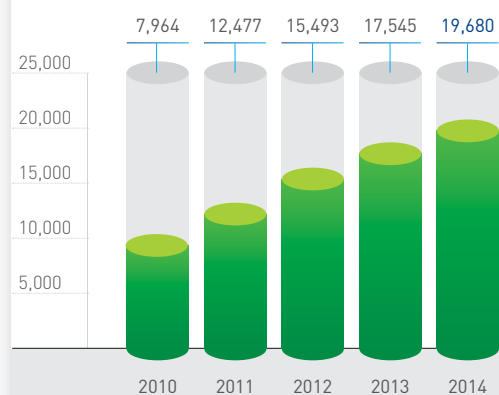
(VND billion)



↑ 16% COMPOUND AVERAGE GROWTH RATE

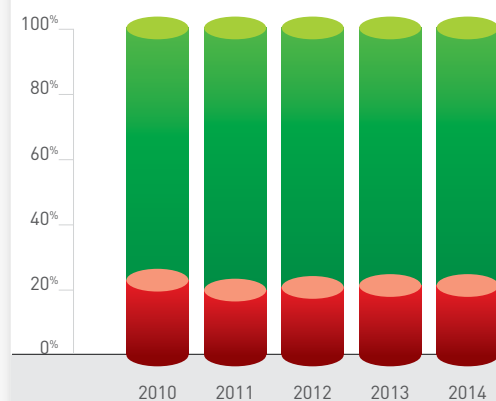
OWNERS' EQUITY

(VND billion)



↑ 25% COMPOUND AVERAGE GROWTH RATE

OWNERS' EQUITY AND TOTAL LIABILITIES



Owners' equity

Total liabilities

For the year ended December 31st

STATEMENT OF INCOME

	2010	2011	2012	2013	2014
Total revenue	16,081	22,071	27,102	31,586	35,704
Net revenue	15,753	21,627	26,562	30,949	34,977
Gross profit	5,174	6,588	9,077	11,183	12,308
Gross profit margin	32.8%	30.5%	34.2%	36.1%	35.2%
Net operating profit	3,643	4,751	6,630	7,712	7,309
Results from other activities	609	237	287	255	245
Share of profit in associates and jointly controlled entities	(0)	(9)	13	44	60
Profit before tax	4,251	4,979	6,930	8,010	7,613
Net profit after tax	3,616	4,218	5,819	6,534	6,068
Net profit margin	23.0%	19.5%	21.9%	21.1%	17.3%
Basic Earnings per share (dong)	6,834	5,145	6,981	6,533	6,068

BALANCE SHEET

Current assets	5,920	9,468	11,111	13,019	15,522
Long-term assets	4,853	6,115	8,587	9,856	10,248
Total assets	10,773	15,583	19,698	22,875	25,770
Current liabilities	2,645	2,947	4,145	4,956	5,453
Long-term liabilities	164	159	60	351	517
Total liabilities	2,809	3,105	4,205	5,307	5,970
Owners' equity	7,964	12,477	15,493	17,545	19,680
Minority interest	-	-	-	23	120
Total resources	10,773	15,583	19,698	22,875	25,770

STATEMENT OF CASH FLOWS

Profit before tax	4,251	4,979	6,930	8,010	7,613
Depreciation and amortisation	290	415	535	786	1,033
Operating profit before changes in working capital	3,892	5,001	7,087	8,402	8,153
Net cash flows from operating activities	2,019	2,411	5,295	6,252	5,328
Net cash flows from investing activities	(643)	6	(4,974)	(1,590)	(3,873)
Net cash flows from financing activities	(1,188)	126	(2,225)	(3,168)	(2,673)
Cash and cash equivalents at the year of the year	613	3,157	1,252	2,746	1,528



CHAIRWOMAN'S MESSAGE

"IN THE CONTEXT OF MILK PRICE IN THE WORLD BEING VARIABLE AND UNSTABLE, INVESTING IN DAIRY COW FARMS AND BEING PROACTIVE IN LOCAL MATERIAL SOURCE OF FRESH MILK ARE CONSIDERED AS A KEY STRATEGIC TARGET AND LONG-TERM DIRECTION WHICH HELPS VINAMILK RAISE ITS QUALITY, INCREASE LOCALIZATION RATE OF MATERIAL SOURCE".

TO HONOURABLE SHAREHOLDERS!

1 THE LEADING
**NUTRITION
GROUP
IN VIET NAM**

THE LEADING ONE OF TOP 50 LARGEST LISTED ENTERPRISES OF VIETNAM WITH TURNOVER OVER USD1.6 BILLION.

2014 was another year of many fluctuations and struggles for Vietnam's economy - the slow growth of aggregate domestic demand and the complicated security and political situations in the region and world. The Vietnam's dairy industry had to face a significant increase in both local and imported raw material costs and had to bear many

constraints of law in the business activities of the industry. In such context, Vinamilk has struggled and overcome difficulties in order to achieve the profit target approved by the AGM and continue to assert Vinamilk's position and reputation in the marketplace.

In 2014, Vinamilk was honored by the Vietnam Forbes magazine as one of 50 best-listed Vietnamese companies for its outperformance in the industry and bringing high profit to its shareholders. In addition, the Nikkei Asian Review magazine selected Vinamilk as one of five big and prestigious Vietnamese enterprises into the list of 122 leading Companies in the Southeast Asian Region. At the End of 2014, Vinamilk reached the total revenues at VND35,704 billion (up 13% compared to 2013), the total profit before tax at VND7,613 billion and the market capitalization value of Vinamilk is now VND95,511 billion.



TOP 100

LARGEST ENTERPRISES FROM ASEAN COUNTRIES BY MARKET CAPITALIZATION SELECTED BY THE STANDARD AND POOL'S (S&P 'S).

Besides, with the consistently sustainable development strategy, Vinamilk keeps maintaining and enhancing activities and programs in aim to deliver sustainable value on economic – social - environmental aspects to the relevant parties: Customers - Employees - Partners - Shareholders - Society & Community. Some highlighted programs in 2014 could be mentioned such as programs: Environmental Protection, Global G.A.P Certificate, Prize of Global Food Industry 2014, Probationary Administrator Program, Milk Fund “Enhancing Vietnam Height”...

Entering into 2015, with positive signs in the industry, such as retail sales forecasted to continue growing at a high level, the stability of the law as well as the careful preparation of resources, business plans, management of changes, Vinamilk continues to set appropriate targets and challenges related to its corporate governance, and improves its position in the market. In particular, Vinamilk aims to maintain the number-one position in Vietnam's dairy market: to meet the needs of customers in the best way through diversifying and optimizing portfolio of products and services, and to consolidate and gain market share for all of our product categories.

On behalf of Vinamilk, I would like to thank our dear customers, shareholders and partners who have trusted and supported Vinamilk during the past time. I believe that with best efforts of all of us, Vinamilk will excellently achieve the targets in 2015 and look forward to the strategic targets in the coming years.

Ho Chi Minh City, February 28th, 2015.



MAI KIEU LIEN
Chairwoman and CEO

35,704

— VND BILLION
TOTAL REVENUES IN 2014
(Up 13% compared with 2013)





INTERNATIONAL STANDARD
GLOBAL
G.A.P.

DEMAND AGGREGATION **RAW MATERIAL DEVELOPMENT**

In Southeast Asia, only dairy farms of **Vinamilk** achieved the certification under the standard of **Global G.A.P** and became 5 of 7 farms across Asia to archive this international standard. All bread cows in Vinamilk imported from Australia and New Zealand, pure senior breed **HF 100%** with full genealogy information of 3 nearest generations.

GENERAL INFORMATION

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CORPORATE HISTORY

Our Company was founded under the name of Southern Coffee-Dairy Company, a subsidiary of the Food General Directorate and had two factories in operation, namely Thong Nhat Dairy Factory and Truong Tho Dairy Factory.

The Company had more factories: Bich Chi Powder Factory, Lubico Cake Factory and Bien Hoa Coffee Factory.

The Company was transferred to the Ministry of Food Industry and the Company was renamed United Enterprises of Milk Coffee Cookies and Candies I.

Dielac Powdered Milk Factory came into operation and introduced its first batch of products to the market in Vietnam.

The "white revolution" started the development of fresh milk. The first time we launched UHT milk products and yoghurt to the Vietnam market.

The United Enterprises of Milk Coffee Cookies and Candies I was formally renamed Vietnam Dairy Company and came under the direct management of the Ministry of Light Industry.

In the expansion plan to meet the market demand in the North, the Company built the Hanoi Dairy Factory.

On October 7th 1994, the sales office was opened and responsible for sales activities in the North provinces.

Binh Dinh Dairy Joint Venture Enterprise was founded as the result of our Joint Venture with Quy Nhon Frozen Joint Stock Company. Ha Noi Dairy Factory came into operation.

In May 1996, Da Nang sales office was opened and responsible for sales activities in the central provinces.

Can Tho sales office was opened in order to develop sales activities in the Mekong delta provinces.

Can Tho Dairy Factory was inaugurated and put into operation in the Mekong Delta.

The Company was formally transformed into a Joint Stock Company in November 2003 and renamed as Vietnam Dairy Products Joint Stock Co., to reflect its change in legal status.

Acquired Saigon Milk Joint Stock Company and increased share capital of the Company to VND1,590 billion.

Bought our Joint Venture partner's remaining equity in Binh Dinh Dairy Products Company Ltd (which was then known as Binh Dinh Dairy Factory) and inaugurated Nghe An Dairy Factory on 30 June 2005.

Vinamilk was listed on Hochiminh City Stock Exchange (HOSE) on 19 January 2006.

In June, An Khang Clinic was opened in Ho Chi Minh City. The clinic provides nutrition advices, paediatrics and general health checks for all functions. It is the first clinic in Vietnam to be managed information by electronics.

In November, we started our cow farm development by buying Tuyen Quang cow farm with 1,400 heads. The farm was put into operation afterwards.

The Company started its strategy of investment overseas by contributing nearly USD10 million (equivalent to 19.2% of the project's share capital) in a powdered milk project in New Zealand.

Acquired 100% shares from F&N Vietnam Limited and changed its name to Dielac Dairy One Member Co., Ltd. This is 100% new and the second powdered milk factory of Vinamilk.

Acquired the remaining shares of Lam Son Milk Joint Stock Company and changed its name to Lam Son Dairy One Member Co., Ltd.

Inaugurated and put the Beverage Factory into operation in Binh Duong.

Vinamilk was honoured by Forbes Asia for its "Top 200 Best Under A Million" in Asia 2012. This was the first and unique a Vietnamese company was honoured in the list of Forbes Asia.

In September 2007, the Company acquired a controlling stake of 55% in Lam Son Milk Company Ltd., located in Le Mon Industrial Zone, Thanh Hoa province and changed its name into Lam Son Milk Joint Stock Company.

Tien Son Dairy Factory was inaugurated and put into operation in Hanoi.

In September, the cow farm in Nghe An was opened. This is the most modern farm in Vietnam with its designed size of 3,000 cows.

In June 2012, Da Nang dairy factory was opened and put into commercial operation.

On October 21st 2013, Thong Nhat Thanh Hoa Dairy Cow Co., Ltd. was granted business registration certificate by the Department of Planning and Investment of Thanh Hoa Province. Vinamilk holds 96.11% of share capital and becomes the parent company of this entity.

On December 6th 2013, the Company was granted the investment certificate No. 663/BKHDT-DTRNN by the Ministry of Planning and Investment regarding the acquisition of a controlling stake (70%) of Driftwood Dairy Holding Corporation, California, USA.

On January 6th 2014, the Ministry of Planning and Investment granted the investment certificate No. 667/BKHDT-DTRNN to Vinamilk for its contribution of 51% capital with a foreign partner in order to build the Joint Venture named Angkor Dairy Products Co., Ltd. with in Cambodia. The business objective is to build the dairy manufacturing factory to serve for the Cambodian market. It is expected to put the factory into its commercial operation by the end of 2015.

On May 27th 2014, the Ministry of Planning and Investment granted the investment certificate No. 709/BKHDT-DTRNN to Vinamilk for its establishment of 100% subsidiary named Vinamilk Europe Spółka Z Organizacja Odpowiedzialnoscia in Poland. Its key business activities are to trade live animals, raw materials for manufacturing dairy products, dairy products, milk related products, foodstuff and beverages.

1976 1978 1989

1991 1992 1994

1996 1998 2001 2003

2004 2005 2006 2007 2008 2009

2010 2012 2013 2014



PRINCIPAL
BUSINESS ACTIVITIES

The principal activities generating revenue and profit for the Company in 2014 include:

- Processing, producing and trading fresh milk, packed milk, powdered milk, nutrition powder, yoghurt, condensed milk, soy milk, beverages and other dairy products;
- Raising cattle: growing dairy cows, supply of breeding animals and breeding techniques, agricultural operations;

In which, raising cattle is for the main purpose of supplying fresh milk as raw material to manufacture the Company's dairy products.

KEY PRODUCTS OF THE COMPANY BELOW:



Dairy products:
contributes more than 95% of the Company's total revenue. They include the following categories:

- Powdered milk and nutrition powder
- Condensed milk
- Liquid milk: pasteurized milk, UHT fresh milk, UHT milk and drinking yoghurt
- Spoon yoghurt
- Other dairy products: Ice-cream, cheese



Beverages:
contribute less than 5% of total revenue with key products as below:

- Soy milk
- Fruit juices: apple, orange, grape, etc.
- Tea: Aloe Vera green tea, Ganoderma Lucidum tea and Artichoke tea
- Other beverages: bottled drinking water, salty lemonade, soaked apricot, etc.



PRODUCT
PORTFOLIO

Over 250 products in the following categories:

- ◆ Liquid milk
- ◆ Yoghurt
- ◆ Milk powder and infant cereal
- ◆ Sweetened condensed milk
- ◆ Ice-cream & cheese
- ◆ Soya milk, fruit juice and beverages



LIQUID MILK



FRESH MILK 100%



Pasteurized
Fresh Milk



UHT Fresh Milk



UHT Fresh Milk imported
from New Zealand



UHT MILK FORTIFIED WITH MICRONUTRIENTS



For children - ADM+



For adult - Flex



Lactose-free Flex



"DAILY NUTRITION" UHT MILK



Fino



DRINKING YOGHURT



Probi



Susu



Ozela



Vinamilk

YOGHURT



Plain Yoghurt



Yoghurt made from
100% freshmilk



Yoghurt with Aloe
Vera



Probi



Susu



Probeauty

VINAMILK
dielac
GROW **MỚI**

**BÉ CAO THẬT CAO
CHO MẸ TỰ HÀO**

Grow-Pro
HÀNG THƯƠNG HIỆU CHỌN
CÔNG THỨC ĐẶC CHẾ

Grow-Pro
PHÁT TRIỂN CHIỀU CAO
+30% Tăng thêm 30% Canxi
x2 Tăng gấp đôi Vitamin D3

**Để cải thiện tầm vóc mai sau, bé cần nguồn
dưỡng chất đặc chế phát triển chiều cao.**
Đôi pha mỗi Dielac Grow với công thức Grow-Pro giàu đạm và năng lượng,
tăng thêm 30% Canxi và gấp đôi Vitamin D3, theo khuyến nghị của
DRI Hoa Kỳ, giúp bé phát triển chiều cao tốt hơn.

VINAMILK
dielac
Alpha
GOLD

**Mẹ chăm bé khéo,
bé khỏe thông minh**

MỚI
Công thức Opti-Grow IQ™
đặc chế hỗ trợ phát triển trí não cho bé

Với 2 lần DHA và đặc biệt được bổ sung Lutein từ tập đoàn DSM Thụy Sĩ, công thức dinh dưỡng **Opti-Grow IQ™** giúp hỗ trợ bé phát triển trí não tốt hơn. Với Dielac Alpha Gold, mẹ đã chọn được nguồn dinh dưỡng bổ sung đặc chế phù hợp cho bé.

2x DHA
Opti-Grow IQ

VINAMILK
dielac
Alpha
GOLD

* Hàm lượng DHA trong sản phẩm này tương đương với hàm lượng DHA trong sữa mẹ.

MILK POWDER FOR MOM & KID



Dielac Mama



Optimum Mama



Dielac Alpha



Dielac Alpha Gold



Dielac Grow



Dielac Optimum



Dielac Pedia

MILK POWDER FOR ADULTS



Complete & Balanced
Nutrition for Elders



For Strong & Healthy Bone



Diabetes Care



Weight Control



Daily Nutrition



RiDIELAC
Bột ăn dặm - Infant cereal with milk

BỘT ĂN DẶM YẾN MẠCH GÀ ĐẬU HÀ LAN

*Đồi dào dinh dưỡng
Cho bé lớn khôn*



Mới

RiDIELAC
Bột ăn dặm - Infant cereal with milk

Yến mạch - Vua của ngũ cốc nay có trong bột ăn dặm RiDIELAC Yến Mạch Gà Đậu Hà Lan MỚI với:

- Chất xơ tự nhiên và 88-12™ giúp bé dễ tiêu hóa
- Vitamin A, C, D3 hỗ trợ miễn dịch
- Lysin và Vitamin nhóm B cho bé ngon miệng hơn
- DHA và Lutein hỗ trợ phát triển trí não

Dòng sản phẩm RiDIELAC với nhiều hương vị ngọt ngào đa dạng giúp mẹ thoải mái lựa chọn cho "Vua bé" ăn ngon chóng lớn.

INFANT CEREAL WITH MILK



RiDIELAC – VEGETARIAN VARIANTS



RiDIELAC – OTHER VARIANTS



SWEETENED CONDENSED MILK



Southern Star



Ông Thọ

ICE CREAM – CHEESE



Vinamilk Ice cream



Nhoc Kem Ice cream



Processed Cheese



SOYA MILK, FRUIT JUICES AND BEVERAGES



SOYA MILK



Gold Soy high-protein



GoldSoy Canxi-D



Gold Soy Canxi-D
corn-flavored



FRUIT JUICES



Vfresh



Vfresh Juki



Vfresh Smoothie



BEVERAGES



Vfresh Aloe Vera Tea



ICY Salted Lemon



ICY purified
water



Lincha
Tea



Vfresh Artichoke
Tea



BUSINESS LOCALITIES

& DISTRIBUTION NETWORK

YOGHURT, FRESH MILK AND FRUIT JUICES ARE AVAILABLE ON THE DOMESTIC AND INTERNATIONAL AIRLINES.

VINAMILK PRODUCTS
ARE PRESENT AT

650

SMALL AND BIG
SUPERMARKETS
NATIONWIDE.

Vinamilk operates throughout the country and is reaching to the foreign countries.

DOMESTIC:

Vinamilk has 13 factories to meet the market demand in the North, Central and South. Sales offices were also set up in Ha Noi, Da Nang and Can Tho in order to run and manage the distribution network throughout the country. Details are below:

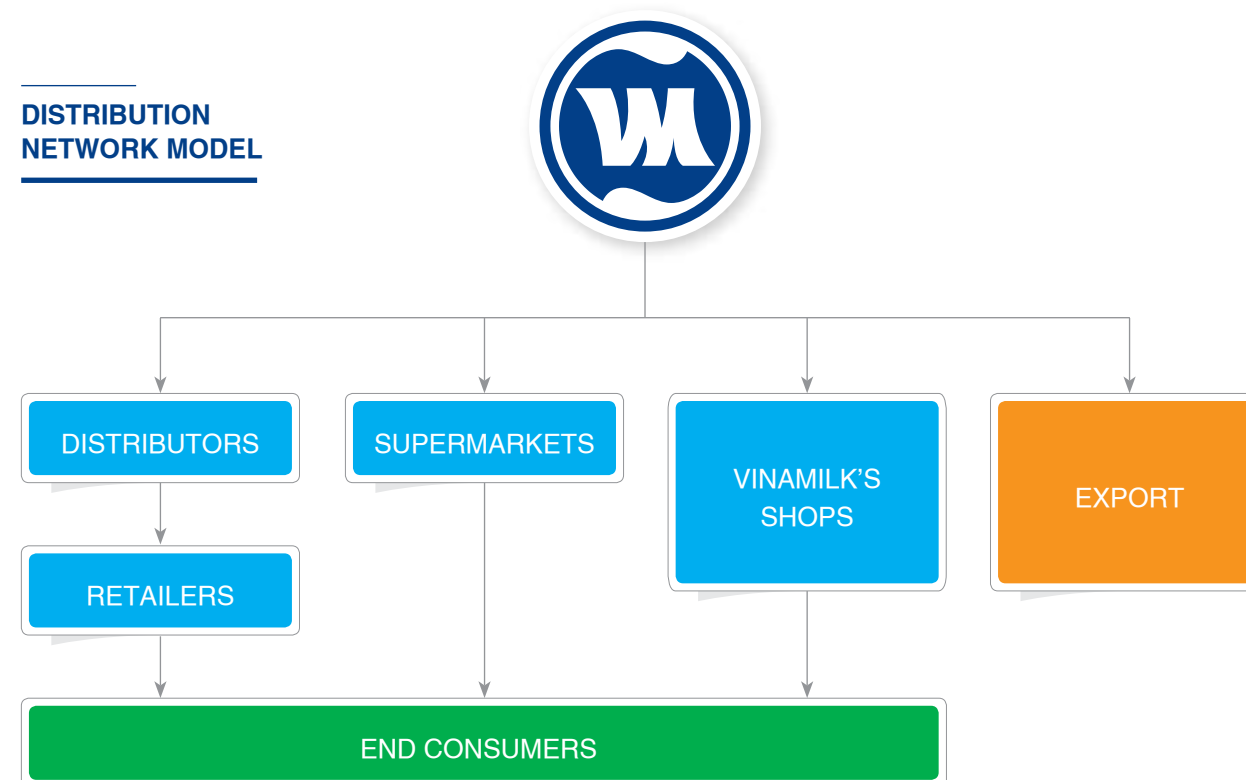
» **Production and logistics:**

- 13 factories: 03 factories in HCM City, 03 factories in Binh Duong province, 01 factory in Bien Hoa City, 01 factory in Can Tho City, 01 factory in Da Nang, 01 factory in Nghe An, 01 factory in Binh Dinh, 01 factory in Thanh Hoa and 01 factory in Tien Son.
- 02 logistics enterprises in HCM City and Ha Noi, to take care of warehouses and transportations of raw materials, finished goods

» **Sales:** 03 sales offices in Ha Noi, Da Nang and Can Tho.» **Development of fresh milk supplies:** please refer to page 110 for more information.» **An Khang clinic office:** 01 clinic office in HCM City with its objective is to provide periodical medical check for employees and to serve to the public.

OVERSEAS:

- 01 associate- Miraka Limited, produces milk powder and fresh milk in New Zealand.
- 01 subsidiary - Driftwood Dairy Holding Corporation, produces and trades dairy products in California, USA.
- 01 subsidiary - Angkor Dairy Products Co., Ltd, produces dairy products. It is under construction and expected to run commercial production in the 3rd quarter of 2015.
- 01 subsidiary - Vinamilk Europe Spółka Z Organizacja Odpowiedzialnoscia in Poland, to trade live animals, raw materials for manufacturing dairy products, dairy products, milk related products, foodstuff and beverages.

DISTRIBUTION
NETWORK MODEL

DISTRIBUTORS:

As at December 2014, the Company has 268 exclusive distributors and they distribute products to more than 215,000 retailers nationwide.

SUPERMARKETS:

Vinamilk products are present in 650 small and big supermarkets throughout the country. However, the supermarkets are mainly located in big provinces and cities and they are not growing fast, therefore the sales from this channel only contribute about 9% of the domestic sales.

VINAMILK'S SHOPS:

This is of our showroom chain. At the end of 2014, the Company has 74 shops nationwide. We plan to have 110 shops by 2015 and 500 shops by 2017.

EXPORT:

Export sales contribute about 10% of total revenue. Key export products are powdered milk and sweetened condensed milk. In 2014, the Company exports to 29 nations and regions. The Company still maintains exports to its traditional markets in Middle East and South East Asia and looks for new markets in Africa and Central America.

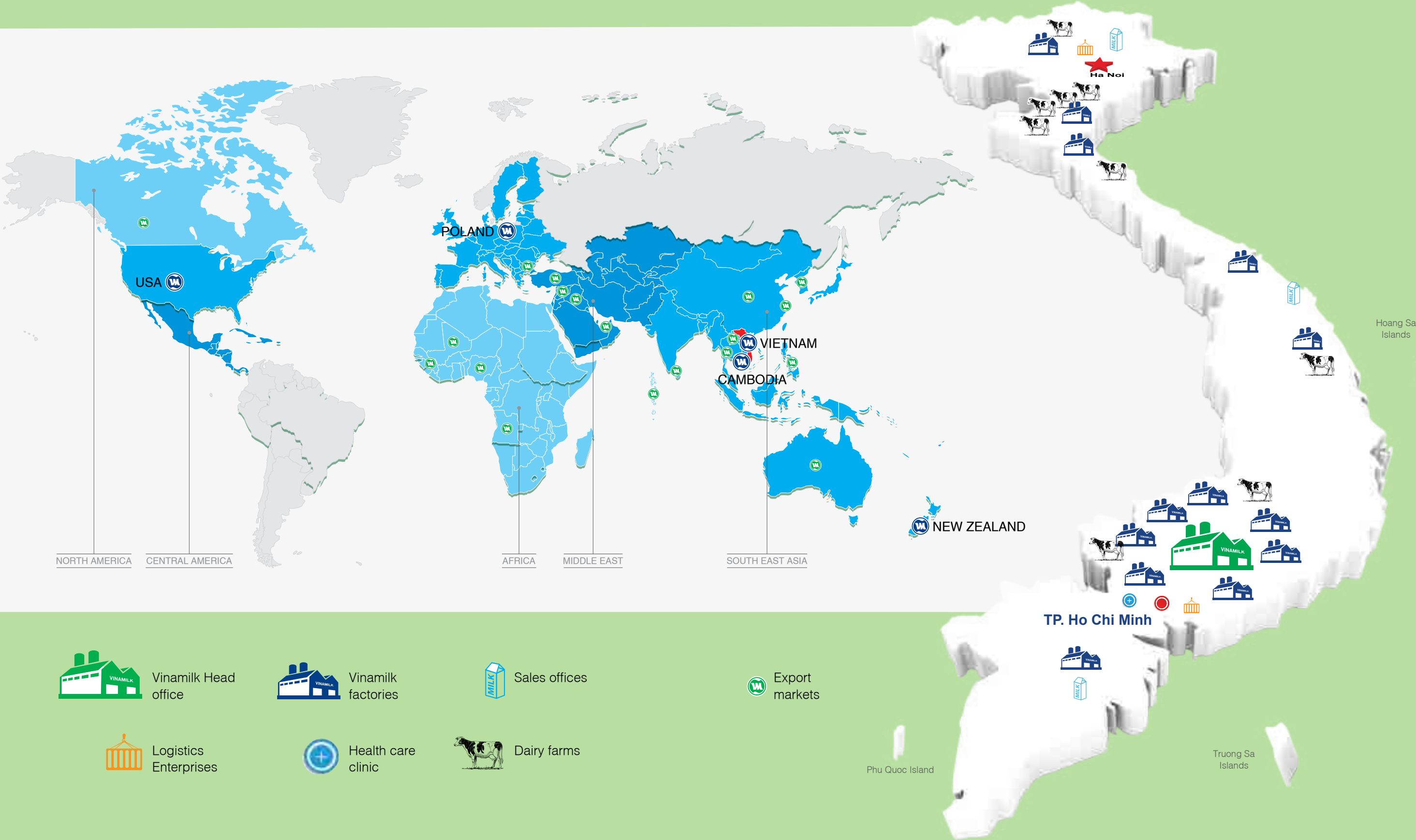


EXPORT TO

29

NATIONS AND
REGIONS

BUSINESS LOCALITIES
& DISTRIBUTION NETWORK (cont.)

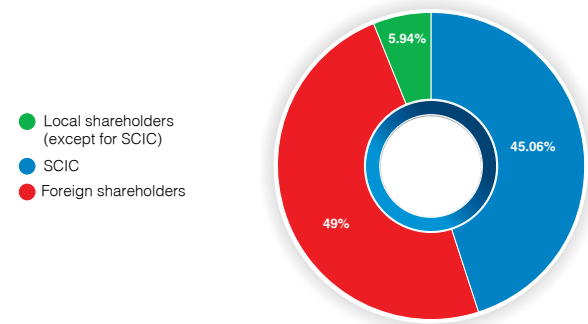




INFORMATION ON
SHARE CAPITAL AND SHAREHOLDERS

SHARE CAPITAL: As at December 31st 2014, the Company’s share capital is as follows:

• Share capital	: VND10,006,413,990,000
• Par value per share	: VND10,000
• Total listed shares	: 1,000,641,399 shares
• Total outstanding shares	: 1,000,118,604 shares
• Treasury shares	: 522,795 shares



SHAREHOLDERS STRUCTURE:

Based on the latest list of shareholders as August 15th 2014:

The shareholder structure is unchanged as compared to 2013. The State Capital Investment Corporation (SCIC) holds 45.06%, foreign shareholders hold 49% and the local shareholders hold 5.94% of the Company’s share capital.

	No. of shareholders	Number of shares	% of share capital
Total shareholders	11,300	1,000,118,604	99.95%
Treasury shares	1	522,795	0.05%
	11,301	1,000,641,399	100.00%
In which:			
Local shareholders	10,137	510,276,136	51.00%
• Institutional	90	457,987,135	45.77%
• Individual	10,047	52,289,001	5.23%
Foreign shareholders	1,164	490,365,263	49.00%
• Institutional	229	486,673,623	48.64%
• Individual	935	3,691,640	0.36%



MAJOR SHAREHOLDERS: Based on the latest list of shareholders as August 15th 2014 (inclusive of new issue with ratio 5:1 to increase share capital in the year):

Ref	Name of shareholders	Nationality	Number of shares	Ratio
1	The State Capital Investment Corporation (SCIC)	Vietnam	450,878,400	45.06%
2	F&N Dairy Investment Pte Ltd (*)	Singapore	95,408,982	9.53%

(*): According to the disclosure from F&N Dairy Investment Pte Ltd, dated August 21st 2014, they bought in 15,000,000 shares and therefore they holds 110,408,982 shares, equivalent to 11.03%.

During the year, the major shareholder named Deutsche Bank AG London announced to reduce its holdings from 5.19% to 4.92% and then was no longer Vinamilk’s major shareholder since April 4th 2014.

Except the above transactions, SCIC and F&N Dairy Investment Pte Ltd increased their shares by 75,146,400 and 15,901,497 shares respectively as compared with 2013 which were from the new issue with ratio 5:1 from the source of owners’ equity in order to increase its share capital.

TRANSACTIONS OF TREASURY SHARES:

During the year, Vinamilk conducted 04 transactions to buy back employees’ shares for the total number of 34,060 shares in accordance with the statute of share scheme for employees due to their resignation or change of position. The treasury shares as at December 31st 2014 are 522,795 shares.



ISSUE OF SHARES
TO INCREASE THE SHARE CAPITAL

Based on the AGM’s resolution 2014, dated April 25th 2014, the Company had the new issue from the source of owners’ equity to increase its share capital as follows:

• Purpose of issue	: To increase share capital from its source of owners’ equity
• Ex-right date	: August 13 th 2014
• Type of share	: Common share
• Par value	: VND10,000 per share
• Total shares issued	: 166,685,603 shares
• Total shareholders received new shares	: 11,300 shareholders
• The first trading date of new issue on HOSE	: September 30 th 2014
• Additional share capital	: VND1,666,856,030,000
• Share capital after issuance	: VND10,006,413,990,000



MARKET CAPITALIZATION VALUE
AS AT DECEMBER 31st 2014
95,561
VND BILLION
The second largest market capitalisation value
in Vietnam Stock market





TOP QUALITY
**PURE
NUTRITION**

Together with Global G.A.P certification in 2014, Vinamilk marked with a proud achievement through the award of Global Food Industry (IUFOST). Again, Vinamilk has confirmed the international standard on product quality of Vinamilk brand.

With comprehensive investment to get pure nutrition source, Vinamilk always commits product quality to consumers, makes effort to contribute improving height of Vietnamese children, asserts Vinamilk's prestige and quality in the domestic market, creates a perfect step for Vietnam's dairy products to access deeper into the world market.



COMPANY’S BUSINESS STRATEGY



FINANCIAL OBJECTIVES

- » To sustain the number one dairy company in Vietnam, and persevere in achieving at USD 3 billion in revenue and move forward to one of the 50 largest dairy companies in the world.
- » To maintain the dividend payout ratio of 50% at least to the shareholders.

CUSTOMERS:

- » Become the best Vietnamese company in customer satisfaction of product quality, reasonable price and good distribution network.

CORPORATE GOVERNANCE:

- » To be recognized as enterprise with professional structure and executive management.
- » To build professional working environment with the best condition and help employees maximize their capabilities and contributions to achievements of the whole company, holding its position as one of 10 ideal workplaces in Vietnam.

STRATEGY AND STEPS IN THE FUTURE

Strategies and crucial steps that create leverage to achieve Vinamilk’s target in 2015 include:



CUSTOMERS	STRATEGIC HUMAN RESOURCES MANAGEMENT	SYSTEM AND OPERATING PROGRESS	CORPORATE GOVERNANCE
To satisfy the consumer’s needs by diversifying and optimizing the product portfolio and service of Vinamilk.	Implement and apply the advanced methods of human resources management to improve the abilities of managers level and employees, thereby enhancing the quality of work and productivity.	Encourage applying the knowledge and good practices all over the world about “Improving” to complete the system efficiently, neatly; Optimize chains values in operating chains as well as support chain; Enhance competitive advantage through integrated vertical methods.	Constantly improve the corporate governance based on the best practice of international corporate governances.

GROUP STRUCTURE AND MANAGEMENT APPARATUS

50	Group structure and its subsidiaries, joint ventures and associates
60	Organisation and management structure
62	The Board of Management
66	The Inspection Committee
68	The Board of Executive Directors



CONVERGENCE OF TALENTS

PROMOTING CREATIVITY

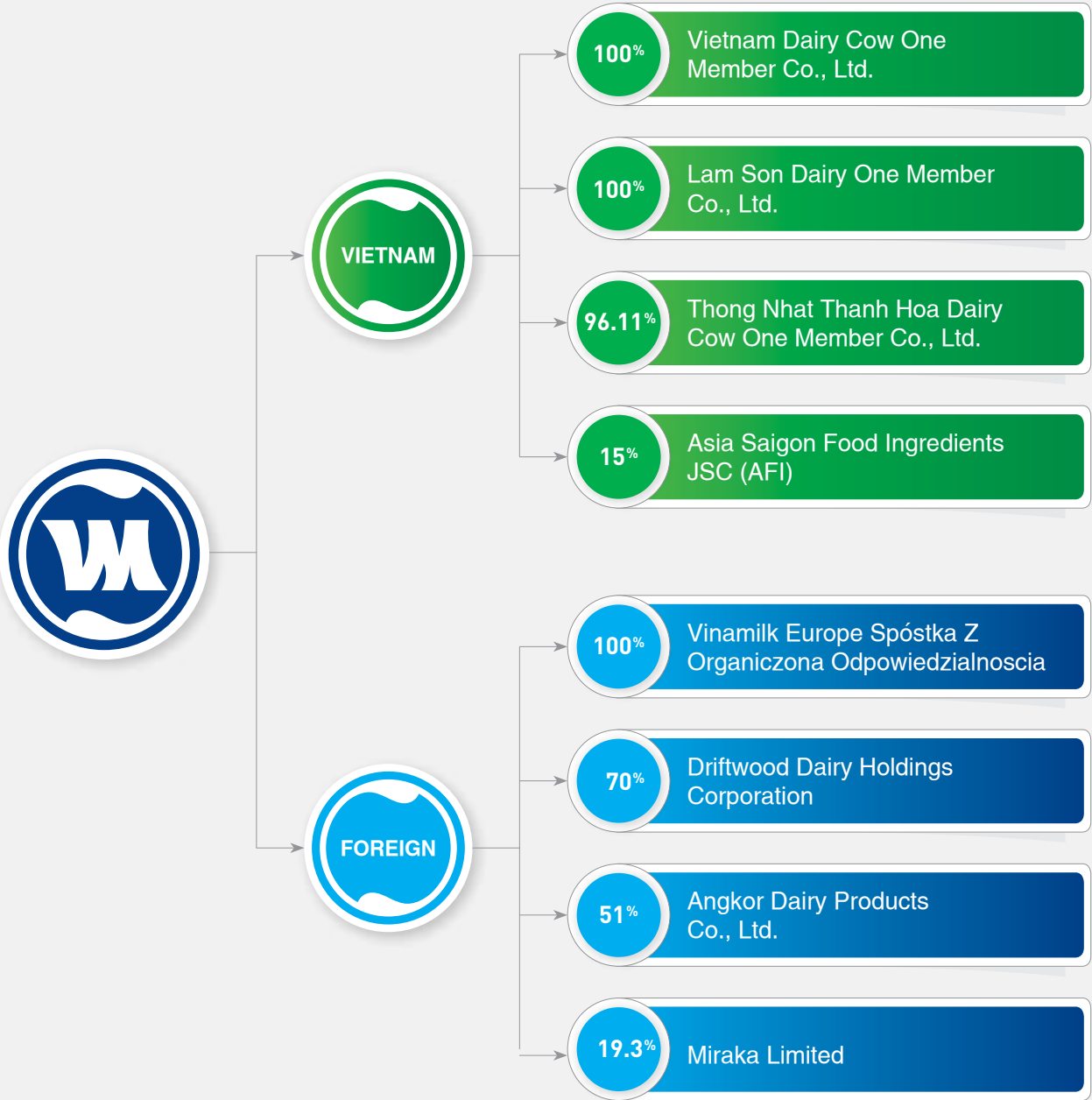
At Vinamilk, we have a workforce that we believe just very few enterprises can have. They, workers, engineers, management personnel and executive directors have been growing with Vinamilk for dozens of years and they are always willing to devote their knowledge and skills to the development of Vinamilk.

One more important thing is that they are always united and creative, not following the old path, not following the trend of crowd, sometimes going against the trend if believing that their decisions are effective. Those advantages help Vinamilk get breakthrough developments and maintain pioneer position in the market.



GROUP STRUCTURE

AND ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES



SUBSIDIARIES:

No.	Company name	% of ownership	% of voting rights
1	Vietnam Dairy Cow One Member Co., Ltd.	100%	100%
2	Lam Son Dairy One Member Co., Ltd.	100%	100%
3	Vinamilk Europe Spółka Z Organiczona Odpowiedzialnoscia	100%	100%
4	Thong Nhat Thanh Hoa Dairy Cow Co., Ltd	96.11%	96.11%
5	Driftwood Dairy Holdings Corporation	70%	70%
6	Angkor Dairy Products Co., Ltd.	51%	51%

ASSOCIATES:

No.	Company name	% of ownership	% of voting rights
7	Asia Saigon Food Ingredients Joint Stock Company (AFI)	15%	15%
8	Miraka Limited	19.3%	19.3%



On February 24th 2014, the Board of Management decided to liquidate one of its subsidiaries named International Real Estate One Member Co., Ltd. The liquidation was completed in January 2015.

1

VIETNAM DAIRY COW
ONE MEMBER CO., LTD.



Cows on the green field at Thanh Hoa farm



Automatic and advance milking system at Vinamilk farm



Entrepot of Vinamilk

Was founded on July 11th 2007 by its business registration certificate No. 5000258824.

Principal activities: Growing dairy cattle, building centralised dairy cattle farms to supply breeding cows and provide technical supports and technology for farmers to grow dairy cattle with the purpose to generate a stable and high quality of fresh milk to Vinamilk’s need.

All these farms are received intensive investments into breeding cows, quality input feeding, breeding facilities and advanced milking technology meeting the European standards in order to ensure that fresh milk material are at the best quality. This is the material source to manufacture 100% fresh milk products of the parent company’s factories.

Key products: breeding cows and raw fresh milk.

The company has completed 02 new cow farms during the year and the company currently cow has 07 cow farms in Tuyen Quang, Nghe An, Binh Dinh, Lam Dong, Ha Tinh, Thanh Hoa 1, Thanh Hoa 2 with the total of 10,930 herds (2013: 8,818 herds).

Some basic financial information

(VND billion)	2014	2013	% Increase
Total revenue	440	347	27%
Profit before tax	17	1	1,600%
Profit after tax	17	1	1,600%
Total assets	1,227	1,137	8%

The registered share capital is VND1,550 billion. The paid-up capital as at December 31st 2014 was VND1,174 billion. The remaining balance will be paid up in accordance with its need to build dairy cattle farms.

Please refer to page 114 for more information on dairy cattle development strategy.

2

LAM SON DAIRY
ONE MEMBER CO., LTD.



The company has a factory located in Le Mon Industrial Park, Thanh Hoa City, Thanh Hoa Province.

This factory is planned to produce mainly pasteurized milk, drinking and spoon yoghurt under Vinamilk's brand to serve local market in the surrounding provinces.

Some basic financial information:

(VND billion)	2014	2013	%Increase
Total revenue	384	299	28%
Profit before tax	38	33	15%
Profit after tax	35	31	13%
Total assets	600	331	81%

During the year, the company has increased its registered share capital from VND80 billion to VND780 billion in order to implement projects for upgrading production facility and investing a drinking yoghurt production line, bottled Susu. As at December 31st 2014, the paid-up capital was VND360 billion. The remaining balance will be paid up in accordance with the need of money based on the schedule of the projects.

3

VINAMILK EUROPE SPÓSTKA Z
ORGANICZONA ODPOWIEDZIALNOSCIA



On May 27th 2014, the Ministry of Planning and Investment granted the investment certificate No. 709/BKHDT-DTRNN to Vinamilk for its establishment of 100% subsidiary named Vinamilk Europe Spółka Z Organiczona Odpowiedzialnoscia in Poland.

Principal activities: Trading live animals, raw materials for manufacturing dairy products, dairy products, milk related products, foodstuff and beverages.

4

THONG NHAT THANH HOA
DAIRY COW CO., LTD



Was founded on October 21st 2013 by its business registration certificate No. 2801971744. It is the form of limited company with 02 members and its share capital of VND600 billion, in which Vinamilk contributes by 96.11% and Thong Nhat Thanh Hoa One Member Co., Ltd contributes by 3.89%.

Principal activities: Building up the high-tech dairy cattle centers and growing cows to local farmers in order to supply raw fresh milk to Vinamilk. This is the new founded subsidiary in dairy cattle development strategy from Vinamilk.

The dairy farm is applied the world's advanced technologies in breeding dairy cows caring of cows, nurturing, controlling diseases, exploiting milk, managing cows and protecting environment. The types of plants supplying greenery and crude high-quality foods will be planted with cultivation, irrigation and harvest technologies using modern machinery and equipment. The initial designed capacity is 25,000 heads.

This project is currently under construction.

5

DRIFTWOOD DAIRY HOLDINGS CORPORATION



Driftwood was founded by the Dolan family in El Monte, California in the mid-1920s and was continuously owned by them until Marwit Capital acquired the company in 2006.

On December 6th 2013, the Company was granted the investment certificate No. 663/BKHDT-DTRNN by the Ministry of Planning and Investment regarding the acquisition of a controlling stake (70%) of Driftwood Dairy Holding Corporation, California, USA and Vinamilk officially held 70% of this company on December 31st 2013.

Principal activities: Driftwood is one of the largest dairy manufacturers in California and the leading dairy supplier in the South of California.

Products: The Company processes and distributes a wide range of Driftwood-branded dairy products. It has about 659 SKUs in total:

- » Fresh milk, chocolate milk, flavoured milk, soy milk, lactose-free milk;
- » Juices: orange, apple, wild berry, wild cherry, grape, pineapple, fruit punch
- » Trading foodstuff: including yogurt, whipped cream, cheese, eggs, cottage cheese, sour cream, buttermilk and bread.

2014 is the first year for Driftwood to be consolidated into Vinamilk’s financial statements.

Please visit www.driftwooddairy.com for more information about Driftwood Dairy Holding Corporation.

6

ANGKOR DAIRY PRODUCTS CO., LTD.



On January 6th 2014, the Ministry of Planning and Investment granted the investment certificate No. 667/BKHDT-DTRNN to Vinamilk for its contribution of 51% capital with a foreign partner in order to build the Joint Venture named Angkor Dairy Products Co., Ltd. with in Cambodia.

The business objective is to build the dairy manufacturing factory to serve for the Cambodian market. It is expected to put the factory into its commercial operation in the 3rd quarter of 2015.

Capacity: The initial designed capacity: more than 19 million litres of UHT milk, 64 million yoghurt jars and 80 million cans of condensed milk.

7

MIRAKA LIMITED



On September 11th 2010, the Ministry of Planning and Investment granted the investment certificate No. 389/BKHDT-DTRNN to Vinamilk for its contribution capital with foreign partners in order to set up Miraka Limited in the central of Taupo, New Zealand. This is the first investment project in overseas of Vinamilk.

Principal activities: Manufacturing high-quality milk powder and UHT fresh milk for international markets.

Miraka started its commercial operation in August 2011 and achieved 100% capacity utilization by August 2012.

In 2014, Miraka Limited continued investing in production lines in order to export fresh milk to foreign countries.

Some basic financial information (for the fiscal year ended July 31st):

(NZD)	2014	2013	% Increase
Total revenue	247,107,394	164,023,200	51%
Profit before tax	20,290,513	7,612,073	167%
Profit after tax	14,004,318	5,494,223	155%
Total assets	149,153,638	111,478,786	34%

8

ASIA SAIGON FOOD INGREDIENTS JOINT STOCK COMPANY (AFI)



Was founded on May 7th 2008. Its current share capital is VND120 billion, in which, Vinamilk contributes VND18 billion, equivalent to 15%. AFI is located in the area of over 42,000 m² of land in My Phuoc 3 Industrial Park, Binh Duong Province.

AFI is the pioneer in Vietnam processing non-dairy creamers and other high-quality materials used in

the foodstuff processing industry. The factory has capacity of 11,000 tons/year and equipped with the modern machinery system of spraying and drying technology from Denmark.

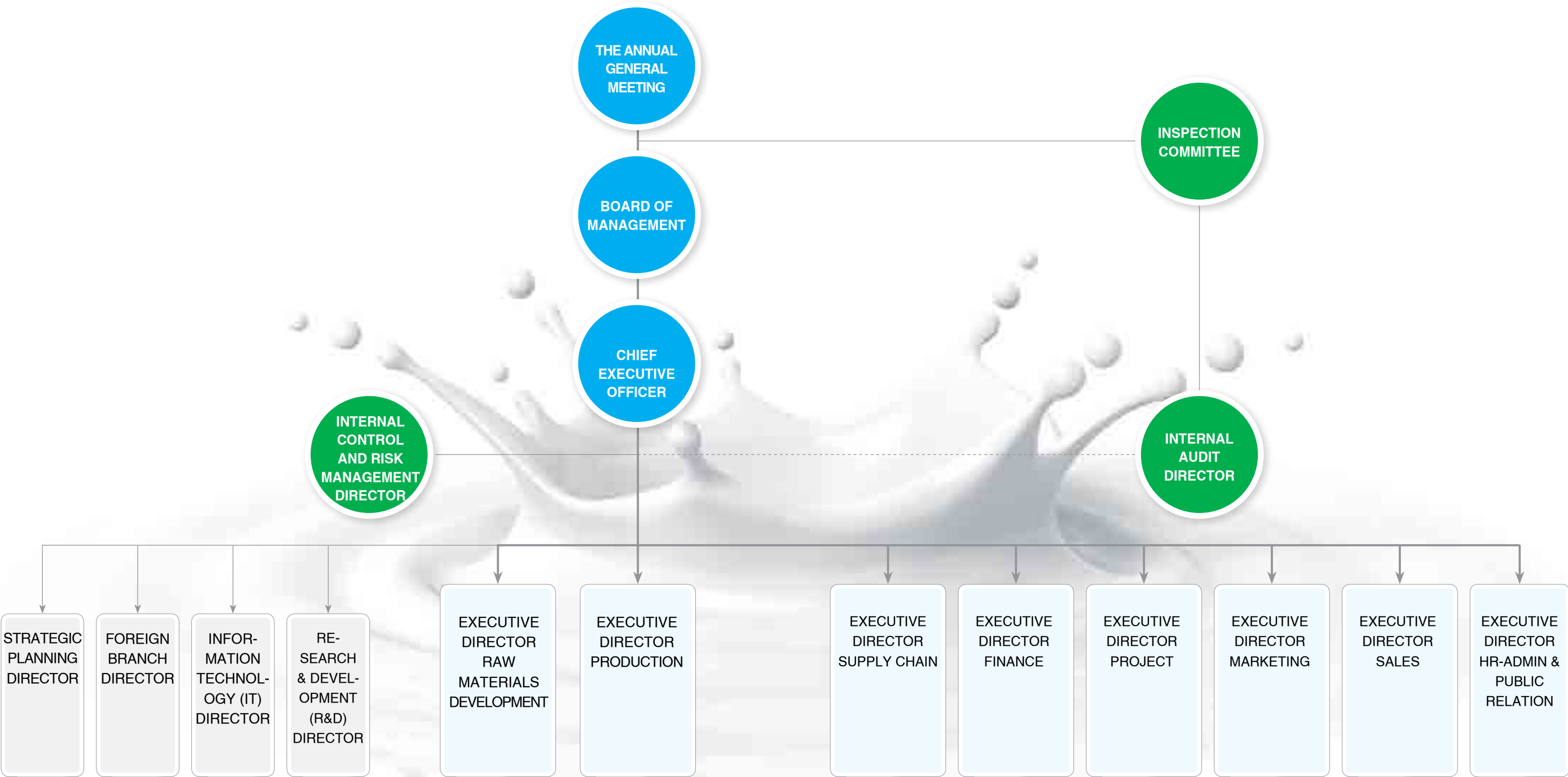
For further information, please visit the company's website at www.afi.vn

Some basic financial information:

(VND billion)	2014	2013	% Increase
Total revenue	615	402	53%
Profit before tax	96	72	3%
Profit after tax	89	71	25%
Total assets	373	252	48%



ORGANISATION AND MANAGEMENT STRUCTURE





THE BOARD OF
MANAGEMENT

THE CURRENT OFFICE TERM OF THE
BOM (2012 – 2016) HAS 07 MEMBERS.

The changes of the BOM during the year
were as follows:

- The Company’s AGM resolution, dated April 25th 2014, approved Mr. Ng Jui Sia to become a BOM member for the office term 2012-2016. He is the representative of the major shareholder F&N Dairy Investments Pte Ltd and is assigned the Board member in replacement to Mr. Pascal De Petrini, who resigned from the position of Board member since May 23rd 2013.
- The BOM has approved the resignation of Mr. Ha Van Tham as a member of the BOM of Vinamilk since March 11th 2014.



Without additional appointment has been made to replace the resigned member, the BOM currently has 06 members as below:

Ms. Mai Kieu Lien	Chairwoman and Chief Executive Officer
Mr. Le Song Lai	Non-Executive member
Mr. Le Anh Minh	Non-Executive member
Mr. Ng Jui Sia	Non-Executive member
Ms. Le Thi Bang Tam	Independent member
Ms. Ngo Thi Thu Trang	Member and Executive Director Finance

MS. MAI KIEU LIEN

Chairwoman and
Chief Executive Officer

- From August 1976 to August 1980, she was an engineer in charge of condensed milk production at Truong Tho Dairy Factory.
- From September 1980 to February 1982, she was a technology engineer in Technical Department of the United Enterprises of Milk Coffee Cookies and Candies I.
- From February 1982 to June 1983, she worked as a Vice Technical Director in charge of production at Thong Nhat Dairy Factory.
- After finishing her training at Economic University of Leningrad in the former Soviet Union (currently Russia), in 1984, she was appointed Deputy Chief Executive Officer of the United Enterprises of Milk Coffee Cookies and Candies I.
- In December 1992, she was promoted to Chief Executive Officer of Vietnam Dairy Products Company.
- From 1996 – 2001, she was a member of the Central Committee of the Vietnamese Communist Party.
- On November 14th 2003, she was elected the BOM’s Chairwoman and thereafter appointed as Chief Executive Officer of Vinamilk for three consecutive terms: 2003 – 2007; 2007 – 2011 and 2012 - 2016.

Ms. Lien graduated from Moscow University of Meat & Milk Processing Technology, Russia with Bachelor of Science in 1976. She holds a Certificate of Leningrad Economic Management from University of Economy, Russia and a Certificate of Government Management from National Political Institute, Vietnam.

- In 2001, she was granted the Labour Medal II by the Government.
- In 2005, she was granted the “Hero of Labour in the innovation period”.
- In 2006, she was granted the Labour Medal I.

She also honorably received other local and international awards as follows:

- February 2012: “Top Asia’s 50 Most Powerful Businesswomen”, by Forbes Asia.
- May 2012: “Top 51 excellent Businesswoman in Asia 2012, by Corporate Governance Asia Journal.
- January 2013: “the 2012 Asian Excellence Recognition Award in Investor Relations”, by the Corporate Governance Asia Journal.
- March 2013: “Top 50 for Achievement in Asia’s Businesswomen in The Mix”, by Forbes Asia (2nd time).
- January 2014: “The Best CEOs in Vietnam”, by the Business Review.
- March 2014: “Top Asia’s 50 Most Powerful Businesswomen”, by Forbes Asia (3rd time).
- September 2014: “The “Asian Excellence Recognition Awards” by Corporate Governance Asia.
- January 2015: “Top 50 CEOs - Mark of Respect”, by the Business Review.
- February 2015: “The Cultural Businessman for National Building and Development” by the Cultural Businessman Center.
- February 2015: “Top Asia’s 50 Most Powerful Businesswomen”, by Forbes Asia (4th time).

Her positions at other entities:

- Chairwoman of Vietnam Dairy Association 2010 – 2015.
- Board member of Miraka Limited.
- Board member of Driftwood Dairy Holdings Corporation
- Chairwoman of Vietnam Dairy Cow One Member Co., Ltd.
- Chairwoman of Thong Nhat Thanh Hoa Dairy Cow Co., Ltd
- Owner’s representative of Vinamilk Europe Spółka Z Organizczona Odpowiedzialnoscia.

THE BOARD OF MANAGEMENT (cont.)



MR. LE SONG LAI

Non-executive member

Member of the Board of Management since April 2012.

His work and experience are summarized below:

- ◆ From August 1994 to October 1996: Lawyer, Freshfields Law firm, Ha Noi branch.
- ◆ From October 1996 to November 2003: Officer at Insurance Department, Ministry of Finance
- ◆ From November 2003 to August 2006: Vice Department Head of Insurance Department, Ministry of Finance
- ◆ From August 2006 up to now: Deputy General Director of the State Capital Investment Corporation.

His positions at other entities:

- ◆ Member of the Board of Management (concurrently) – Bao Minh Joint Stock Corporation
- ◆ Member of the Board of Management (concurrently) – Vietnam National Reinsurance Joint Stock Corporation
- ◆ Member of the Board of Management (concurrently) – FPT Joint Stock Company
- ◆ Chairman of the Board of management (concurrently) – Trang Tien Investment & Trading Co., Ltd.
- ◆ Chairman of the Board of management (concurrently) – SCIC Investment One Member Co., Ltd.

Education background: Master in Laws (Cambridge University – UK).



MR. LE ANH MINH

Non-executive member

Mr. Minh holds a Bachelor of Administration and Economics from Vietnam's University of Banking in 1991. He obtained his Master of Business Administration from Wharton Business School, University of Pennsylvania USA. He first started working for Peregrine Capital Vietnam under the financial institutions group. He was credited for the successful acquisition of Dai Nam Bank, a first case for Vietnam and restructured the bank within 12 months. He was the Deputy CEO of Dai Nam Bank from 1994 to 1996 managing the Business Development and Credit portfolio. Later he became the Chief Finance Officer in Coca Cola Southeast Group for four years, in charge of the company's activities in Indochina. He joined Dragon Capital Group Limited in 2002 in the position of Deputy General Director and undertook the corporate financial activities. Beside his corporate financial activities, he is currently a member of the Investment Council of several investment funds and securities companies.

Mr. Minh is a scholarship of Fulbright Program (1996 - 1998) and a member of CPA – Australia.



MR. NG JUI SIA

Non-executive member

Mr. Ng Jui Sia was appointed the Board member on May 23rd 2013.

Mr. Ng Jui Sia has intensive management experience in Hong Kong, China, South Asia, Malaysia and Singapore. He has been the General Director of Fraser & Neave Holdings Bhd since 2010. He is also holding the position of Board member of Cocoland Holding Berhad. By that time, he was the General Director of Times Publishing Ltd. under Fraser & Neave from 2006 to 2010, Managing Director of F&N Coca Cola (Malaysia) Sdn Bhd from 1999 to 2006 and General Manager of F&N Coca Cola Singapore from 1995 to 1999. Before joining in Fraser & Neave, he was the Executive Director in charge of Asia – Pacific region of CarnaudMetalbox, South China Region from 1989 to 1995.

Mr. Ng Jui Sia graduated from the National University of Singapore in 1977 with a Bachelor of Business Administration. He was the member of Associate of Institute of Chartered Accountants in England and Wales in 1981.



MS. LE THI BANG TAM

Independent member

Her work and experience are summarized below:

- ◆ From 1969 to October 1974: Lecture of Hanoi University of Finance and Accounting.
- ◆ From 1974 to 1982: Staff, Vice Division Head of Financial Balance Division – Ministry of Finance.
- ◆ From 1982 to 1984: Student of Economic Management Faculty in University of Leningrad – Soviet Union.
- ◆ From 1984 to 1985: Vice Division Head of Financial Balance Division – Ministry of Finance.
- ◆ From 1985 to 1987: Vice Department Head of Official Organisation and Training Department.
- ◆ From 1987 to 1989: Scholarship of University of Leningrad – Soviet Union.
- ◆ From 1989 to 1995: Vice Department Head, Department Head and then General Director of the State Treasury.
- ◆ From 1995 to 2006: Deputy Minister – Member of Official Division – Ministry of Finance. She is a member of the State Securities Commission, the National Monetary Policy Council, the Committee of International Economic Cooperation, Steering Committees on ODA, Foreign Investment and key projects of the Government.
- ◆ From 2006 to 2008: Chairwoman of SCIC. Upon retirement, she worked as a senior advisor for financial institutions.
- ◆ From March 15th 2010 to June 11th 2010: Member of HD Bank.
- ◆ From June 12th 2010 up to now: Chairwoman of HD Bank.

Ms. Tam holds a Bachelor in Finance and Accounting from Hanoi University of Finance and Accounting in 1969. She also obtained PhD in Economy from Leningrad Finance University, Soviet Union and certificate of International Finance from North University London, United Kingdom.

Her positions at other entities:

- ◆ Chairwoman of HD Bank
- ◆ Financial advisor for some insurance and investment companies.



MS. NGO THI THU TRANG

Member
Executive Director Finance

She has been the Deputy General Director and Financial Director of our Company since March 2005. She joined the Company in 1985 as a financial analyst, and in January 1995, she became a Vice Manager in the Accounting-Statistics Department of the Vietnam Dairy Products Company. She held this position until December 1997 and served between January 1998 and February 1998 as the Head of the Accounting – Statistic Department. From February 1998 to March 2005, she held the position of the Chief Accountant in charge of the Accounting Department of the Vietnam Dairy Products Company. In March 2005, she was appointed Deputy General Director and Finance Director. From August 20th 2009, the title of Ms. Trang has been changed to Executive Director Finance.

Ms. Trang graduated from the Finance - Accounting University of Ho Chi Minh City, majoring in accounting and finance in 1984.

She also obtained her Master of Business Administration in 1998.



THE INSPECTION
COMMITTEE

THE INSPECTION COMMITTEE
WITH 4 MEMBERS DURING
THE TERM 2012-2016

The changes related to the IC as follows:

- Mr. Nguyen Dinh An, a representative of State Capital Investment Corporation, was appointed at the AGM 2014 in replacement to Mr. Nguyen Ngoc Vu Chuong who resigned on April 8th 2014.



MR. NGUYEN TRUNG KIEN

Head of the Inspection Committee

Member of the Inspection Committee since March 2009.

Mr. Kien is currently the Director of MDKT Co., Ltd. From 2001, he was an analyst on the corporate finance and M&A team at Credit Suisse First Boston, Singapore. After that, Mr. Kien was a Manager on the structured finance team at Commonwealth Bank of Australia, New York branch, USA. From 2004 to 2005, he was Assistant Vice President, Corporate Development Department at OCBC Bank, Singapore where he helped with the analysis and execution in the M&A activities for the bank. Subsequently, he joined the investment team at Temasek Holdings, Singapore as an Associate Director. Mr. Kien was the founder and Managing Director of TNK Capital in Vietnam from 2008 to 2011.

He was awarded a Bachelor of Applied Finance from Macquarie University, Australia and a Master of Business Administration from University of Chicago, USA.

The Inspection Committee currently consists of the following members:

Mr. Nguyen Trung Kien	Head of the IC
Mr. Nguyen Dinh An	Member
Ms. Nguyen Thi Tuyet Mai	Member
Mr. Vu Tri Thuc	Member



MR. NGUYEN DINH AN

Member

Mr. An has been a member of the Inspection Committee since April 2014.

Mr. An is currently a specialist of Investment Capital Management Unit No.3 of SCIC, and concurrently a Board member of Khanh Hoa Mineral Water JSC, a Board member of Ninh Thuan Salt JSC and Head of the Inspection Committee of Khanh Hoa Mineral and Investment JSC. Before joining SCIC in 2006, he was a specialist of Vietcombank Securities Company.

Mr. An was awarded a Bachelor of Economics (in Banking-Finance) from National Economic University in 2003 and a Master of Economics from Staffordshire University, UK in 2005.



MS. NGUYEN THI TUYET MAI

Member

Ms. Mai was reappointed as a member of the Inspection Committee in April 2013. Formerly, she was a member, then became Head of the Inspection Committee during the term 2007-2012.

Ms. Mai has 25 years' experience in the field of Finance - Banking - Investment. From 1993 to 1997, she held the position of Head of International Trade Finance Department and Head of Corporate Banking Department at ANZ Bank - Hanoi Branch. From 1999 to 2003, she was a credit specialist in the Corporate Banking Department and then Head of Credit in the Commodity and Structured Trade Finance Division of ANZ Investment Bank in Singapore, where she was in charge of credit relationship management and trade finance products structuring for international corporations in Asia - Pacific. From 2004 to May 2007, Ms. Mai was a senior manager at the representative office of Openasia Consulting (Vietnam) Ltd. in Ho Chi Minh City. In June 2007, she was appointed as Director of Corporate Finance, in charge of consulting services at VINAconnect Co. Ltd., a member of Openasia Group and has held this position up to now.

Ms. Mai graduated from Hanoi University of Foreign Studies in 1991 and obtained a Master degree in Business Administration from the University of Melbourne, Australia in 1999.



MR. VU TRI THUC

Member

Mr. Thuc has been a member of the Inspection Committee since April 2013.

He is currently Head of Finance and Accounting Department of State Capital Investment Corporation (SCIC) and has been appointed as a Board member of Trang Tien Investment & Trading Co., Ltd. since May 2011. From 2009 to 2011, he was Deputy General Director of Vietnam - Oman Investment JSC. From 2008 to 2011, he was Deputy Director of Finance and Accounting Department of SCIC. From 2007 to 2008, he was an analyst of the Finance and Accounting Department of SCIC. Before joining SCIC, from 1999 to 2007, he was an auditor and then Audit Manager of Vietnam Auditing Company - a member firm of Deloitte Vietnam.

Mr. Thuc graduated from Hanoi University of Finance and Accountancy (now is Hanoi Academy of Finance) in 1998 with a Bachelor in Economy (major in Accounting) and obtained a Master of Business Administration from Vietnam-French Center for Management Training (CFVG) - Ha Noi in 2004. He also obtained the CPA certificate awarded by the Ministry of Finance in 2004 and the Chief Accountant certificate from Hanoi Academy of Finance in 2008. He is also a member of Vietnam Association of Certified Public Accountants (VACPA).



THE BOARD OF EXECUTIVE DIRECTORS

IN 2014, THE BOARD OF EXECUTIVE DIRECTORS HAD SOME PERSONNEL CHANGES AS FOLLOWS:

- ◆ Appointment of Mr. Phan Minh Tien, born in 1970 as the position of Executive Director Marketing from May 20th 2014.
- ◆ Appointment of Ms. Bui Thi Huong, born in 1962 as the position of Executive Director Human Resources- Admin & Public Relation from August 1st 2014.
- ◆ Appointment of Mr. Trinh Quoc Dung, born in 1962 in the position of Executive Director Raw Material Development from December 1st 2014, in replacement to Ms. Nguyen Thi Nhu Hang who retired under the regulation.



MS. MAI KIEU LIEN

Chairwoman and
Chief Executive Officer

(Refer to "Board of Management" for information about Ms. Mai Kieu Lien on pages 63)



MR. MAI HOAI ANH
Executive Director Sales

Mr. Mai Hoai Anh was appointed Executive Director Sales in May 2012. He has been working for Vinamilk more than 16 years holding different positions as follows:

- ◆ From February 1996 to April 2001: Staff in Import – Export Department.
- ◆ From May 2001 to December 2003: Vice Department Head of Import – Export Department.
- ◆ From January 2004 to December 2004: Department Head of Import – Export.
- ◆ From January 2005 to May 2012: Import – Export Director.
- ◆ From May 2012 up to now: Executive Director Sales.

Mr. Mai Hoai Anh graduated from Ho Chi Minh Economics University with a Bachelor and a Master of Business Administration in 2011 from Bolton University, United Kingdom.



MR. TRINH QUOC DUNG
Executive Director
Raw Materials Development

Mr Trinh Quoc Dung joined the Company in 2005 and was appointed the position of Executive Director Raw Materials Development from December 1st 2014. While working in Vinamilk, Mr Dung assumed various positions:

- ◆ From February 2005 to July 2012: He held the position Director of Nghe An Dairy Factory.
- ◆ From August 2012 to October 2012: He held the position as Head of Receiving Department Vietnam Dairy Factory.
- ◆ From November 2012 to December 2014: He held the position as Director of Vietnam Dairy Factory.
- ◆ Since December 2014, he was appointed Executive Director Raw Materials Development.

Mr Dung graduated in Engineer of Energy and Automation from Odetxa University (Under the former Soviet Union).



MS. NGUYEN THI THANH HOA
Executive Director Supply Chain

Between September 1978 and June 1983, Ms. Hoa was a lecturer at the Ho Chi Minh Polytechnic University. She later joined Vinamilk in 1983 as a Process Engineer at Truong Tho Dairy Factory. Ms. Hoa held the position of Deputy Director and then Director of Truong Tho Dairy Factory from July 1991 to 1999. In December 1999, Ms. Hoa was appointed Deputy General Director of our Company. From August 20th 2009, her title has been changed into Executive Director in charge of supply chain, in charge of planning, import - export, customer services departments, supply chain and logistics enterprises of our Company. In September 2013, she was rotated to the position of Executive Director Production and R&D and is back to Supply Chain from January 2015.

Ms. Hoa graduated from Moscow University of Meat & Milk Processing Technology (now called Moscow National General University of Applied Biology Technology) in 1978 with a Bachelor in Milk Processing Technology.

THE BOARD OF EXECUTIVE DIRECTORS (cont.)



MS. BUI THI HUONG

Executive Director HR-Admin & Public relation.

Ms. Huong joined Vinamilk from August 2005 and was appointed Executive Director Human Resources-Admin& Public Relation since August 2014. Prior to joining Vinamilk, Mrs. Huong has been working more than 17 years in Dien Quang Light bulb Company. She has held the position of Deputy Planning Office supplies, head of Consumption Department, Executive Director Sales, then Vice President of Sales.

While working in Vinamilk, Ms. Huong assumed various position:

- ◆ From August 2005 to November 2008: She served as Operation Manager of Foreign Affairs.
- ◆ From December 2008 to July 2014: She served as Public Relation Director position
- ◆ From August 2014, she was appointed Executive Director HR-Admin& Public Relation.

She obtained 2 Bachelors in Russian Literature and Economics.



MR. NGUYEN QUOC KHANH

Executive Director Production

Mr. Khanh joined the Company in January 1988 at the position of KCS at checking department, Thong Nhat Dairy Factory. In 1996, Mr. Khanh was appointed Deputy Manager of production workshop, then was Manager of production workshop of Thong Nhat Dairy Factory in 1998. In 2003, Mr. Khanh was promoted to the position of Acting Director of Can Tho Dairy Factory. In 2004, he was appointed Director of Can Tho Dairy Factory and held this position until September 2009. Then, Mr. Khanh was appointed Executive Director Production and R&D where he was in charge of the Company's factories and Research and Development Centre & Food Safety until September 2013. In September 2013, he was rotated to the position of Executive Director Supply Chain and is back to Production from January 2015.

Mr. Khanh graduated from Ho Chi Minh City Polytechnic University in 1987, majoring in Chemical Technique and Foods. He also holds a Bachelor of Business Administration from Ho Chi Minh City University of Economics in 1997 and a Bachelor in English from Ho Chi Minh City University of Social Science and Humanism in 2001.



MR. PHAN MINH TIEN

Executive Director Marketing

Mr. Phan Minh Tien was appointed Executive Marketing Director of Vinamilk from May 2014. Prior to joining Vinamilk, Mr. Tien had 17 years of experience in marketing field and brand development for Fast Moving Consumers Goods(FMCG) products in large multinational corporations such as Unilever and Samsung. In which, at Unilever Vietnam he held the position of Deputy CEO in charge of food sector, while at Samsung Vietnam, he served as Director of Marketing.

He graduated Moscow Management Institute, Russia in 1996.



MS. NGO THI THU TRANG

Member
Executive Director Finance

(Refer to "Board of Management" for information about Ms. Ngo Thi Thu Trang on page 65)



MR. TRAN MINH VAN

Executive Director Project

Mr. Van joined the Company in June 1981. Between 1990 and July 1994, Mr. Van was a Deputy Director of Thong Nhat Dairy Factory. In August 1994, he was appointed Director of the Thong Nhat Dairy Factory. He was appointed Deputy General Director in charge of the Project Department of our Company in July 2006. In December 2006, Mr. Van was appointed Director of a subsidiary namely, International One-Member Real Estate Investment Co., Ltd. From August 20th 2009, position of Mr. Van has been changed to Executive Director in charge of projects.

Mr. Van graduated from Ho Chi Minh City Polytechnic University in 1981 with a Bachelor in Engineering. He obtained his Bachelor of Business Administration from Ho Chi Minh City University of Economics in 1994, his Bachelor of Law with major in commercial laws from Ha Noi University of Laws in 2001 and Master of Business Administration from Ha Noi Polytechnic University in 2004.

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TECHNOLOGY INVESTMENT QUALITY CRYSTALLIZING

Vinamilk is now a pioneer enterprise in technology investment with world advanced production lines base on the automated solution based Tetra Plant Master with closed cycle from input materials to output products.

Vinamilk is founding member of Ho Chi Minh City Quality Association





REPORT OF
THE INSPECTION COMMITTEE

**Dear Shareholders
of Vietnam Dairy Products Joint Stock Company (“Vinamilk”),**

Though the macroeconomic picture in 2014 has shown some bright spots, many difficulties and risks still exist for Vietnamese enterprises, including Vinamilk. However, thanks to the efforts, creativity at work and a solid governance foundation, Vinamilk still achieved the encouraging business results. In addition to maintaining the main business operation, Vinamilk has also continued improving the risk management awareness and capability, executed the inspection and monitoring activities to support its long-term sustainable development.



**ACTIVITIES OF
THE INSPECTION COMMITTEE**

The Inspection Committee (IC) consists of four (04) members selected by the AGM to undertake the supervisory activities regulated by laws and the company’s charter. In 2014, with the close coordination of the BOM and the BOD, the IC continued inspecting, monitoring and recommending necessary changes for Vinamilk in order to increase the effectiveness of the risk management system and improve corporate governance quality.

Summarized meetings of the IC

In 2014, the IC conducted four (04) quarterly meetings as follows:

Meeting/ Attendance	Main Content
Meeting 1 25 April 2014	» Discussed the method of coordination with the external auditor during the audit of financial statements.
4/4	» Approved the inspection plans of major business processes of Vinamilk.
	» Assigned the inspection and monitoring areas and responsibilities to the IC members.
Meeting 2 26 July 2014	» Discussed some amendments in the IC’s regulation.
3/4	» Discussed the inspection results of Vinamilk’s major business processes and the working plan for the next 6 months.
	» Discussed the works carried out in 9 months, including: <ul style="list-style-type: none">◆ The Internal Audit’s results;◆ The monitoring results of financial statements;◆ The inspection results at Driftwood Dairy Holdings Corporation (USA) after a fieldwork trip made by Mr. Nguyen Dinh An, an the IC member, and the external auditor.
Meeting 3 20 Nov 2014	
4/4	
Meeting 4 26 Jan 2015	» Summarised the activities of the IC and Internal Audit Department in 2014.
4/4	» Discussed the procedures to select external auditor for the fiscal year 2015.

Apart from the above-mentioned four (04) important meetings, the IC also discussed among the members via email and phone, conducted and attended many meetings with the BOM, the Risk Management Committee of the BOM, the Internal Audit Department (IA), the external auditor and potential consulting partners in order to fulfill the IC’s duties.

Summary of remuneration and expenses for the IC members

Remuneration and expenses for each IC member in the fiscal year 2014 are presented in the following table:

Unit: VND million

Member	Total (*)
Nguyen Trung Kien <i>Head of the IC</i>	576
Nguyen Thi Tuyet Mai	480
Vu Tri Thuc	480
Nguyen Ngoc Vu Chuong <i>Resigned from 08 April 2014</i>	160
Nguyen Dinh An <i>Appointed from 25 April 2014</i>	320
Total	2,016

(*) Including the deduction of personal income tax (if applicable).

In 2014, the Annual General Meeting (AGM) approved an operation budget of VND403 million for the IC. This amount was used for the following purposes:

Unit: VND million

Approved budget	403
Business trips expenses of the IC members	(196)
Remuneration for the IC’s secretary	(36)
Remaining budget	171

REPORT OF THE INSPECTION COMMITTEE (cont.)

RESULTS OF THE MONITORING ACTIVITIES

Monitoring the implementation of the 2014 AGM's resolution

In 2014, Vinamilk executed all the plans that were approved by the shareholders at the AGM held in April 2014, including:

- » **Distribution of 2013 and 2014 profit:** Vinamilk completed the funds allocation, including: Investment and development fund, Financial reserve fund, Bonus and welfare fund, completed the payment of 2013 dividend and the 1st dividend of 2014.
- » **2014 business results:** Due to the decrease in purchasing power, the change in government management policy and the world political instability, Vinamilk couldn't meet 100% of the total revenue target set by the shareholders meeting. However, the company still exceeded the profit before tax target.
- » **Status of capital expenditure:** Actual capital expenditure payout reached 48% of the plan registered with the AGM.
- » **Remuneration payment to the BOM and the IC:** Payments were made sufficiently and complied with the amount approved by the AGM.

Monitoring the company's financial performance in 2014

The IC had regular meetings with the external auditor of Vinamilk (KPMG Co., Ltd. for 2014, hereinafter referred to as "KPMG") on audit scope, audit result and other matters related to Vinamilk's internal control system. Every quarter, the IC reviewed, analyzed the information and financial data in the company's financial statements.

Based on the periodic reports and analytical data presented by the BOD in the BOM's meetings, the quarterly reports reviewed by the auditor and the audited financial statements as at December 31st 2014, the IC found that Vinamilk maintained a healthy financial position; Vinamilk's business results actually reflected the efforts and performance of the company during the year:

- » The basic indicators of debts, loan capital, liquidity, efficiency of asset usage, provisions and equity were all highly qualified, and
- » Vinamilk's profit results all met and exceeded the targets approved by the AGM in 2014.



Monitoring the company's activities in 2014

a. Risk management system:

The IC closely monitored and contributed to promote the development and improvement of Vinamilk's Enterprise Risk Management system (ERM), regularly discussed and raised its opinions to the Risk Management Committee of the BOM and Vinamilk's management about the status of ERM system.

b. Activities of the IA Department:

The IA remains a department under the IC and is independent with Vinamilk's management

activities. During its operation, the IA has sufficient necessary resources and the information access rights to fulfill its tasks. The IA also has the rights to report directly the audit results of Vinamilk's operation processes to the Chairwoman and the IC. In 2014, the IA completed audit reviews on the following processes:

- R&D and product formula management process
- Customer complaint resolution process
- Operation processes of a Logistic enterprise
- Raw material procurement and customs declaration process
- Human resources management process
- Selling expenses management process
- Quality product management process
- Operation processes of a cow farm
- Marketing processes
- Budgeting and planning process.

c. Results of reviewing the compliance with laws, charters and regulations

The IC found that there were no significant risks in the management processes of Vinamilk and the compliance with laws, charters and regulations of relevant individuals and departments in the company. The action plans to improve the control system as recommended by the IA were fully performed by the management units of the Company.

Monitoring the coordination between the IC and the BOM, the BOD and shareholders

In 2014, the IC fully attended the BOM's quarterly meetings and other meetings upon request, timely updated the actual business situation of Vinamilk and contributed ideas to the BOM and the BOD in achieving the targets approved by the AGM in 2014.

REPORT OF THE INSPECTION
COMMITTEE (cont.)

Selection of external auditor for the fiscal year 2015

In 2014, the IC had regular meetings with the external auditor and reviewed the scope of non-audit services provided by KPMG to ensure the independence and objectivity of KPMG's audit activities.

The audit fee and other consulting fees paid by Vinamilk to KPMG in the fiscal year 2014 (excluding VAT) are as follows:

- Audit fee for financial statements: VND1,529 million
- Other consulting fees: VND770 million

The IC believed that the nature and scope of the non-audit services didn't affect the independence and objectivity of the external auditor in their task fulfillment.

The IC notified the BOM of the procedures to get AGM's approval on the appointment of external auditor for the fiscal year 2015.



THE IC'S OPERATION PLAN IN 2015

IN 2015, THE IC WILL CONTINUE IMPROVING ITS WORKING PROCESSES AS WELL AS SUPERVISORY ACTIVITIES THROUGH THE IA, THE EXTERNAL AUDITOR AND DIRECT ACTIVITIES OF THE IC MEMBERS TO ENSURE THE COMPLIANCE IN THE ACTIVITIES OF THE BOM AND THE BOD. THE ABOVE-MENTIONED WORKS WILL HELP DEVELOP THE BUSINESS AND RISK MANAGEMENT CAPABILITY OF VINAMILK AND ARE ESSENTIAL PARTS IN THE COMPANY'S SUSTAINABLE GROWTH STRATEGY.

The detailed plan for 2015 are as follows:

Internal audit (IA)

The IA will continue the audit activities based on the risk map to ensure that IA reviews cover the most significant risks and thereof strengthen Vinamilk's risk management activities.

External auditor

The IC will maintain the effective communication with the external auditor to ensure the quality of monitoring activities as well as timely update the results of financial statements audit.

Risk management system

The IC will continue monitoring the implementation of risk management system at business unit management levels, as well as assisting Vinamilk in improving the processes and procedures to control related parties and interested-person transactions (RPT/IPT).

We are committed to support the company to build a growing Vinamilk and would like to thank all the shareholders for your trust and support given to the IC in 2014 and in the future.

Sincerely,

HCMC, February 28th, 2015

On behalf of the Inspection Committee

A handwritten signature in blue ink, appearing to read 'Kien', with a stylized flourish at the end.

Nguyen Trung Kien
Head of the Inspection Committee



BOM'S SUPERVISORY REPORT

ON CEO



Dear Shareholders,

- » Based on Enterprise Law of 2005 and implementation guiding Letters;
- » Based on the functions, duties and powers of the Board of Directors defined in the Charter of the Company and the Corporate Governance Regulations of Vietnam Dairy Products Joint Stock Company ("The Company");
- » Based on the resolution of the AGM in 2014.

The BOM has implemented inspection and supervision on the activities of the Chief Executive Officer ("CEO") in carrying out the resolutions of the AGM and the BOM in 2014. The results are as follows:

METHOD OF SUPERVISION AND REVIEW

- » Through the quarterly Board meetings and unexpected meetings request, the BOM frankly discussed and questioned the activities of CEO in the implementation of strategies and business objectives approved by the AGM on April 2014.

CEO often actively submitted the detailed, fully updated reports on the implementation progress as well as the difficulties, obstructions arising during the implementation of the business plan. The BOM together with the CEO discussed in person or in written to provide timely and efficient solutions to successfully fulfill the targets that the AGM adopted.

- » The BOM has incorporated closely with the IC to examine and grasp the situation of actual business of the Company and contribute ideas to CEO and the BOD to complete the business targets set out. All members of the IC were invited to the participation in the meetings of the BOM, through that, the BOM and the BOD having opportunity to exchange ideas, thorough and opened discussion to the comments and constructive suggestions of the IC as a supervisor and representative of investors. All comments of the IC are respected, recognized and is an important basis for approving decisions of the BOM and the CEO.

- » With the establishment and active, regular operation of Risk Management Subcommittee in the structure of the BOM, the BOM has increased specialization in the strict, full and objective supervision on the internal operations of Vinamilk to ensure the Company's operations complying with the resolutions of the AGM as well as the current rules of Law.
- » Besides, the BOM has worked with the departments of internal control and risk management through the quarterly reports. The reports give analysis of risk assessment and specific action plan to prevent risks, thereby contributing to CEO in business executive.
- » The subcommittees of the BOM through periodical meetings and group activities were regularly reviewing the arising issues of corporate governance on the basis of the newest rule update of corporate governance, identifying areas which need improved and propose measures to improve.
- » The BOM approved the resolutions after each periodic and requested meetings to approve the next quarterly plans and other related issues for the CEO to implement.

RESULTS

In 2014, despite of operating in a unfavorable business environment, with stiff competition, consumer's purchasing demand declined, input costs tending to increase, especially unfavorable impacts of applying the regulations on milk price ceiling and the export markets have been narrowed, significantly affecting the revenues. Under the leadership and direction of the Director General, team of the BOD has shown solidarity, dynamic, creativeness, daring to think, daring to do, professionalism and high

responsibility in their work. Thus, the BOD has taken the Company successfully completed and exceeded the targets adopted by the AGM on many key indicators.

2014, Vinamilk has been awarded many prestigious awards such as:

Top **50** best companies on the Vietnam Stock Market published by the Forbes Vietnam Magazine;

The Award on the most excellent Corporate Governance of Asia in 2014 by the Asia Corporate Governance Magazine (HK);

Top **100** Asean Enterprises in 2014 ranked by the Standard & Poor's;

Top **100** Excellent Asean Enterprises in 2014 voted by the Nikkei Asian Review Magazine;

The farms achieve Global G.A.P certificate, the Netherlands;

No. **2** in Top 500 Vietnam's largest private enterprises in 2013 (VNR 500) classified by Vietnamnet and Vietnam Assessment Report JSC;

Top **10** Enterprise as Vietnam's largest taxpayer in 2014 by Vietnam Report Company, Vietnamnet Newspaper and Tax Magazine - General Department of Taxation.

BOM'S SUPERVISORY REPORT ON CEO (cont.)

Promoting the continuously achieved accomplishments for many years earlier, in 2014, CEO of VNM has been awarded many nationally and internationally prestigious prizes in such as:

Top **50** Asia's Most Powerful Businesswomen awarded by the Forbes Magazine;

The Prize of enterprise leader No. **1** in Vietnam voted by the Nhip cau Dau tu Magazine.

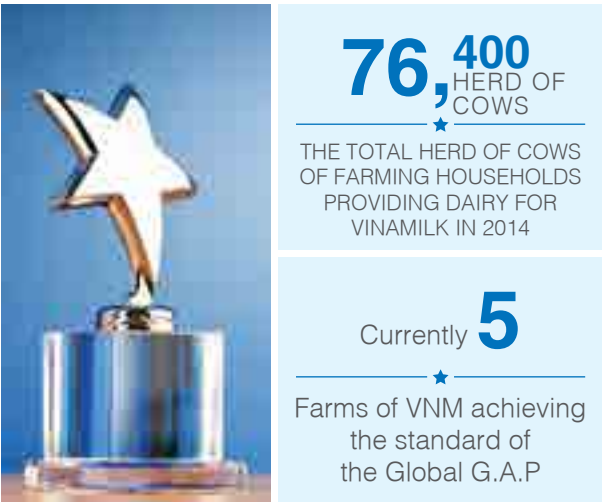
The results of operational activities of CEO in accordance with the tasks assigned by the AGM:

» Revenues, profits:

Indicators (VND billion)	Plan 2014	Performed in 2014	% performed/plan
Total Revenues	36,298	35,704	98%
Profit before tax	7,531	7,613	101%
Profit after tax	5,993	6,068	101%

» Capital expenditure:

Completed on schedule, ensuring quality of new plant construction projects, expansion of the existing plants, upgrade of technology infrastructure, expanding the farms. Activities of the subsidiaries and the associated companies of VNM are achieved positive results. In particular, Driftwood Company (USA) reached the turnover at 123% of the plan of the year, a profit at 560% of the plan, the production volume reaching 25.8 million gallons, up 4.1% compared to 2013. Driftwood has completed the audit evaluation on production activities (as requested by the client) and achieved the excellent results.



CORPORATE GOVERNANCE

- » Organizing to carry out the successive human resources plan for the Company's management team, completion of the initial program of staff alternation in some key positions of executive director level;
- » Strengthening activities of Risk Management (RM) by developing RM structure, documentation system for RM and organize training on RM.

CONCLUSION

According to the evaluation of the BOM, the CEO has successfully completed the tasks assigned in 2014 and strictly complied with the procedures and rules in enterprise executive operations according to the rules and regulations of corporate governance and the current rules of Law.

Best Regards.

On behalf of the Board of Management


Le Song Lai





BOM'S SUPERVISORY REPORT

ON BOD



Dear shareholders,

- » Based on the 2005 Enterprises Law and guiding letters;
- » Based on the functions, duties and authorities of the Boards, which defined in the Charter of the Company and the Corporate Governance Regulations of Vietnam Dairy Products Joint Stock Company ("The Company");
- » Based on the resolutions of the AGM 2014.

The BOM has carried out the inspection, surveillance activities of the BOD in implementing the resolutions of the AGM and the BOM in 2014 as follows:

METHOD OF SUPERVISION AND REVIEW

According to the Company's corporate governance, the BOM is responsible for releasing regulations on assessment of competency of the BOD's members, at least including such contents as approach, frequency, method and sequence of assessment. In addition, the BOM can base on (i) self-assessment worksheets of the BOD's members and (ii) assessment on the BOD's members of the CEO. Pursuant to the issued internal regulations, on the basis of identifying priorities of the BOM's tasks and the Company's actual operations, the BOM has chosen the second approach to make assessment on the BOD. The assessment contents focus on the BOD's implementation of the BOM's resolutions. The BOD's members are assessed in both respects: KPI (MBO) implementation and competency.

In reality, the self-assessment of each BOD member and the assessment of the BOM on each BOD member are done regularly, based on the system of quantitative and qualitative items objectivity and scientifically which are specified appropriately through a description of works and responsibilities for each member of the BOD. Assessment results are provided and presented adequately to the Nominating Committee under the BOM for consideration before submitting to the BOM for discussion and approval. The BOM, all the BOD members consist of the CEO and Executive Directors are classified as excellent in accomplishing specialized tasks.

RESULTS

In 2014, despite operating in a unfavourable business environment, keen competition, declined purchasing power and increased input costs, under the leadership of Chief Executive Officer, the BOD's members expressed the spirit of solidarity, dynamic, creativity, professionalism, dare-to-think

dare-to-act and high responsibility in their works. Thanks to that, the BOD excellently completed and successfully exceeded the targets assigned by the AGM for the key items. The leading position and the reputation of Vinamilk on the market have been continued to be maintained and stabilized, express especially in the breakthrough in market expansion of liquid products and powdered milk sector. The shareholders' capital is preserved and brings a high benefit rate. The lives of workers and the working environment are thereof improved; more and more employees become fond of the Company.

The investment projects continue to deploy on schedule, synchronize initially positive effects, contribute to improve production capacity for the company at present and the future.

CONCLUSION

According to the BOM, the BOD has successfully completed the assigned tasks in 2014, simultaneously in compliance with the procedures and policies in business operating activities according to the rules, internal management policies and current legislation.

Sincerely,

On behalf of the Board of Management

Mr. Le Song Lai



CORPORATE GOVERNANCE REPORT

IN 2014, THE BOM ASSESSED THE CANDIDATES AND APPOINTED EXECUTIVE MARKETING DIRECTOR, APPOINTED EXECUTIVE DIRECTOR OF HR-ADMIN & PUBLIC RELATION, APPOINTED EXECUTIVE DIRECTOR RAW MATERIAL DEVELOPMENT.



THE BOARD OF MANAGEMENT (THE BOARD)

MEMBER AND STRUCTURE OF THE BOARD

Activities of the Board in 2014 consisting of 6 members as follows:

No.	Member	Title	Ownership of voting right
1	Ms. Mai Kieu Lien	Chairwoman	Self-ownership: 2,718,576 shares (0.27%) Representative of SCIC: 75,146,400 (7.51%)
2	Mr. Le Song Lai	Non-executive member	Self-ownership: 0 share Representative of SCIC: 300,585,600 (30.04%)
3	Mr. Le Anh Minh	Non-executive member	Self-ownership: 0 share Representative of Funds: 30,102,978 (3.01%)
4	Mr. Ng Jui Sia	Non-executive member	Self-ownership: 0 share Representative of F&N Dairy Investments Pte Ltd: 110,908,982 shares (11.03%) (*)
5	Ms. Le Thi Bang Tam	Independent member	Self-ownership: 0 sharez
6	Ms. Ngo Thi Thu Trang	Member	Self-ownership: 823,634 shares (0.08%) Representative of SCIC: 75,146,400 (7.51%)

The number of owned shares is referred to the list of shareholders on August 15th 2014.
(*): According to the report changing ownerships of shareholders on August 21st 2014.
Please see page 63, 64, 65 of this report to have more information about the BOM at "THE BOARD OF MANAGEMENT"

COMMITTEES UNDER THE BOM

MEMBER	STRATEGY AND DEVELOPMENT COMMITTEE	RISK MANAGEMENT COMMITTEE	NOMINATING COMMITTEE	ALLOWANCE COMMITTEE
Chairman	1. Mr. Le Song Lai	1. Mr. Le Anh Minh	1. Mr. Le Song Lai	1. Ms. Le Thi Bang Tam
Member	2. Ms. Mai Kieu Lien	2. Mr. Ng Jui Sia	2. Ms. Mai Kieu Lien	2. Mr. Ng Jui Sia
Member	3. Ms. Ngo Thi Thu Trang	3. Ms. Ngo Thi Thu Trang		3. Mr. Le Anh Minh
Member	4. Ms. Le Thi Bang Tam			

CORPORATE GOVERNANCE REPORTS (cont.)



BOARD PERFORMANCE

Number of the Board’s meetings:

The Board conducts its meeting on a quarterly basis during the year. The extraordinary meetings are convened when circumstances required. The members of the Inspection Committee are also informed and invited to attend the meetings of the Board for their supervisory purpose.

The Board held 4 meetings in 2014. The attendance record of Board meetings held during the fiscal year ended 31 December 2013 is set out in the table below:

No.	The Board Member	Title	Number of meetings attended	Ratio
1	Ms. Mai Kieu Lien	Chairwoman	4/4	100%
2	Mr. Le Song Lai	Member	4/4	100%
3	Mr. Le Anh Minh	Member	4/4	100%
4	Mr. Ng Jui Sia	Member	3/4	75%
5	Ms. Le Thi Bang Tam	Member	4/4	100%
6	Ms. Ngo Thi Thu Trang	Member	4/4	100%
7	Mr. Ha Van Tham	Member	0/1	0%

Notes: Mr. Ha Van Tham resigned from the Board member from March 11th 2014.

Contents and results of the Board meetings:

Meeting	The Board members	Title
January 24 th 2014	6/7 member (Absent member: Ha Van Tham) Observer: Member of the Inspection Committee	» Considering, evaluating the operations in 2013 and awarded to the Board of Directors base on operating result. » Discussing the plans for 2014. » Decision to establish the purchasing raw material unit in Europe. » Discussing the capital increase for Lam Son Milk Company to contribute capital under the planning and investment approved by the AGM. » Decision to dissolve International Real Estate Investment Company. » Submitting to the AGM to adjust dividend ratio in 2013. » Preparation of holding the AGM.
April 4 th 2014	5 / 6 member (Absent member: Ng Jui Sia) Observer: Member of the Inspection Committee	» Considering, evaluating the operations in Quarter I 2014 and discussed plans for Quarter II 2014. » Approving report on risk evaluation in Quarter I 2014. » Preparing to hold the AGM in 2014. » Approving the problems submitted for approval to the AGM in 2014.
July 25 th 2014	6 / 6 Member Observer: Member of the Inspection Committee	» Approving the operations report in the first 6 month of 2014 and plans for Quarter III 2014. » Approving the risk evaluation report of Quarter II. » Approving the report on Chief Executive Officer supervision and the BOM in the first 6 months of 2014. » Approving the advanced dividend payment in phase 1/2014. » Appointing Executive Director of Administration-HR & Public Relation. » Approving the remuneration of the BOM members, based on total remuneration for the BOM approved by the AGM.
November 28 th 2014	6 / 6 Member Observer: Member of the Inspection Committee	» The Consulting company of Singapore presented to the Board some types of bonus for managers level in Singapore and Malaysia. » Considering, evaluating the operations in 2014. » Discussing the plans for 2015. » Approving report on risk management in Quarter III 2014. » Appointing Executive Director Raw Materials Development.

CORPORATE GOVERNANCE REPORT (cont.)

After these meetings, the BOM passed the following resolutions:

No.	Reference	Date	Description
1	01/NQ-CTS.HĐQT/2014	24/01/2014	Proposed the dividend increase in phase 3/2013 from 6% to 12% of par value.
2	02/NQ-CTS.HĐQT/2014	18/02/2014	Increased the chartered capital of Lam Son Milk Ltd to contribute capital under the planning and investment approved by the AGM.
3	03/NQ-CTS.HĐQT/2014	18/02/2014	Established a legal entity in Europe (Poland).
4	04/NQ-CTS.HĐQT/2014	19/02/2014	Approving number of issues at the BOM meeting for the 4 th time/2013.
5	05/NQ-CTS.HĐQT/2014	24/02/2014	The dissolution of International Real Estate Investment Co., Ltd.
6	06/NQ-CTS.HĐQT/2014	11/3/2014	Mr. Ha Van Tham resigned from the BOM from March 11 th 2014.
7	07/NQ-CTS.HĐQT/2014	4/4/2014	Proposed the increase of dividend rate in 2013 from 34% to 48% of par value and shares issuance to increase the share capital from the equity with ratio at 5: 1.
8	08/NQ-CTS.HĐQT/2014	19/5/2014	Dividend payment date of phase 1/2014 and the expected date of shares issuance to increase the share capital from equity with the rate at 5: 1.
9	09/NQ-CTS.HĐQT/2014	19/5/2014	The remaining remuneration of 2013 paid for the BOM members
10	10/NQ-CTS.HĐQT/2014	20/5/2014	Appointment of Executive Director Marketing.
11	11/NQ-CTS.HĐQT/2014	11/7/2014	The maximum additional number of issued shares and the capital to issue shares of the share capital increase in accordance with the Resolution of the AGM in 2014.
12	12/NQ-CTS.HĐQT/2014	25/7/2014	Interim dividend advance in phase 1/2014.
13	13/NQ-CTS.HĐQT/2014	25/7/2014	Appointed Executive Director HR-Admin & Public Relation.
14	14/NQ-CTS.HĐQT/2014	9/9/2014	Carrying out the procedures for listing additional shares issued under the 2014 AGM's resolution.
15	15/NQ-CTS.HĐQT/2014	15/9/2014	The remuneration for the BOM members according to the AGM resolutions in 2014.
16	16/NQ-CTS.HĐQT/2014	17/11/2014	Registered with HCMC Department of Planning and Investment to increase charter capital of Vietnam Dairy Products Joint Stock Company.
17	17/NQ-CTS.HĐQT/2014	28/11/2014	Appointment of Executive Director Raw Materials Development.

CORPORATE GOVERNANCE REPORT (cont.)

GENERAL ASSESSMENT ON THE OPERATIONS OF THE BOM

In 2014, Vinamilk’s BOM continued maintaining the governance trends of improving quality of corporate governance:

- » The BOM organized activities complying with the provisions of Statute and Regulations on corporate governance, ensuring the number of meetings, number of participants to satisfy legality and effectiveness of the meetings.
- » The subcommittees were organized to operate under the operating mechanism built, performing the tasks assigned to each subcommittee. Activities and results of the implementation of the Sub-Committee were reported in a specific way, on time for the BOM. Each member is actively and positively in the performance of their responsibilities and gives their comments on the general decision.
- » Providing orientation of specific, feasible deployment and closely monitoring the implementation of resolutions of the AGM and the business operations of the Company.
- » The BOM also oriented and supervised the implementation of the important programs of the Company such as the risk management system, the successive Human Resource planning program.
- » The supervision activities for CEO, senior managers were deployed effectively.
- » In 2014, the Board of Directors has evaluated the candidates and appointed the Executive Director of Marketing, appointed the Executive Director HR-Admin & Public Relation, appointed the Executive Director Raw Materials Development.

ACTIVITIES OF THE SUBCOMMITTEES UNDER THE BOM

The subcommittees in the BOM operates under the responsibility and duties prescribed in the Regulations on corporate governance. The subcommittees in the BOM prepare their working contents and join in the BOM's meetings. During the year, the specific activities of the Subcommittees as follows:

Subcommittee of Development Policy	Subcommittee of Development Policy implements reviewing contents related to vision, mission, core values and objectives. Accordingly, the works related to considering scope of operation field, business model, organizational structure, competitive capability have been executed. The directions such as vertical integration, M & A, development investment along with its principles were discussed. In addition, the contents relating to amendments of the charter, internal governance regulations to conform to the new Enterprise Law were planned. The dividend payment policy was initially built.
Subcommittee of Risk Management	The Subcommittee of Risk Management has worked very closely with the Department of Internal Control & Risk management and the consultancy unit (KPMG Company) on Risk Management tasks, has deployed and prepared for the risk management activities in the next quarter, with issues such as: deploying the guidelines to build CSA (Control Self Assessment) table for 2 risks: risk of product contaminated and risk of implementing business strategy, preparing for construction of CSAs for the remaining Top Risk, building measurement indicators for risks, proposing the risk management unit to carry out reviewing, specifying and proposing description, level of risk target corresponding to Top Risk, so that Risk Management Sub-Committee to the Board of Directors consider and focus risks under the strategic group (competition, key personnel, implementation of plan/strategy) and the assessment should be accompanied by reviewing policies etc.
Subcommittee of Human Resource	Subcommittee of Human Resource concentrates on supervision of successive training programs. Concurrently, the Subcommittee oriented to direct other programs such as Talent Management, Management Trainee in order to ensure that the company has a consistent workforce satisfying the development strategy of the Company.
Subcommittee of Remuneration and bonus	The Sub-Committee considered and established the remuneration mechanism for the BOM. The policy of salary and bonus for senior managers was also reviewed and advised from the professional consultants to be adjusted accordingly. The subcommittee also coordinated closely with the Human Resource subcommittee to improve the mechanism of work efficiency evaluation of management levels.

TRAINING CERTIFICATE ON CORPORATE GOVERNANCE.

List of the BOM members have been trained in corporate governance as follows:

- | | | |
|-------------------|-----------------------|-------------------------|
| » Mr. Le Song Lai | » Ms. Le Thi Bang Tam | » Ms. Ngo Thi Thu Trang |
| » Mr. Le Anh Minh | » Mr. Ng Jui Sia | |

CORPORATE GOVERNANCE REPORT (cont.)

TRANSACTIONS, ALLOWANCE AND INTERESTS OF THE BOARD OF MANAGEMENT, THE BOARD OF EXECUTIVE DIRECTOR AND THE INSPECTION COMMITTEE

SALARY, BONUS, ALLOWANCE AND OTHER BENEFITS

			Salary	Bonus	Allowance	Total
1. THE BOARD OF MANAGEMENT						
Ms.	Mai Kieu Lien	Chairwoman and CEO	35%	62%	3%	100%
Ms.	Ngo Thi Thu Trang	Member, Executive Director	49%	43%	8%	100%
Mr.	Le Anh Minh	Non-executive member		16%	84%	100%
Mr.	Le Song Lai	Non-executive member		16%	84%	100%
Mr.	Ng Jui Sia	Non-executive member		17%	83%	100%
Ms.	Le Thi Bang Tam	Independent member		16%	84%	100%
Mr.	Ha Van Tham	(resigned)		0%	100%	100%
2. THE INSPECTION COMMITTEE						
Mr.	Nguyen Trung Kien	Head of the Inspection Committee		0%	100%	100%
Mr.	Nguyen Dinh An	Member		0%	100%	100%
Mr.	Nguyen Ngoc Vu Chuong	(resigned)		0%	100%	100%
Ms.	Nguyen Thi Tuyet Mai	Member		0%	100%	100%
Mr.	Vu Tri Thuc	Member		0%	100%	100%
3. THE BOARD OF EXECUTIVE DIRECTORS						
Mr.	Tran Minh Van	Executive Director	54%	46%		100%
Ms.	Nguyen Thi Thanh Hoa	Executive Director	54%	46%		100%
Ms.	Nguyen Thi Nhu Hang	Executive Director	54%	46%		100%
Ms.	Bui Thi Huong	Executive Director	53%	47%		100%
Mr.	Mai Hoai Anh	Executive Director	54%	46%		100%
Mr.	Trinh Quoc Dung	Executive Director	53%	47%		100%
Mr.	Phan Minh Tien	Executive Director	57%	43%		100%
Mr.	Nguyen Quoc Khanh	Executive Director	54%	46%		100%

STOCK TRADING OF INTERNAL SHAREHOLDERS

No.	Transactor	Relation with internal shareholders	Number of shares in the beginning period		Total shares account for %	Purchasing/Selling	Number of shares in the ending period	
			Number of shares	Rate			Number of shares	Rate
1	Norges Bank	Le Anh Minh, the Board member	3,913,500	0.47%	833,955,796	379,000	4,292,500	0.51%
	Norges Bank		4,292,500	0.51%	833,955,796	200,000	4,492,500	0.54%
	Norges Bank		4,492,500	0.54%	833,955,796	(1,200,000)	4,191,000	0.42%
2	SCIC(SIC) One member Investment Limited company	SCIC, the Board Member	-	0.00%	833,955,796	398,310	398,310	0.05%
	SCIC(SIC) One member Investment Limited company		398,310	0.05%	833,955,796	(328,310)	137,710	0.01%
3	Amersham Industries Ltd.	Le Anh Minh, the Board member	12,021,710	1.44%	833,955,796	(4,800,000)	9,626,052	0.96%
4	Vietnam Enterprise Investments Ltd.	Le Anh Minh, the Board member	14,113,620	1.69%	833,955,796	(5,400,000)	11,536,344	1.15%
5	F&N Dairy Investments Pte Ltd.	Ng Jui Sia, the Board member	79,507,485	9.53%	833,955,796	15,000,000	110,408,982	11.03%
6	Tran Minh Van	Executive Director Project	420,030	0.05%	833,955,796	(100,000)	320,030	0.04%
7	Mai Quang Liem	Brother of the President	183,217	0.02%	1,000,641,399	(5,000)	178,217	0.02%

Notes: On August 22th 2014, Vinamilk completed the issuance of 166,685,603 shares to current shareholders (ratio 5:1) based on shareholders list on August 15th 2014, to raise the share capital from equity. Accordingly, total number of shares increased from 833,955,796 to 1,000,641,399 shares. Transactions are carried out prior to August 22th 2014 not including additional share issuance.

CORPORATE GOVERNANCE REPORT (cont.)

CONTRACTS OR TRANSACTIONS WITH INTERNAL SHAREHOLDERS

Regarding to the responsibility of honesty and avoidance of conflict of interests as stipulated in the Company’s Charter, the Board members, the Inspection Committee members, Executive Directors, Chief Accountant and other key positions who are appointed and removed by the Board of Management basing the Chief Executive Officer’s recommendation, have responsibility to disclose to the Board all their interests which may cause conflict of interests through other legal entities, transactions or other individuals within 7 working days from the date those interest incur.

In 2014, the Company did not receive any notice from these members and their related parties.

The Company also did not provide any loan, guarantee or credit facility to these members and their related parties.

In 2014, the company made the deposit and bond purchase of HD Bank which was a related organization of Independent member Le Thi Bang Tam.

PERFORMANCE OF THE COMPANY’S CORPORATE GOVERNANCE

In 2014, Vinamilk made all efforts to perform in accordance with the advanced corporate governance and fully complied with the laws for a public listed company. This has help raise the Company’s corporate governance quality in all respects. In which the most outstanding contents are:

- 1. The BOM members and the Secretary participated in the training on governance
- 2. Applying the BOM member evaluation mechanism according to the new practice of IFC
- 3. The dividend payment policy
- 4. Expanding scope of policy control practice to avoid conflict of interest
- 5. The Secretary of Company involved training on enhancing the role of company secretary

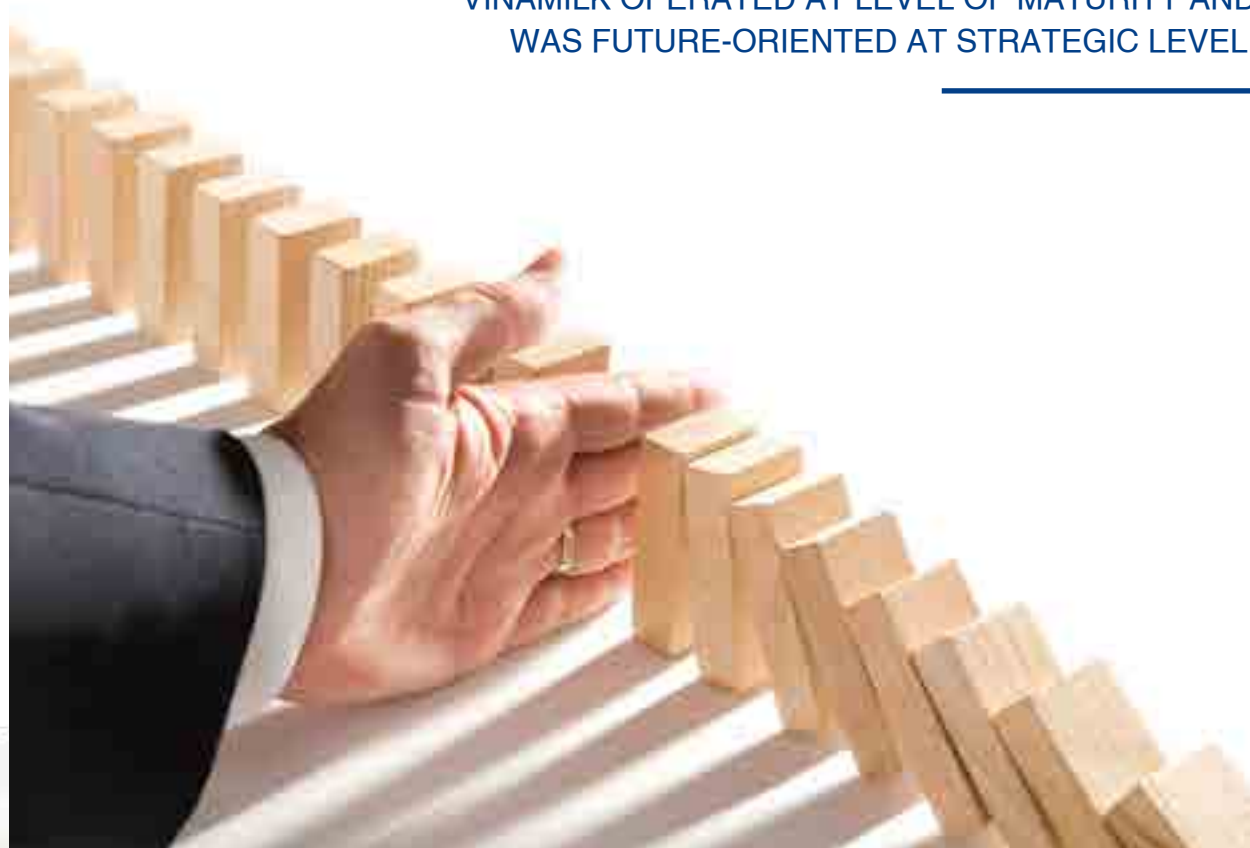




RISK MANAGEMENT REPORT

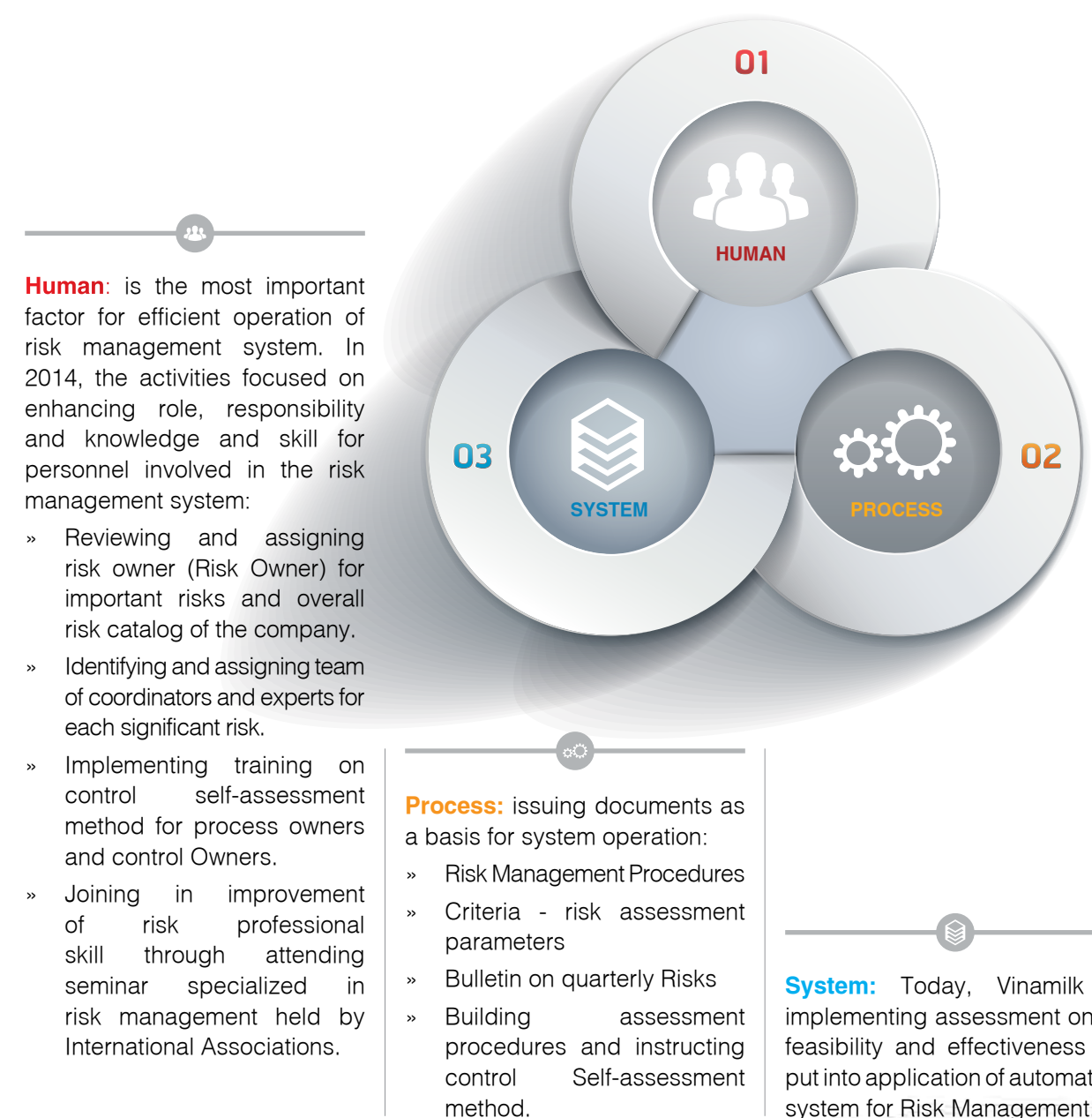
IF 2013 WAS THE STAGE OF CONSTRUCTION AND FOUNDATION ENHANCEMENT FOR THE SYSTEM OF RISK MANAGEMENT BY ADJUSTING STRUCTURE, POLICY, PROCESS, 2014 WAS THE YEAR THAT VINAMILK PROMOTED THE OPERATION OF RISK MANAGEMENT ACTIVITIES RISK IN EACH AREA OF OPERATION OF THE COMPANY.

IN 2014, THE PROGRAM (CONTROL SELF-ASSESSMENT - CSA) AND THE REPORTING OF RISK MANAGEMENT WERE DEPLOYED TO THE UNITS. THESE ACTIVITIES WERE IN THE PROCESS OF PUTTING THE RISK MANAGEMENT SYSTEM OF VINAMILK OPERATED AT LEVEL OF MATURITY AND WAS FUTURE-ORIENTED AT STRATEGIC LEVEL.



RISK MANAGEMENT SYSTEM AT LEVEL OF MATURITY

The risk management system is operated on three aspects: Human - Process – System



RISK MANAGEMENT REPORT (cont.)

ACTIVITIES OF SIGNIFICANT
RISKS MANAGEMENT

BOARD OF MANAGEMENT
HAS IDENTIFIED A LIST OF 10
IMPORTANT RISKS OF THE
COMPANY AND THE RISKS ARE
CLOSELY MONITORED AND
REPORTED QUARTERLY TO THE
BOARD OF MANAGEMENT:

Risk	Risk Trends
ST007 - Competition Risk Ability to defend, maintain and/or increase Vinamilk's strategic objectives.	Competition trend is increasing and competitive risk is assessed to remain high level in 2014. The main solutions were uniformly deployed on many aspects: developing new products with outstanding advantages and diversification: reasonable price - timely capturing trends of market, consumer - improving quality of customer service.
ST008 - Loss of Key Customers Breakdown of relationship with key customers, resulting in a loss of revenue	According to the evaluation, the distribution network in the domestic market of Vinamilk is stable and wide. Risks mainly come from the export market with the impact of unrest political situation in regions. The main solutions were given out such as continuing to build domestic distribution system becoming strong, improve quality of distribution and customer service. For export market, in addition to maintaining traditional markets, will accelerate searching for new export markets and diversifying export products.
ST017 - Key Person Risk Loss of key management positions may result in disruption of on-going operations and/or loss of shareholder's confidence, leading to the falling of share price.	HR is an important element of Vinamilk. In past years, to control this risk, Vinamilk has implemented successive HR programs to assess train and develop capable personnel of the Company. Currently, the program is being implemented on schedule and in the process of training, developing short-term and long-term for the candidates.
OP005 - Social Media Risk Widespread negative perception of Vinamilk as a result of inadequate or mis-management of information on print and social media platform.	The trend of consumers using social networks is increasing, leading to frequency of negative information appearance also increased. The solutions Vinamilk applied including: <ul style="list-style-type: none">» Improving quality of service, resolving inquiries or complaints from customers and consumers.» Applying the process of reviewing released information, information on label to ensure that information is accurate and consistent.
OP008 - Supply Chain Risk Unavailability and /or shortage of supply of raw materials that may affect the ability of on-going operations and increase product costs.	The Company's source of material supply is sufficient and from many supply sources, the material supply plan for 2015 was made. That Vinamilk's subsidiaries in Europe, the United States came into operation also increases initiative to Vinamilk in ensuring material source.
OP009 - Risk of Product Contamination The products are contaminated with bacteria and do not meet the quality safety standards	The product quality control of Vinamilk has been performed well and meets international regulatory standards. In 2014, Vinamilk implemented the program of control Self-assessment for plant. The evaluation results for the active controls were at the effective level. The issue of product quality control is the most important issue; therefore, Vinamilk always focuses monitoring control sequences before products on the market, severely limiting contaminated products. This risk is assessed as being effectively controlled.
OP013 - Risk of IT Security Breach Security breaches of business and customer data through cyber-attacks by hackers and sophisticated organizations.	According to the evaluation results, the infrastructure and the management system on information technology of Vinamilk are good and satisfying the standards of advanced practice. In 2014, the Company has deployed and successfully certified the system of Information Security Management according to the standard of ISO 27001.
OP019- Country Risk Risk of unexpected or sudden unfavourable changes in the regulatory and political environment in the invested countries, possibly obstructing operations or business decision-making.	For countries where Vinamilk have investment projects such as: New Zealand, the US, Cambodia, Poland, possibility of being influenced by political situation in these countries is no sign to occur. Vinamilk has been implementing measures to prevent risks such as: <ul style="list-style-type: none">(i) Continue to monitor situation in countries. Vinamilk's representatives in countries send periodic reports on activities and impacts, if any;(ii) For new projects, focusing on analysis of political situation in the overall investment environment.
OP020- Strategy/Business Plan Execution Risk Failure to execute business strategies developed, agreed and approved at Board level.	The implementation of the business plan of 2014 much influenced from the factors such as the changes in government policies, political instability in export markets. The main solutions were deployed: <ul style="list-style-type: none">(i) The establishment of goals and plans need be increased efficiency, strengthening linkages among the strategy, the long-term plan and the annual plan,(ii) Assigning the specialized unit in charge of monitoring the implementation of the plans, strategic projects of the Company.
CO004 - Fraud and Corruption Risk Loss arising from a staff member, members or third party acting in an inappropriate or dishonest manner for personal gain resulting in a financial loss to Vinamilk and consequential damages to its reputation.	Vinamilk had no risk events arisen in the period. The responsibilities for receiving complaints and denunciations were transferred to an independent department, Internal Auditing department, under the Inspection Committee.

RISK MANAGEMENT REPORT (cont.)

RISK MANAGEMENT PLAN 2015

IN 2015, THE COMPANY WILL CONTINUE TO ENHANCE RISK MANAGEMENT SYSTEM TO THE MATURITY LEVEL AND PROCEED TO STRATEGIC PHASE IN THE NEXT YEARS. THE PLAN OF SPECIFIC WORKS IN 2015 IS MADE ON THE FOLLOWING THREE ASPECTS:



HUMAN

- 2015, focusing on the aspect of improving risk management knowledge for the Company, with the specific objectives:
- » To implement training courses on risk management skill, control assessment skill.
 - » To join in profession associations, preparation of work handbooks.



PROCESS

- » To continuously improve integrated risk management in important process: strategic planning, project management, budget planning.
- » To continue to improve efficiency of information and consultation through Risk Bulletins.
- » To build and develop system of criteria - parameter, the Key Risk Indicators (Kris) for the risk portfolio in relation to the Key Performance Indicators (KPIs).
- » To continue to implement the Self Assessment & Control program.



SYSTEM

- » To evaluate feasibility and put into application of the integrated software of Governance - Risk Management and Compliance (Governance – Risk - Compliance).





BOD'S BUSINESS OPERATION REPORT

THE 2014 WAS CONTINUOUSLY A DIFFICULT YEAR. IN URBAN, THE DAIRY INDUSTRY GROWTH WAS COMPARABLE TO OTHER FAST CONSUMPTION INDUSTRY (4%). IN CONTRAST, IN RURAL THE DAIRY INDUSTRY INCREASED BY 13%, HIGHER THAN THE GENERAL INCREASE OF FMCG SECTOR (11%).



REVIEW OF BUSINESS PERFORMANCES

The 2014 was continuously a difficult year. In urban areas, the dairy industry growth was comparable to other fast consumption industry (4%). In contrast, in rural areas, the dairy industry increased by 13%, higher than the general increase of FMCG sector (11%). The dairy industry growth in rural areas is 3 times higher than the increase in urban areas.

The main factors affected the business results of the Company as follows:

- » The purchasing power of the market has been still low: Due to the impact of the economy, the purchasing power was reduced from 2013, lasting to 2014. Despite the market showed gradual recovery of purchasing power in the last months of 2014, but not yet formed clear consuming trends in the long term.
- » Competition in dairy market is more and more severe: dairy companies have spent a lot in activities of marketing and sales

as advertising, promotion, etc in order to increase sale volume and to gain market share. Therefore, the Company has also increased the cost of sales ~ 33% compared to 2013. Despite this increase is much lower than competitors, but very effective and the Company not only maintained but also grab more market shares, especially water and powder milk sector.

- » The export volume reduced due to the political unrests in the Middle East market. The Company has maintained export to traditional markets in the Middle East and the Southeast Asia and developed new markets in Africa and Central America.
- » Raw milk price in big fluctuations increased sharply from 2013 to early 2014 and fell sharply in the last months of 2014. Concurrently, that

the government decided to apply the ceiling milk price of dairy products for children under 6 years old from 6/2014 to 6/2015 which has affected the Company's plan of sale volume and profitability. The application of different ceiling price for domestic and imported dairy products caused a certain influence to purchasing behavior of consumers.

Despite remaining such many big difficulties, Vinamilk made its best effort to implement the targets of the AGM. Specifically as follows:

- » Total sale volume: up 13% compared to 2013 and only short to the target 1.6%.
- » Profit before tax: decreased by 5% compared to 2013 and exceeded 1.1% compared to the target.

BOD’S BUSINESS OPERATION REPORT (cont.)

FINANCIAL ANALYSIS

The financial situation of the Company remains as strong and stable as the previous years. The net cash balance is still big and always finances adequately for the needs of Company’s business development.

The financial indicators on short-term and quick solvency has been improved, increased ~ 0.2 times higher than in 2013. The ratio of total liabilities over total assets and total liabilities over equity still

remained at the very low level and safe in 2013 (in order 23% and 30%).

The efficient measurement indicators such as receivables turnover, current capital turnover, and asset turnover are improved compared to 2013. The profitability indicators such as profit after tax over net revenue, total assets and equity decreased due to the decrease of the profit after tax in 2004 by ~ 7.13%.

DETAILED FINANCIAL INDICATORS AS FOLLOWS:

	2013	2014	% up/down
i. Liquidity Ratio			
» General ratio	4.3	4.3	0.0
» Current ratio	2.6	2.8	0.2
» Quick ratio	2.0	2.2	0.2
ii. Financial structure ratio			
» Liabilities/total assets	23%	23%	
» Liabilities /equity	30%	30%	
iii. Performance Ratio			
» Inventory turnover	5.9	6.6	0.7
» Receivables turnover	12.4	11.3	(1.2)
» Current capital turnover	2.6	2.5	(0.1)
» Total assets turnover	1.5	1.4	(0.0)
iv. Profitability Index			
» Profit after tax/net revenues	21.1%	17.3%	-3.8%
» Profit after tax/total assets	30.7%	24.9%	-5.7%
» Profit after tax/equity	39.6%	32.6%	-7.0%

STATUS OF CAPITAL EXPENDITURE PROJECTS

Disbursement in 2014 as follows:

(VND million)	Budget in 2014	Disbursement 2014	% Performed
Vinamilk	553,134	948,149	58%
Lam Son Milk	248,635	480,166	60%
Vietnam Dairy Cow	296,157	411,596	62%
Total	1,097,926	1,839,911	60%
Cambodia Venture	107,919	222,471	49%
Thanh Hoa United Company	8,587	393,026	2%
Lam Dong Dairy Farm Project	0	120,000	0%
Total	1,214,431	2,575,408	47%

The disbursement not yet reached 100% is consistent with the requirements and conditions of payment. Basically, large projects have been implemented on schedule as planned.

The main projects of the Company in 2014 as follows:

Dairy Processing Plant Project of Angkor Dairy products co., Ltd in Cambodia. This plant belongs to the subsidiary of Vinamilk.	The Project of Susu drinking yogurt production line investment in Lam Son. This is a new investment project of milk production line for its subsidiaries (One-member Lam Son Dairy Co., Ltd). The project has a total investment of VND283.47 billion. The design capacity of 224.64 million bottles/year drinking yoghurt to meet market demand in the North. The project is expected to put into operation in early Quarter 3/2015.	The construction Projects of dairy farms in Ha Tinh, Nhu Thanh - Thanh Hoa, Thong Nhat - Thanh Hoa and Tay Ninh.
Please see page 57 for more details.		

BOD’S BUSINESS OPERATION REPORT (cont.)

RESEARCH AND DEVELOPMENT (R&D)

Research and product development is one of focuses in the sustainable development strategy of the Company in the long term. The Company concentrated in the research and release products to market with the value-added and higher-class, to meet the increasing demands of the market.

IN 2014, THE COMPANY HAS LAUNCHED 29 NEW PRODUCTS AND IMPROVED 58 EXISTING PRODUCTS.

Some new products as follows:



DIELAC ALPHA GOLD, DIELAC GROW 1+, DIELAC GROW 3+, PEAS, CHICKEN, OATS RIDIELAC



SUGAR-LESS IMMUNE SUPPORT MILK, IMMUNE SUPPORT YOGURT, STICK ICE CREAM (6), DRINKING YOGURT OZELA (3), READY-MIXED MILK POWDER ALPHA GOLD 3+



FRESH CHEESE, PATE CHEESE, CORN-SMELL SOY BEAN



DEVELOPMENT OF RAW FRESH MILK SUPPLIES

46,000
★
The total number of
cows in 09 farms in 2019

DEVELOPMENT OF RAW FRESH MILK SUPPLIES IS THE STRATEGY OF SUSTAINABLE AND LONG-TERM DEVELOPMENT OF THE COMPANY. VINAMILK IS PIONEERING COMPANIES IN THE DEVELOPMENT OF DAIRY FARMS WITH SCALE OF THE COUNTRY'S LARGEST ADVANCE INDUSTRY.



Development of fresh milk material area is under the strategy of sustainable and long-term development of the Company. Vinamilk is a pioneer in developing the industrial scaled and most modern dairy farms in Vietnam. At the end of 2014, Vinamilk has 07 dairy farms with the total of 11,000 cows. In addition, the Company is implementing additional 02 huge dairy farm projects in Tay Ninh

(scale: 8,000 cows) and Thong Nhat - Thanh Hoa (scale: 25,000 cows). Accordingly, in next 5 years, Vinamilk will have at least 09 dairy farms on an industrial scale with a total herd of cows around 46,000. With this strategy, supply of milk material in the country will increase from 30% to 40% in the next 5 years and reduce the dependence of imported milk materials.



BOD'S BUSINESS OPERATION REPORT (cont.)

Development of raw fresh milk supplies

PROCUREMENT OF RAW FRESHMILK MATERIAL

The volume of raw freshmilk material purchased in 2014 reached 183,912 tons. In particular, raw freshmilk material purchased from farmers was 154,455 tons, up 16% compared to 2013

(132,610 tons). The dairy farms of Vinamilk by subsidiary company, Vietnam Dairy Cow Co., Ltd. supplied 29,458 tons, up 23% compared to 2013 (23,952 tons).

Promoting the plan of upgrading the raw freshmilk material procurement system in the period of 2012 – 2016

Following the success of 2013, 2014 Vinamilk strengthened more implementation of the program to upgrade the raw milk procurement system under the strategy for the period of 2012 - 2016.

In 2014, the technical department of Vinamilk took direct inspection on the situation of cow-breeding, milk exploitation of households, clearly explained and encouraged more farmers to directly deliver milk to the Company through the transfer station. Thereby, freshmilk purchasing contracts of Vinamilk with households increased significantly (30%), from 5,087 contracts in 2013 to 6,618 in 2014. All households who sold milk to Vinamilk

implemented extraction and transportation of milk in conformed aluminum cans/inox cans.

Vinamilk continued upgrading the transfer station according to the international standard with the motto “professional, modern, automation and safety”.

In 2014, there were additional 27 transfer stations successfully upgraded, increasing the number of complete upgraded stations to 45. The upgrade of the transfer station will be continued and completed in 2015 for the stations in Ho Chi Minh City, Tien Giang, Long An, Tay Ninh, Binh Duong and Lam Dong.



183,912

Tons of raw freshmilk material purchased in 2014

6,618

Purchasing contracts of cow freshmilk of Vinamilk with households

The image of transfer station after being upgraded: the modern equipment achieved the international quality standard.

PROFESSIONALIZATION IN MILK PROCUREMENT MANAGEMENT DIRECTLY TO HOUSEHOLDS

In order to manage freshmilk procurement system professionally and better, besides upgrading the storage equipment and transportation of milk, the Company has hired the services of Viettel Group (Viettel) to deploy the work management program of raw material development personnel through GPS global positioning system. Each employee was granted 01 tablet and a monthly fee payment to regularly update situation of transfer stations and households. Any change in the system of freshmilk material area, it is immediately updated to the system so that the factory and the Company's office timely catch information, direct settlement accordingly. With this system, information and data are always ensured accuracy and high reliability.

To strengthen quality control of dairy cow breed, Vinamilk funded for Agricultural Center (AC) of Bao Loc City, AC Don Duong District and AC of Duc

Trong District and to implement free delivery of ear-pressed tags for the entire dairy farmers who have been selling milk for Vinamilk in the area of Lam Dong. This is the first step for the roadmap to manage and enhance quality of dairy cow breed in the locality, supposed that the locality of dairy breeding is the most favorable over the country.

Vinamilk's strategy is to try to sign to purchasing contracts directly with farmers in order to help them improve quality of raw fresh milk. During the year, Vinamilk held 31 training courses on dairy cow breeding techniques with thematic on “cow nutrition and how to make reasonable diet combination for dairy cow”. The training courses attracted the participant of many farmers and also provided thousands of direct advices to farmers and organized to whittle cow nails for hundreds of households, receiving enthusiastic responses from local people.



The training course by foreign experts on Vinamilk pasture

BOD'S BUSINESS OPERATION REPORT (cont.)
Development of raw fresh milk supplies

DEVELOPMENT OF VINAMILK DAIRY FARM

The Company's development strategy of dairy farms in 2014 had powerful moves and gained proud achievements not only for Vinamilk but also for the whole dairy industry in Vietnam.

All dairy farms of Vinamilk were directly constructed, operated and managed by two subsidiary companies, Vietnam Dairy Cow One Member Co., Ltd and Thong Nhat Thanh Hoa Dairy Cow Co., Ltd.

The Company currently has 07 dairy farms in Tuyen Quang, Nghe An, Binh Dinh, Lam Dong, Ha Tinh and Thanh Hoa (02 farms) put into operation with the total herd at 10,930 cows. Of these, 02 new farms were put into operation in 2014.

10,930

Total number of cows in 2014

MARKED AS FIRST
ACHIEVEMENT ON
VINAMILK DAIRY FARM
WAS THE DAIRY FARM
IN NGHE AN. IN 2014,
THIS FARM RECEIVED
THE CERTIFICATE OF
COMPLIANCE WITH
INTERNATIONAL
STANDARD ON GLOBAL
GOOD AGRICULTURAL
PRACTICE (GLOBAL G.A.P).

Marked as first achievement of Vinamilk dairy farm was the dairy farm in Nghe An. In 2014, this farm received the certificate of international standard compliance on good agricultural practice globally (Global G.A.P). This is the only dairy farm in Vietnam, as well as the first farm in Southeast Asia and is one of three farms complying with the international standard in Asia in May 2014. By the end of 2014, It added four other farms of Vietnam Dairy Cow Company in Tuyen Quang, Thanh Hoa, Binh Dinh and Lam Dong, which also completed the necessary procedures to achieve Global G.A.P Certificate, increasing the total number of farms with Global G.A.P standard to 05 farms. This is a proud achievement and very few dairy companies in the world achieve. This shows the methodical investment according to international standards of the entire system of Vinamilk farms, which satisfied the highest standards of the global system.



Dairy cows are drinking water in the automatic water system at Vinamilk Farm.



The automatic itch-scratch system for dairy cows at Vinamilk Farm

The dairy farm projects in 2014:

- Ha Tinh Dairy Farm: completed construction and put into use in 2014, the farm scale at 2,000 cows. By the end of 2014, the farm had 497 cows.
- Nhu Thanh - Thanh Hoa Dairy Farm: completed construction and put into use in 2014, the farm scale at 2,000 cows. By the end of 2014, the farm had 762 cows.
- In addition, the Company has approved and is implementing 02 very large dairy farms in Thong Nhat Thanh Hoa (Thong Nhat Thanh Hoa Dairy Cow Co Ltd) with the scale of 25,000 cows (of which main farms with 16,000 and satellite farms and farmers' model with 9,000 cow) and the farm project in Tay Ninh with the scale at 8,000 cows.



Vinamilk dairy farm in Nghe An is the first dairy farm in Southeast Asia achieved the international standards of Global G.A.P, certified by the Control Union Organization (Netherlands).

BOD’S BUSINESS OPERATION REPORT (cont.)

Following the success of achieving Global G.A.P certificate, Nghe An farm in 2014 also achieved the certificate” Best Dairy Farm of Vietnam” awarded by the Department of Livestock Production in November 2014 (The Award Ceremony at Vietstock Exhibition 2014).

1,679

HF high-yield dairy cows

Imported from Australia with the specialized aircraft

MOST DAIRY COWS IN VINAMILK FARMS ARE KIND OF HF HIGH-YIELD DAIRY COWS, CAREFULLY SELECTED AND IMPORTED FROM FAMOUS COW-BREED SUPPLIERS IN AUSTRALIA. IN 2014, THE COMPANY HAS IMPORTED 8 TIMES WITH 1,679 DAIRY COWS AND CARRIED BY THE SPECIALIZED AIRCRAFT TO ENSURE HEALTH OF COWS WHEN ARRIVING IN VIETNAM.



The specialized aircraft carrying the dairy cows imported from Australia to Vietnam.



Cow Breed: HF 100% | Origin: Australia
Pedigree with 03 purebred generations

BOD'S BUSINESS OPERATION REPORT (cont.)

IMPROVEMENTS ON STRUCTURE,
POLICY AND MANAGEMENT

IN 2014, VINAMILK CONTINUED STEPS OF CONSOLIDATING AND PERFECTING THE STRUCTURE OF GOVERNANCE AND CONTROL TO MEET THE DEVELOPING TREND OF THE COMPANY IN THE LONG-TERM PERIOD AND ITS SUSTAINABILITY ACCORDING TO THE ADVANCED MANAGEMENT PRACTICE MODEL

Organizational Structure

The strategic planning department executed review of strategic plans, synchronization, connectivity and promoted the implementation of long-term strategies and plans of the Company.

The foreign branch management department is to implement the operations and supervise performance of foreign branches where Vinamilk has invested in.

Board of Directors

Appointed full personnel in the Board of Directors.

Quality Management System, ERP System

Deployed and achieved the certificate of FSSC 22000 system in 05 plants and in 2015, will deploy to all plants.

Deployed and achieved the certificate of Global G.A.P for 05 dairy farms.

Completed the evaluation to be awarded certificate on information security system according to the standard of ISO 27001 for information technology scope of Vinamilk.

Completed the update and commissioned ERP Oracle system according to new version.

Staff development programs

Implementing the successive HR planning program (SP) to select potential candidates in personnel teams and implementing training activities, developing candidates to build a successive staff team with high-level, quality sustainability in the future.

Management Trainee program (MT) in 2014 to build a young and potential personnel team with capabilities of management and leadership for the Company.



Images of working environment in Vinamilk



Images of working environment in Vinamilk

AWARDS AND ACHIEVEMENTS DURING THE YEAR



In 2014, Vinamilk achieved honorable awards, titles contributing to correctly affirm sustainable development strategy of the Company in coming time.

Crossing over 100 products nominated from 70 countries, water milk product of Vinamilk was qualified in the finals and award-winning of global food industry, IUFOST Global Food Industry Awards 2014. With this award, once more again reaffirming stature and prestige of Vinamilk, the pioneer of Vietnam dairy industry is growing and gradually integrates into the region and the world.

It is worth noting that in all award nominations from countries around the world, only Vinamilk coming from Vietnam as an enterprise of dairy industry awarded.

CROSSING OVER 100 PRODUCTS NOMINATED FROM 70 COUNTRIES, WATER MILK PRODUCT OF VINAMILK WAS QUALIFIED IN THE FINALS AND AWARD-WINNING OF GLOBAL FOOD INDUSTRY, IUFOST GLOBAL FOOD INDUSTRY AWARDS 2014. WITH THIS AWARD, ONCE MORE AGAIN REAFFIRMING STATURE AND PRESTIGE OF VINAMILK, THE PIONEER OF VIETNAM DAIRY INDUSTRY IS GROWING AND GRADUALLY INTEGRATES INTO THE REGION AND THE WORLD.



Mr. Richard De Boer, representing Global G.A.P certification organization ConTrolUnion (Netherlands) awarded certification of international standard Global Good Agricultural Practice (Global G.A.P) for Vinamilk farm.

VINAMILK FARMS: ACHIEVED INTERNATIONAL CERTIFICATION OF GLOBAL G.A.P IN FIRST EVALUATION ROUND.

GLOBAL G.A.P is the world-leading certificate on program of ensuring farm quality under the Organization for Global Good Agricultural Practice (G.A.P). The set of certificates including 16 strict standards, ensuring quality of food safety, sustainable production method, with health care policy and safety management for employees, friendly with animal, compound feed the statutory standard and environmental friendliness.

As a reputable independent certification system, Good Agricultural Practice Certificate (Global G.A.P) has been granted to more than 100 countries worldwide.

In the whole Southeast Asian region, only five farms of Vinamilk achieved the certificate of Global G.A.P international standard until present time. This confirms more our commitment to international standard conformity of Vinamilk products to consumers during our development.

BOD’S BUSINESS OPERATION REPORT (cont.)
Awards and achievements during the year

DETAILS OF MAIN TITLES, AWARDS AS FOLLOWS:

INTERNATIONAL AND REGIONAL AWARDS, TITLES:



TOP 50

Top 50 Asia’s Most Powerful Businesswomen



TOP 50

Top 50 best listed companies in Vietnam



Awards on Asia’s Best Corporate Governance in 2014



TOP 100

Top 100 Asean Leading Enterprises in 2014



TOP 100

Top 100 Asean’s Most Excellent Enterprises in 2014



Award on Global Food Industry IUFoST 2014



05 dairy farms achieved the certificate of International standard GLOBAL G.A.P



DOMESTIC TITLES, AWARDS:

No.	Titles, awards	Organization
1	Ranked the second in Top 500 Vietnamese biggest private companies in 2013	VNR 500 (Vietnam Assessment Report JSC) and Vietnamnet
2	3 Vinamilk plants achieved the environmental award of the City in 2014	People Committee of HCM City and the Department of Natural Resources and Environment of HCM City
3	Certificate “Vinamilk – One of Top 10 Prestigious Vietnam Brand 2014”	Centre of Study, Application and Development for Vietnam Brands under Federation of Science and Technology Associates in Vietnam
4	The award of enterprise leaders No.1 of Vietnam (CEO Vinamilk)	The Business Review Magazine
5	Title of high quality Vietnam goods in 18 consecutive years	Enterprise association of high quality Vietnam goods
6	Top 15 Vietnam Strong Brands in 2013	Vietnam Economic Times
7	1 st prize on Annual Report and second prize on Sustainable Development Report 2013	Hose & Securities Investment newspaper
8	One of 10 Vietnamese highest corporate taxpayers 2014	Vietnam Assessment Report JSC
9	Vietnam Leading Brand - GTA global	Economic Research Institute
10	Top 100 Brands of Trust and Consumption	Vietnam Economic Times
11	National Brand 2014 (consecutive 3 rd time)	Department of Trade Promotion - Ministry of Industry and Trade
12	Top Vietnam Best company 2014-Top Vietnam enterprises achieved the best indicator of operational capability in 2014	VCCI and enterprise forum newspaper
13	Typical equalization unit	Investment newspaper & Vietnam AVM
14	Typical M & A deal 2013 – 2014	Investment newspaper & Vietnam AVM
15	Top 50 Vietnam’s most effective Companies (3 consecutive years: 2011 - 2013)	The Business Review Magazine

BOD'S BUSINESS OPERATION REPORT (cont.)



Investors visit the super water-milk plant in Binh Duong



Meet investors in the US

REPORT ON INVESTOR RELATIONS

**THE COMPANY WELCOMED
MORE THAN 148 INVESTORS
TO THE HEADQUARTERS,
VIA PHONE, EMAIL TO LEARN AND
UPDATE BUSINESS STATUS.**

- ◆ In addition, the Company organized more than 18 times with more than 250 people including investors, shareholders and American students to visit the plants of the Company in 2014: Investors delegation of new Silk Road, THS partners, Aic group, Swifarc; Group of 50 post-graduates of the University of the United States, Lloyd George Management; Investors group of 30 funds from Singapore, Deccan Value, Saga Tree; Investors Group by Dragon Capital and Wintergreen investors group introduced by Vinacapital; Post-graduates group of American college, Sandscapital, Dempsey Hill Capital; Observatory Investors

Group introduced by Maybank Kim Eng, USA and Group of 40 Students from New York University, USA.

- ◆ Specially, the Company welcomed the senior leader of Thai Beverage Group, Thailand to visit the Vietnam dairy plant and met with the leaders of the Company in July 2014.

Actively participate in many activities of investment seminars such as:

- ◆ In March: Meeting 12 investors in San Francisco, Salt Lake City and Los Angeles, USA.

- ◆ Participated in investor seminar in Singapore in 05 Sep 2014 held by Daiwa Securities and Hose.

- ◆ Joined Roadshow trip in London and Edinburgh in 20 & 21 November held by CIMB Financial Group.

- ◆ In addition, the Company also participated in meeting more than 71 investors in Vietnam Access Day held by Bam Viet in HCM in March 2014. Joined meeting with the investors in HCM in the gateway event organized by SSI on 11 September.

BOD'S BUSINESS OPERATION REPORT (cont.)
Report on investor relations

Joined the yearly contest of voting Annual Report:

This is the 7th consecutive year that Vinamilk has participated and gained high awards in 07 consecutive years of the Annual Report voting contest held by Ho Chi Minh City Stock Exchange in coordination with the Investment Securities Newspaper. In 2014, Vinamilk achieved the impressive results with the following three awards:

- The 1st prize of Annual Report 2013. This is the highest award of the voting contest.
- The second prize of Sustainable Development Report.
- The prize of Annual Report with the best content of corporate governance report. This is the only award voted in the contest.



SUSTAINABLE DEVELOPMENT REPORT

130 Summary report for sustainable development

134 07-year Journey of milk fund

“Improving Height of Vietnam”

135 Fund “One million green trees for Vietnam”

COMMUNITY COHESION SPREADING FAITH

In spite of many volatiles and economic difficulties in 2014, Vinamilk continued its mission to support the milk fund estimated VND8.5 billion, increase 33% in value compare to 2013. The national Fund for Vietnamese Children, together with Vinamilk delivered all these milk directly to the disabled and orphan centers, the social welfare centers and pupils in remote areas in 63 provinces and cities across the country.

So far, the total amount of milk that the milk fund has delivered to more than 310,000 disadvantaged children in Vietnam are 23.5 million glasses, or about VND84 billion.





SUSTAINABLE DEVELOPMENT REPORT



SUSTAINABLE DEVELOPMENT IS CONSISTENT ORIENTATION IN THE DEVELOPMENT STRATEGY OF VINAMILK ON THE ROADMAP TO CONQUER CHALLENGING TARGETS AROUND ITSELF. TO SUCCESSFULLY WALK ON THE JOURNEY, VINAMILK HAS ALWAYS RESPECTED BUSINESS ETHICS AND CORE VALUES, AS WELL AS IMPLEMENTATION OF ACTIONS TO BRING SUSTAINABLE VALUES TO SOCIETY AND COMMUNITY.

Here is a summary of some key contents:



ECONOMIC



**ENVIRONMENT
– ENERGY**



SOCIETY

This report also aims to connect the transparent information target in series on principle of operation, programs, activities, values that Vinamilk brings to the relevant party.

Vinamilk started issuing sustainable development report from fiscal year of 2012. This is the first report accessed and built according to the standard of GRI (Global Reporting Initiative) and are the best reports which the expert group from the International Finance Corporation (IFC) and the Association of Chartered Certified Accountants (ACCA) assessed and awarded the first prize in 2012 and the second prize 2013 for Vinamilk.

The Report of 2014 will be built according to the latest standard of GRI, G4 version with the oriented critical content presentation to the Company and the relevant parties.

Please see details in Sustainable Development Report 2014 released in parallel with this annual report



SUSTAINABLE DEVELOPMENT REPORT (cont.)



ECONOMIC

VND **54** BILLION
★
Value of
energy savings

In 2014, Vinamilk together with its relevant parties continued to cooperate on the road of together developing and creating sustainable value for society.

Value created together with relevant parties in 2014:

Relevant Parties	Value
Shareholder	Dividends: VND4,001 billion
State	Taxes paid to the State budget: VND3,501 billion
Employees	Wages, income and allowances: VND1,475 billion
Supplier	Transaction amount: VND25,682 billion
Customer	Transaction amount: VND33,069 billion
Community	Donation for Community: VND17 billion



ENVIRONMENT - ENERGY

Environmental activities throughout past years have always been paid attention, maintained and improved by Vinamilk for the environmental protection objectives. Vinamilk has maintained environmental management according to the standard of ISO 14001:2004, application of advanced production technology, control and treatment of waste emission and raising awareness of employees and community in environmental issues. In particular, Vinamilk has maintained the use of energy efficiency and use of Biomass and CNG fuels for its plants.

» 03 Plants: Thong Nhat, Truong Tho, Saigon Milk awarded Certificate of

Merit for environment protection activities by PC of HCMC.

» 05 Farms of the Company achieved the Certification of Global G.A.P: Farms of Tuyen Quang, Nghe An, Thanh Hoa, Binh Dinh and Lam Dong, of which Nghe An dairy farm was honorable to be awarded the prize of Vietnam Best Dairy Farm by the Department of Livestock Production - Ministry of Agriculture and Rural Development.

The program of energy management and savings continued to be implemented, the value of saving energy less than the estimate of about VND54 billion, equivalent to 11% compared to the norm.



SOCIETY

VND **16.9** BILLION
★
Contribute to community
activity

For social aspect, the highlighted action programs of the year may be mentioned as follows:

EMPLOYEES

The Company continued to maintain an effective working environment, linked to a reasonable, attractive remuneration policy. Human resource has been identified as one of the invaluable assets of Vinamilk. Thus, the Company always develops programs to improve quality of staff.

- » The program of management trainee in 2014: is first management trainee program of Vinamilk, given opportunities and challenges to train a team of future leaders for the Company through the seeds selected with strict criteria. Vinamilk has welcomed 18 Management Trainees to work and to be challenged in its teams/departments.
- » The program of successive human resource continues to be implemented, is currently in the process of training and developing in short and long term for candidates aimed to key positions in the Company.
- » The company also built the internal forums: where every people can share their views, knowledge, experience in public and openly to enrich knowledge as well as promote strengths of each member in the Company.

CONSUMER

Performing research and development of new products, improvement of existing products to increasingly diversify products, improvement of product quality aimed to create better value for consumers. In 2014, the Company has launched 29 new products, and improved 58 existing products in all product groups.

COMMUNITY: Main community activities of the year:

In 2014, the Company has also participated in and contributed to a lot of different charities. The total value of community activities is VND16.9 billion. Of which, a number of typical activities such as that Vinamilk's officers and employees contributed their one-day salary to support the police of marine and fishery control in the Truong Sa islands in the program "Together toward the East Sea". Funding VND2 billion for the program "Sentimental attachment with border, islands are homeland".

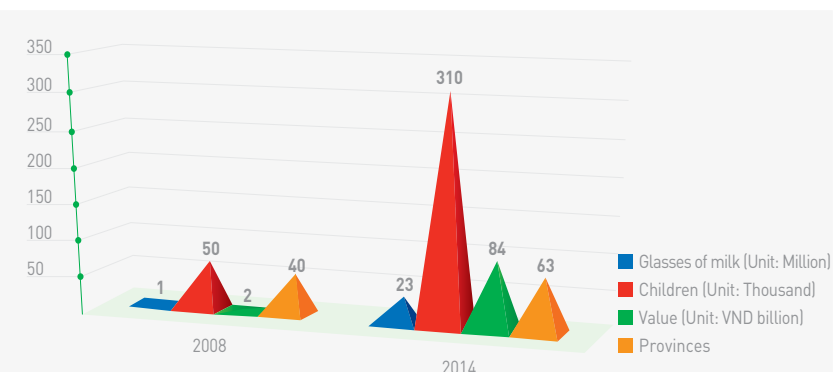
SUSTAINABLE DEVELOPMENT REPORT (cont.)

07 YEAR JOURNEY OF THE “STAND TALL VIETNAM” MILK FUND

ON THE BASIS OF THE 6 MILLION GLASSES OF MILK FUND AND WITH THE SOCIALIZATION PURPOSE OF THIS MEANINGFUL PROGRAM, STARTING FROM 2010, THE MINISTRY OF LABOR, WAR INVALIDS AND SOCIAL AFFAIRS HAS ALLOWED THE NATIONAL FUND FOR CHILDREN OF VIETNAM TO DEPLOY THE PROGRAM OF “STAND TALL VIETNAM” MILK FUND SO AS TO BE ABLE TO MOBILIZE MORE RESOURCES IN SOCIETY CONTRIBUTING TO THE MILK FUND AND ENSURING “EVERY CHILD HAS RIGHT TO DRINK MILK EVERY DAY.”

Till the end of 2014, the total amount of milk that the milk Fund has given more than 310 thousand disadvantaged children in Vietnam were nearly 23.5 million glasses of milk, or about VND84 billion. Particularly in 2014, the Fund donated to 63 cities the total amount of VND8.5 billion, with nearly 2 million glasses of milk.

The milk Fund “Stand Tall Vietnam” originates from the Funds of 1 million, 3 million and 6 million glasses of milk for poor children in Vietnam, a socially responsible activity implemented by Vinamilk through combination with the Vietnam Children Fund in 2008 and 2009 with the aim of sharing the difficulties of poor children, children with special circumstances, the mal-nutritious children for the sake of contributing to reducing child malnutrition rate in the country. Following the success of this program, Vinamilk continues to coordinate with the National Fund for Children of Vietnam, Ministry of Education and Training, National Institute of Nutrition in implementing the programs of 6 million glasses of milk Fund in 2009 to help tens of thousands of Vietnamese children all over the country to be able to drink milk every day.



Mrs. Bui Thi Huong - Executive Director of Vinamilk donated milk directly to children in Thai Binh Province.

VND **8.5** BILLION

The milk fund donated to 63 cities in 2014

The “Stand Tall Vietnam” Milk Fund comes to more than

310,000

disadvantaged children in Vietnam

FUND “ONE MILLION GREEN TREES FOR VIETNAM”



The program “1 million green trees for Vietnam” fund is an activity joint between the Vietnam Environment Department (VEA) and VINAMILK Vietnam Dairy Products Joint Stock Company for the purpose of growing more green trees for cities, provinces so as to improve living environment for Vietnamese people. The program was extended to the areas where green trees provide tangible benefits to community such as residential areas, public parks, central roads, schools... in the cities around the country.

On the occasion of 60th anniversary ceremony of Dien Bien Phu victory (1954-2014), in the past date of 31 July, the 1 million green trees Fund in collaboration with the Department of Agriculture Rural Development of Dien Bien Province

conducted to plant 40,000 trees in Independence hill historic monument area, Dien Bien Province.

In 2012 and 2013, the program of Fund “1 million green trees for Vietnam” organized planting in 10 cities across the country with total nearly 100,000 green trees of all kinds. In 2014, the program of the Fund will continue the trees plantation journey and the trees plantation performance all over the country's regions with approximately 120,000 to 150,000 trees of all kinds. In 2014, the total amount which Vinamilk contributed to the Fund “1 million green trees for Vietnam” was VND1.5 billion. Following Dien Bien, the Fund “1 million green trees for Vietnam” will continue to plant more trees in other cities across the country, expanding to areas where green trees bring real benefits to community.



Ms. Bui Thi Huong, Vinamilk's Director presented the symbolized green trees donation table to Mr. Tran Phong, representative of the Environment Department - Ministry of Natural Resources & Environment



The program was attended by Ms. Vo Hanh Phuc - daughter of Former General Vo Nguyen Giap



Representative leaders of the Ministry, departments, industries local authorities and Vinamilk jointly planted trees with the Fund “1 million green trees for Vietnam” in Dien Bien.



Representatives together performed the ceremony “pulling the memorial table covering cloth” of the program of the Fund “1 million green trees for Vietnam” in Dien Bien

FINANCIAL STATEMENTS

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VALUE ADDED SUSTAINING SUCCESS

Investing in intellectuality and health is priceless investment for the future. Thus, each product branded Vinamilk is a long-term commitment to international quality standards. In 2014, Standard and Poor's (S & P's) put Vinamilk into the list of 100 Asean largest enterprises on capitalization value with the recognition of revenues in 2014 reached VND35,800 billion.

This success demonstrates strong and stable potential of Vinamilk in the investment strategy of comprehensive development, toward one of the 50 largest dairy companies in the world with revenues of USD3 billion in 2017.



CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014



CORPORATE INFORMATION

Business Registration Certificate No.

4103001932 20 November 2003
0300588569 25 November 2014

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

Board of Management

Mdm Mai Kieu Lien	Chairwoman
Mr Le Song Lai	Member
Ms Ngo Thi Thu Trang	Member
Mr Ng Jui Sia	Member
Mr Le Anh Minh	Member
Ms Le Thi Bang Tam	Member
Mr Ha Van Tham	Member (until 11 March 2014)

Board of Directors

Mdm Mai Kieu Lien	Chief Executive Officer
Ms Nguyen Thi Thanh Hoa	Executive Director Production and Products Development
Mr Trinh Quoc Dung	Executive Director Dairy Farm Development (from 1 December 2014)
Ms Nguyen Thi Nhu Hang	Executive Director Dairy Farm Development (until 1 December 2014)
Ms Ngo Thi Thu Trang	Executive Director - Finance
Mr Tran Minh Van	Executive Director - Project
Mr Nguyen Quoc Khanh	Executive Director - Supply chain
Mr Mai Hoai Anh	Executive Director - Sales
Ms Nguyen Huu Ngoc Tran	Acting Executive Director - Marketing (until 15 January 2014)
Mr Phan Minh Tien	Executive Director - Marketing (from 20 May 2014)

Registered Office

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

Auditors

KPMG Limited Vietnam

STATEMENT OF THE BOARD OF DIRECTORS

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

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

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

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

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

On behalf of the Board of Directors



Mai Kieu Lien
Chief Executive Officer
Ho Chi Minh City, 28 February 2015

FINANCIAL STATEMENTS AUDITOR’S REPORT

To: THE SHAREHOLDERS
VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY
AND ITS SUBSIDIARIES

We have audited the accompanying consolidated financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”), which comprise the consolidated balance sheet as at 31 December 2014, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Directors on 28 February 2015, as set out on pages 143 to 193.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

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

Auditor’s Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Vietnam Dairy Products Joint Stock Company and its subsidiaries as at 31 December 2014 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

FINANCIAL STATEMENTS AUDITOR’S REPORT (continued)

KPMG Limited’s Branch in Ho Chi Minh City Vietnam
Operating Registration Certificate No.: 4114000230
Audit Report No.: 14-01-245



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

Ho Chi Minh City, 28 February 2015

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

CONSOLIDATED BALANCE SHEET
as at 31 December 2014

Form B 01 – DN/HN

	Code	Note	31/12/2014 VND	31/12/2013 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		15,522,309,519,016	13,018,930,127,438
Cash and cash equivalents	110	6	1,527,875,428,216	2,745,645,325,950
Cash	111		993,333,794,600	1,394,534,283,673
Cash equivalents	112		534,541,633,616	1,351,111,042,277
Short-term investments	120	7	7,467,962,935,026	4,167,317,622,318
Short-term investments	121		7,607,171,306,426	4,313,292,575,718
Allowance for diminution in the value of short-term investments	129		(139,208,371,400)	(145,974,953,400)
Accounts receivable – short-term	130		2,771,736,892,079	2,728,421,414,532
Accounts receivable – trade	131		1,988,614,362,323	1,894,721,027,784
Prepayments to suppliers	132		420,615,080,215	423,820,755,014
Other receivables	135	8	368,425,283,975	417,266,719,643
Allowance for doubtful debts	139	39(b)	(5,917,834,434)	(7,387,087,909)
Inventories	140	9	3,620,107,245,454	3,217,483,048,888
Inventories	141		3,633,231,617,297	3,227,859,954,432
Allowance for inventories	149		(13,124,371,843)	(10,376,905,544)
Other current assets	150		134,627,018,241	160,062,715,750
Short-term prepayments	151		115,703,239,463	129,708,362,747
Deductible value added tax	152		13,465,035,833	25,468,115,542
Other current assets	158		5,458,742,945	4,886,237,461
Long-term assets (200 = 210 + 220 + 240 + 250 + 260 +269)	200		10,247,828,541,941	9,856,483,929,198
Accounts receivable – long-term	210		7,395,303,671	736,666,667
Other long-term receivables	218		7,395,303,671	736,666,667
Fixed assets	220		8,890,084,022,717	8,918,416,535,379
Tangible fixed assets	221	10	7,548,188,780,138	7,849,058,771,126
Cost	222		11,782,649,084,362	11,147,267,493,199
Accumulated depreciation	223		(4,234,460,304,224)	(3,298,208,722,073)
Intangible fixed assets	227	11	538,207,032,321	531,485,413,625
Cost	228		691,495,740,057	690,742,242,273
Accumulated amortisation	229		(153,288,707,736)	(159,256,828,648)
Construction in progress	230	12	803,688,210,258	537,872,350,628

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

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2014

Form B 01 – DN/HN

	Code	Note	31/12/2014 VND	31/12/2013 VND
Investment property	240	13	147,725,868,615	149,445,717,001
<i>Cost</i>	241		179,594,679,077	176,332,062,888
<i>Accumulated depreciation</i>	242		(31,868,810,462)	(26,886,345,887)
Long-term investments	250	14	700,375,068,841	318,308,294,039
Investments in associates and joint-ventures	252		325,220,122,483	284,629,299,345
Other long-term investments	258		380,012,236,959	43,927,626,956
Allowance for diminution in the value of long-term investments	259		(4,857,290,601)	(10,248,632,262)
Other long-term assets	260		341,541,338,443	295,112,796,930
Long-term prepayments	261	15	183,505,250,834	171,151,838,315
Deferred tax assets	262	16	150,793,168,409	115,300,622,640
Other long-term assets	268		7,242,919,200	8,660,335,975
Goodwill	269	17	160,706,939,654	174,463,919,182
TOTAL ASSETS (270 = 100 + 200)	270		25,770,138,060,957	22,875,414,056,636
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		5,969,901,577,449	5,307,060,807,329
Current liabilities	310		5,453,262,931,031	4,956,397,594,108
Short-term borrowings	311	18	1,279,525,014,840	178,943,692,147
Accounts payable – trade	312		1,898,529,392,924	1,968,257,136,188
Advances from customers	313		17,826,386,435	20,929,404,542
Taxes payable to State Treasury	314	19	502,643,076,304	456,725,904,986
Payables to employees	315		163,476,907,176	137,540,107,294
Accrued expenses	316	20	637,114,219,782	490,760,970,004
Other payables	319	21	598,428,618,781	1,341,762,807,045
Bonus and welfare fund	323		355,719,314,789	361,477,571,902
Long-term liabilities	330		516,638,646,418	350,663,213,221
Other long-term liabilities	333		8,192,561,774	5,036,159,560
Long-term borrowings	334	22	346,383,586,552	184,142,784,403
Deferred tax liabilities	335	23	84,711,303,600	91,065,600,000
Provision for severance allowance	337	24	77,333,769,500	69,583,293,250
Unearned revenue	338		17,424,992	835,376,008

	Code	Note	31/12/2014 VND	31/12/2013 VND
EQUITY (400 = 410)	400		19,680,282,615,855	17,545,489,315,423
Owners' equity	410	25	19,680,282,615,855	17,545,489,315,423
Share capital	411	26	10,006,413,990,000	8,339,557,960,000
Share premium	412		-	1,276,994,100,000
Treasury shares	414	26	(5,388,109,959)	(5,068,507,959)
Foreign exchange differences	416		(161,099,075)	-
Investment and development fund	417		1,550,028,784,604	950,237,983,612
Financial reserve	418		971,689,582,340	833,955,796,000
Retained profits	420		7,157,699,467,945	6,149,811,983,770
MINORITY INTEREST	439	28	119,953,867,653	22,863,933,884
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		25,770,138,060,957	22,875,414,056,636


OFF BALANCE SHEET ITEMS


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


28 February 2015

Prepared by:

Approved by:


Le Thanh Liem
Chief Accountant


Ngo Thi Thu Trang
Executive Director - Finance


Mai Kieu Lien
Chief Executive Officer

CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December 2014

Form B 02 – DN/HN

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

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

28 February 2015

Prepared by:

Approved by:

Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance



Mai Kieu Lien
Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2014
(Indirect method)

Form B 03 – DN/HN

	Code	Note	2014 VND	2013 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		7,613,368,860,918	8,010,256,856,719
Adjustments for				
Depreciation and amortisation	02		1,032,730,002,039	786,432,923,150
Allowances and provisions	03		3,786,590,677	33,285,887,136
Unrealised foreign exchange (gains)/losses	04		(8,404,807,167)	13,064,625,014
Losses on disposals of tangible fixed assets and construction in progress	05		12,301,757,361	10,670,289,649
Dividends and interest income	05		(498,729,023,388)	(417,488,105,102)
Losses from other investing activities	05		18,361,924,596	9,486,501,689
Share of profit in associates and jointly controlled entities	05		(59,887,377,298)	(43,940,615,792)
Interest expense	06		39,581,737,758	104,027,048
Operating profit before changes in working capital	08		8,153,109,665,496	8,401,872,389,511
Change in receivables	09		(130,429,515,728)	(38,409,421,579)
Change in inventories	10		(545,317,603,122)	258,940,210,677
Change in payables and other liabilities	11		(40,780,546,630)	(272,224,654,212)
Change in prepayments	12		5,506,120,979	(27,641,597,327)
			7,442,088,120,995	8,322,536,927,070
Interest paid	13		(34,741,971,887)	(104,027,048)
Income tax paid	14		(1,521,907,400,545)	(1,399,982,286,806)
Other receipts from operating activities	15		46,119,165,658	20,984,913,520
Other payments for operating activities	16		(603,234,373,651)	(691,692,163,285)
Net cash flows from operating activities	20		5,328,323,540,570	6,251,743,363,451
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(858,946,281,717)	(1,491,459,216,581)
Collections on disposals of fixed assets	22		53,894,284,254	20,991,389,628
Increase in time deposits	23		(3,349,601,000,000)	(623,100,000,000)
Payments for purchases of debt instruments of other entities	23		(300,915,667,523)	-
Proceeds from sales of debt instruments of other entities	24		5,296,101,394	4,531,896,380
Collection of loans granted to associates	24		-	30,000,000,000
Payments for investments in other entities	25		(2,759,659,696)	(33,713,307,770)

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

	Code	Note	2014 VND	2013 VND
Proceeds from matured bonds	26		-	350,000,000,000
Collections on investment in other entities	26		19,748,461,471	4,927,205,437
Receipts of interest and dividends	27		560,479,407,828	307,719,066,699
Increase in cash from a subsidiary			86,867,562	(159,686,267,298)
Net cash flows from investing activities	30		(3,872,717,486,427)	(1,589,789,233,505)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from capital contribution by minority interest	31		70,421,503,931	-
Payments for shares repurchases	32		(319,602,000)	(525,442,959)
Proceeds from short-term and long-term borrowings	33		1,490,974,827,513	-
Payments to settle loan principals	34		(233,883,299,908)	-
Payments of dividends	36		(4,000,514,074,130)	(3,167,235,049,800)
Net cash flows from financing activities	40		(2,673,320,644,594)	(3,167,760,492,759)
Net cash flows during the year (50 = 20 + 30 + 40)	50		(1,217,714,590,451)	1,494,193,637,187
Cash and cash equivalents at the beginning of the year	60		2,745,645,325,950	1,252,120,160,804
Effect of exchange rate fluctuations on cash and cash equivalents	61		(186,238,711)	(668,472,041)
Currency translation differences			130,931,428	-
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	6	1,527,875,428,216	2,745,645,325,950

28 February 2015

Prepared by:

Approved by:


Le Thanh Liem
Chief Accountant


Ngo Thi Thu Trang
Executive Director - Finance


Mai Kieu Lien
Chief Executive Officer

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

Form B 09 – DN/HN

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

1. Reporting Entity

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

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

The consolidated financial statements of the Group for the year ended 31 December 2014 comprise the Company and its subsidiaries and the Group’s interest in associates and a jointly controlled entity as listed below:

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

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

Driftwood Dairy Holdings Corporation is incorporated and operating in the United State of America, Angkor Dairy Products Co., Ltd. is incorporated and operating in Cambodia, Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia is incorporated and operating in Poland, other subsidiaries are incorporated and operating in Vietnam.

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

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting currency

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

3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2014

Form B 09 – DN/HN

3. Summary of significant accounting policies (continued)**(a) Basis of consolidation (continued)****(ii) Associates and jointly controlled entities (equity accounted investees)**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

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

(iv) Business combination

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

(b) Foreign currency**(i) Foreign currency transactions**

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

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

(ii) Foreign operations

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

Foreign currency differences are recognised directly in the foreign exchange differences in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange differences is transferred to profit or loss.

(c) Cash and cash equivalents

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

(d) Short-term and long-term investments**(i) Classification**

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

(ii) Recognition

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

(iii) Measurement

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

(iv) Impairment

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014 Form B 09 – DN/HN

3. Summary of significant accounting policies (continued)

(d) Short-term and long-term investments (continued)

(v) Derecognition

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

(e) Accounts receivable

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

(f) Inventories

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

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

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

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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

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

(ii) Software

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

(iii) Others

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

(i) Investment property

(i) Cost

Investment property is stated at cost less accumulated depreciation. The initial cost of an investment property comprises its purchase price, cost of land use rights and any directly attributable expenditure of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after the investment property has been put into operation, such as repair and maintenance, is charged to the consolidated statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property, the expenditure is capitalised as an additional cost of the investment property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2014

Form B 09 – DN/HN

3. Summary of significant accounting policies (continued)**(i) Investment property (continued)****(ii) Depreciation**

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

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

Land use rights with indefinite period are not amortised.

(j) Construction in progress

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

(k) Long-term prepayments**(i) Prepaid land costs**

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

(ii) Tools and instruments

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

(iii) Others

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

(l) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the consolidated statement of income. Goodwill is amortised on a straight-line basis over 10 years. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(m) Trade and other payables

Trade and other payables are stated at their cost.

(n) Provisions

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

Severance allowance

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

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

(o) Classification of financial instruments

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

(i) Financial assets**Financial assets at fair value through profit or loss**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2014

Form B 09 – DN/HN

3. Summary of significant accounting policies (continued)**(0) Classification of financial instruments (continued)****(i) Financial assets (continued)**

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

Held-to-maturity investments

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

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

Loans and receivables

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

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

Available-for-sale financial assets

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

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

(ii) Financial liabilities*Financial liabilities at fair value through profit or loss*

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

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

Financial liabilities carried at amortised cost

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

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

(p) Taxation

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014 Form B 09 – DN/HN

3. Summary of significant accounting policies (continued)

(q) Share capital and treasury shares

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

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

(r) Revenue

(i) Goods sold

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

(ii) Services rendered

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

(iii) Rental income

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

(s) Financial income

(i) Interest income

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

(ii) Dividend income

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

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

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

(t) Operating lease payments

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

(u) Dividend distribution

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

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

(v) Equity funds

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

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

Appropriation to financial reserve will cease when the amount reaches 10% of the Group’s paid in capital. Utilisation of the above reserve funds requires approval of the shareholders, the Board of Directors or the Chief Executive Officer, depending on the nature and magnitude of the transactions involved as stated in the Group’s Charter and financial regulations.

(w) Earnings per share

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

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3. Summary of significant accounting policies (continued)

(x) Segment reporting

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

(y) Related parties

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

(4) Segment reporting

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

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

Geographical segments

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

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

5. Significant transactions

New investments in Angkor Dairy Products Co., Ltd. and Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia

On 6 January 2014, the Company established a subsidiary named Angkor Dairy Products Co., Ltd. in Cambodia. Total charter capital of this subsidiary is USD23,000,000, of which, the Company contributed 51%. As at 31 December 2014, the Company has transferred VND108 billion as capital contribution to this subsidiary.

On 27 May 2014, the Company established a 100% owned subsidiary named Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia in Poland. Total charter capital of this subsidiary is USD3,000,000. As at 31 December 2014, the Company has transferred VND10 billion as capital contribution to this subsidiary.

6. Cash and cash equivalents

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

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7. Short-term investments

	31/12/2014 VND	31/12/2013 VND
Short-term investments in:		
Listed securities	179,237,503,400	188,758,772,692
Unlisted securities	82,533,803,026	82,533,803,026
Term deposits	6,903,400,000,000	3,600,000,000,000
Other short-term investments	442,000,000,000	442,000,000,000
	7,607,171,306,426	4,313,292,575,718
Allowance for diminution in value of short-term investments	(139,208,371,400)	(145,974,953,400)
	7,467,962,935,026	4,167,317,622,318

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

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

8. Other receivables

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

9. Inventories

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

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

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

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

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10. Tangible fixed assets

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

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

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11. Intangible fixed assets

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

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

12. Construction in progress

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

Major constructions in progress related to the following locations:

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

13. Investment property

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

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13. Investment property (continued)

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

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

14. Long-term investments

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

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

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

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

15. Long-term prepayments

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

16. Deferred tax assets

Deferred tax assets were recognised on the following:

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

17. Goodwill

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

18. Short-term borrowings

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

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18. Short-term borrowings (continued)

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

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

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

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

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

19. Taxes payable to State Treasury

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

20. Accrued expenses

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

21. Other payables

	31/12/2014 VND	31/12/2013 VND
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Import duty payables	66,891,229,438	108,992,820,343
Short-term deposits received	51,444,636,092	21,931,607,492
Insurance and trade union fees	1,582,702,277	945,240,476
Dividend payables	-	664,944,528,680
Outstanding checks in exceed of bank balance	16,833,321,089	82,832,057,449
Others	13,669,310,730	14,109,133,450
	598,428,618,781	1,341,762,807,045

(*) 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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22. Long-term borrowings

	31/12/2014 VND	31/12/2013 VND
Long-term borrowings	367,060,066,552	362,569,476,550
Repayable within twelve months (Note 18)	(20,676,480,000)	(178,426,692,147)
Repayable after twelve months	346,383,586,552	184,142,784,403

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

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

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

(b) These loans are unsecured.

23. Deferred tax liabilities

Deferred tax liabilities were recognised on the following:

	31/12/2014 VND	31/12/2013 VND
Deferred tax assets:		
Accounts receivable	2,215,809,359	2,294,431,520
Inventories	1,101,371,596	1,079,064,120
Tax losses carry forwards	43,092,703,189	75,264,200,640
Accrued expenses	5,776,475,462	5,325,461,480
Others	473,598,162	297,038,280
Total deferred tax assets	52,659,957,768	84,260,196,040
Valuation allowance	(39,733,061,646)	(64,322,015,320)
Net deferred tax assets	12,926,896,122	19,938,180,720
Deferred tax liabilities:		
Fixed assets and goodwill	(97,499,607,507)	(110,900,003,880)
Others	(138,592,215)	(103,776,840)
Total deferred tax liabilities	(97,638,199,722)	(111,003,780,720)
Net deferred tax liabilities	(84,711,303,600)	(91,065,600,000)

24. Provision for severance allowance

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

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

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25. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Financial reserve VND	Retained profits VND	Total VND
Balance at 1 January 2013	8,339,557,960,000	1,276,994,100,000	(4,504,115,000)	-	93,889,017,729	588,402,022,008	5,198,757,611,121	15,493,096,595,858
Decrease in bonus share issued	-	-	(38,950,000)	-	22,835,000	-	16,115,000	-
Purchase of treasury shares	-	-	(525,442,959)	-	-	-	-	(525,442,959)
Net profit for the year	-	-	-	-	-	-	6,534,133,662,834	6,534,133,662,834
Appropriation to equity funds and bonus and welfare fund	-	-	-	-	856,326,130,883	245,553,773,992	(1,749,089,266,585)	(647,209,361,710)
Dividends	-	-	-	-	-	-	(3,834,006,138,600)	(3,834,006,138,600)
Balance at 1 January 2014	8,339,557,960,000	1,276,994,100,000	(5,068,507,959)	-	950,237,983,612	833,955,796,000	6,149,811,983,770	17,545,489,315,423
Bonus shares issued	1,666,856,030,000	(1,276,994,100,000)	-	-	-	-	(389,861,930,000)	-
Purchase of treasury shares	-	-	(319,602,000)	-	-	-	-	(319,602,000)
Net profit for the year	-	-	-	-	-	-	6,068,807,696,841	6,068,807,696,841
Appropriation to equity funds and bonus and welfare fund	-	-	-	-	599,790,800,992	137,733,786,340	(1,337,315,388,325)	(599,790,800,993)
Dividends (Note 27)	-	-	-	-	-	-	(3,333,742,894,341)	(3,333,742,894,341)
Currency translation differences	-	-	-	(161,099,075)	-	-	-	(161,099,075)
Balance at 31 December 2014	10,006,413,990,000	-	(5,388,109,959)	(161,099,075)	1,550,028,784,604	971,689,582,340	7,157,699,467,945	19,680,282,615,855

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26. Share capital

The Company's authorised and issued share capital is:

	31/12/2014		31/12/2013	
	Number of shares	VND	Number of shares	VND
Authorised share capital	1,000,641,399	10,006,413,990,000	833,955,796	8,339,557,960,000
Issued ordinary shares				
Ordinary shares	1,000,641,399	10,006,413,990,000	833,955,796	8,339,557,960,000
Treasury ordinary shares				
Ordinary shares	(522,795)	(5,388,109,959)	(488,735)	(5,068,507,959)
Shares currently in circulation				
Ordinary shares	1,000,118,604	10,001,025,880,041	833,467,061	8,334,489,452,041

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

Movements in share capital during the year were as follows:

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

27. Dividends

The Shareholders of the Company on 25 April 2014 and 25 July 2014 resolved to distribute dividends totally amounting to VND3,334 billion (VND2,000 per share each distribution) (2013: VND3,834 billion (VND1,800 per share for the first distribution, VND2,000 per share for the second distribution and VND800 per share for the third distribution)).

28. Minority interest

Movements in minority interest during the year were as follow:

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

29. Total revenue

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

Net revenue comprised:

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

(*) With reference to the Decision No. 1079/QĐ-BTC dated 20 May 2014 of the Ministry of Finance, the Company offered certain allowances for dairy products for infants under the age of six sold to the Company's distributors but have not sold to end customers at the effective date of this Decision. Included in sales discounts for the year ended 31 December 2014 was an amount of VND41,084,348,017 related to such allowances (2013: nil).

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30. Cost of sales

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

31. Financial income

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

32. Financial expenses

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

33. Selling expenses

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

34. General and administration expenses

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

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35. Other income

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

36. Other expenses

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

37. Income tax*(i) Recognised in the statement of income*

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

(ii) Reconciliation of effective tax rate

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

(iii) Applicable tax rates

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

38. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) Net profit attributable to ordinary shareholders

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

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38. Basic earnings per share (continued)

(ii) Weighted average number of ordinary shares

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

On 22 August 2014, 166,685,603 of bonus shares were issued to existing shareholders at the ratio of one new share for five existing ordinary shares held.

Issued ordinary shares at the beginning of 2013 and 2014 have been adjusted to reflect the bonus shares issued in 2014. Basic earnings per share for the year ended 31 December 2013 have also been restated accordingly to reflect these bonus shares.

As of 31 December 2014, the Company did not have potentially dilutive ordinary shares.

39. Financial instruments

(a) Financial risk management

(i) Overview

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

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

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

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

(ii) Risk management framework

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

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

(b) Credit risk

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

(i) Exposure to credit risk

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

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

(ii) Cash and cash equivalents and term deposits

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

(iii) Trade and other receivables

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

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

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39. Financial instruments (continued)**(b) Credit risk (continued)**

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

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

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

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

(iv) Long-term corporate bonds

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

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

(c) Liquidity risk

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

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

31 December 2014

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

31 December 2013

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

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

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39. Financial instruments (continued)

(d) Market risk

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

(i) Currency risk

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

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

Exposure to currency risk

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

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

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

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

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

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

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

(ii) Interest rate risk

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

(iii) Price risk

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

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

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39. Financial instruments (continued)**(e) Fair values versus carrying amount**

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

	Note	31/12/2014		31/12/2013	
		Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Categorised as financial assets at fair value through profit or loss:					
Short-term investments in listed equity instruments	(ii)	-	-	9,521,269,292	26,326,080,000
Categorised as held-to-maturity investments:					
Long-term corporate bonds	(v)	300,000,000,000	Note (v)	-	-
Categorised as loans and receivables:					
Cash and cash equivalents	(i)	1,526,525,470,187	1,526,525,470,187	2,744,355,064,174	2,744,355,064,174
Short-term deposits	(i)	6,903,400,000,000	6,903,400,000,000	3,600,000,000,000	3,600,000,000,000
Long-term deposits	(v)	46,596,000,000	Note (v)	-	-
Trade and other receivables	(i)	2,358,517,115,535	2,358,517,115,535	2,305,337,326,184	2,305,337,326,184
Categorised as available-for-sale financial assets					
Short-term investments in listed equity instruments	(ii)	179,237,503,400	109,567,833,000	179,237,503,400	100,350,264,600
Short-term investments in unlisted equity instruments	(iii)	82,533,803,026	12,995,150,626	82,533,803,026	15,446,113,626
Other short-term investments	(v)	442,000,000,000	Note (v)	442,000,000,000	Note (v)
Long-term investments in listed equity instruments	(ii)	1,043,566,296	1,043,566,296	-	-
Long-term investments in investment funds	(iv)	10,559,408,600	5,702,117,999	21,677,078,220	11,428,445,958
Other long-term investments	(v)	21,813,262,063	Note (v)	22,250,548,736	Note (v)
Categorised as financial liabilities at amortised cost:					
Short-term borrowings	(i)	(1,279,525,014,840)	(1,279,525,014,840)	(178,943,692,147)	(178,943,692,147)
Long-term borrowings	(i)	(346,383,586,552)	Note (v)	(184,142,784,403)	Note (v)
Trade and other payables	(i)	(3,305,741,700,437)	(3,305,741,700,437)	(3,943,357,180,091)	(3,943,357,180,091)

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

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

(ii) Short-term and long-term investments in listed equity securities

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

(iii) Short-term investments in unlisted equity securities

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

(iv) Investment funds

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

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

The Group has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. Their fair values of these financial instruments may differ from their carrying amounts.

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40. Significant transactions with related parties

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

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

41. Commitments

(a) Capital expenditure

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

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

(b) Leases

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

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

42. Production and business costs by element

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

28 February 2015

Prepared by:

Approved by:

Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance



Mai Kieu Lien
Chief Executive Officer

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