

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

**SINGLE-ENTITY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

CORPORATE INFORMATION

Business Registration Certificate No.	4103001932 dated 20 November 2003 issued by the Planning and Investment Department of Ho Chi Minh City	
	The Business Registration Certificate has been amended several times and its latest amendment no. 0300588569 dated 30 November 2011 was issued by the Planning and Investment Department of Ho Chi Minh City.	
Board of Management	Mdm Mai Kieu Lien Mr Hoang Nguyen Hoc Ms Ngo Thi Thu Trang Mr Wang Eng Chin Mr Le Anh Minh	Chairwoman Member Member Member Member
Board of Directors	Mdm Mai Kieu Lien Ms Nguyen Thi Thanh Hoa Ms Nguyen Thi Nhu Hang Ms Ngo Thi Thu Trang Mr Tran Minh Van Mr Nguyen Quoc Khanh Ms Nguyen Huu Ngoc Tran Mr Pham Phu Tuan	Chief Executive Officer Executive Director - Supply Chain Executive Director Dairy Farm Development Executive Director - Finance Executive Director - Project Acting Executive Director Production and Products Development Acting Executive Director - Marketing Acting Executive Director - Sales
Legal representative	Mdm Mai Kieu Lien	Chief Executive Officer
Registered office	10 Tan Trao Street, Tan Phu Ward, District 7, Ho Chi Minh City, SR Vietnam	
Auditor	PricewaterhouseCoopers (Vietnam) Limited	

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN RESPECT OF THE SINGLE-ENTITY FINANCIAL STATEMENTS

The Board of Directors is responsible for the single-entity financial statements of Vietnam Dairy Products Joint Stock Company ("the Company") which give a true and fair view of the financial position of the Company as at 31 December 2011 and of the results and cash flows for the year then ended. In preparing these 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 single-entity financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable these single-entity financial statements to be prepared which complies with the basis of accounting set out in Note 2 to these single-entity financial statements. We are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE SINGLE-ENTITY FINANCIAL STATEMENTS

We hereby approve the accompanying single-entity financial statements set out on pages 5 to 46 which give a true and fair view of the financial position of the Company as at 31 December 2011, and of the results of operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam.

On behalf of the Board of Directors



Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, SR Vietnam
28 February 2012



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

We have audited the accompanying single-entity financial statements of Vietnam Dairy Products Joint Stock Company ("the Company") which were approved by the Board of Directors on 28 February 2012. These single-entity financial statements comprise the balance sheet as of 31 December 2011, the related income statement and cash flow statement for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 46.

Board of Directors' Responsibility for the Single-Entity Financial Statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of these single-entity financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these single-entity 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 in order to obtain reasonable assurance as to whether the single-entity financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the single-entity financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2011, and its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam.



Ian S. Lydall
AC No. N.0559/KTV
Chairman



Quach Thanh Chau
AC No. N.0875/KTV

PricewaterhouseCoopers (Vietnam) Limited
Ho Chi Minh City, SR Vietnam
Audit report number HCM3017
29 February 2012

As indicated in Note 2.1 to the financial statements, the accompanying single-entity financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2011 VND	2010 VND
100	CURRENT ASSETS		9,279,160,021,716	5,804,397,860,378
110	Cash and cash equivalents	3	3,101,435,901,849	584,843,207,079
111	Cash		771,435,901,849	234,843,207,079
112	Cash equivalents		2,330,000,000,000	350,000,000,000
120	Short-term investments	4(a)	736,033,188,192	1,742,259,762,292
121	Short-term investments		815,277,431,792	1,812,917,431,792
129	Provision for diminution in value of short-term investments		(79,244,243,600)	(70,657,669,500)
130	Accounts receivable		2,126,947,803,251	1,119,075,135,003
131	Trade accounts receivable	5	1,152,632,033,803	595,420,415,184
132	Prepayments to suppliers		743,668,199,436	340,411,981,006
135	Other receivables	6	232,545,166,006	183,818,883,488
139	Provision for doubtful debts		(1,897,595,994)	(576,144,675)
140	Inventories	7	3,186,792,095,368	2,272,650,052,063
141	Inventories		3,191,726,002,038	2,276,752,660,978
149	Provision for decline in value of inventories		(4,933,906,670)	(4,102,608,915)
150	Other current assets		127,951,033,056	85,569,703,941
151	Short-term prepayments	8(a)	56,321,028,026	37,892,633,665
152	Value Added Tax to be reclaimed		70,615,030,542	15,992,818,623
158	Other current assets		1,014,974,488	31,684,251,653

The notes on pages 12 to 46 are an integral part of these financial statements.

BALANCE SHEET
(continued)

Code	ASSETS (continued)	Note	As at 31 December	
			2011 VND	2010 VND
200	LONG-TERM ASSETS		6,285,158,103,799	4,949,908,765,951
210	Long-term receivables		-	23,624,693
218	Other long-term receivables		-	23,624,693
220	Fixed assets		4,571,226,735,584	3,058,038,713,598
221	Tangible fixed assets	9(a)	3,140,742,111,001	2,278,666,157,863
222	Cost		4,819,396,220,602	3,701,896,691,342
223	Accumulated depreciation		(1,678,654,109,601)	(1,423,230,533,479)
227	Intangible fixed assets	9(b)	209,380,741,295	126,013,324,335
228	Cost		305,503,445,243	185,265,480,642
229	Accumulated depreciation		(96,122,703,948)	(59,252,156,307)
230	Construction in progress	9(c)	1,221,103,883,288	653,359,231,400
240	Investment properties	10	73,182,137,539	73,328,395,211
241	Cost		90,177,337,460	76,570,608,223
242	Accumulated depreciation		(16,995,199,921)	(3,242,213,012)
250	Long-term investments	4(b)	1,550,368,535,378	1,659,632,386,999
251	Investment in subsidiaries		823,752,380,127	561,052,384,560
252	Investments in joint ventures and associates		214,466,955,551	214,466,955,551
258	Other long-term investments		783,611,273,800	1,036,111,273,800
259	Provision for diminution in value of long-term investments		(271,462,074,100)	(151,998,226,912)
270	Other long-term assets		90,380,695,298	158,885,645,450
271	Long-term prepayments	8(b)	13,955,996,238	94,165,141,674
272	Deferred income tax assets	11	75,328,279,060	62,865,036,536
278	Other long-term assets		1,096,420,000	1,855,467,240
280	TOTAL ASSETS		15,564,318,125,515	10,754,306,626,329

The notes on pages 12 to 46 are an integral part of these financial statements.

BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2011 VND	2010 VND
300	LIABILITIES		3,152,169,943,075	2,803,350,338,459
310	Current liabilities		2,993,592,789,307	2,643,646,520,653
311	Short-term borrowings	12	-	567,960,000,000
312	Trade accounts payable	13	1,882,755,381,787	1,095,245,156,293
313	Advances from customers		116,844,952,210	30,515,029,293
314	Taxes and other payables to the State Budget	14	287,182,837,552	278,216,643,484
315	Payable to employees		42,008,506,653	32,715,690,648
316	Accrued expenses	15	260,206,170,893	263,812,687,876
319	Other payables	16	58,284,825,493	115,873,505,360
320	Bonus and welfare fund		346,310,114,719	259,307,807,699
330	Long-term liabilities		158,577,153,768	159,703,817,806
333	Other long-term liabilities	17	92,000,000,000	92,000,000,000
336	Provision for severance allowances	18	66,571,712,268	51,058,625,583
338	Unearned revenue		5,441,500	16,645,192,223
400	OWNERS' EQUITY		12,412,148,182,440	7,950,956,287,870
410	Capital and reserves		12,412,148,182,440	7,950,956,287,870
411	Share capital	19, 20	5,561,147,540,000	3,530,721,200,000
412	Share premium	20	1,276,994,100,000	-
414	Treasury shares	20	(2,521,794,000)	(669,051,000)
417	Investment and development fund	20	908,024,236,384	2,172,290,789,865
418	Financial reserve fund	20	556,114,754,000	353,072,120,000
420	Undistributed earnings	20	4,112,389,346,056	1,895,541,229,005
440	TOTAL RESOURCES		15,564,318,125,515	10,754,306,626,329

The notes on pages 12 to 46 are an integral part of these financial statements.

OFF BALANCE SHEET ITEMS

Included in cash and cash equivalents are balances held in following foreign currencies:

	As at 31 December	
	2011	2010
US\$	27,989,325.30	1,303,357.93
EUR	1,482,877.52	994.69

Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance



Mai Kieu Lien
Chief Executive Officer
28 February 2012

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Form B 02 – DN

INCOME STATEMENT

Code		Note	For the year ended 31 December	
			2011 VND	2010 VND
01	Sales		22,264,531,786,640	16,173,754,854,110
02	Less deductions		(443,128,597,657)	(328,600,184,161)
10	Net sales	22(a)	21,821,403,188,983	15,845,154,669,949
11	Cost of sales	23	(15,267,378,200,645)	(10,676,719,801,966)
20	Gross profit		6,554,024,988,338	5,168,434,867,983
21	Financial income	22(b)	679,547,489,380	447,982,910,578
22	Financial expenses	24	(332,121,618,469)	(186,706,228,159)
24	Selling expenses	25	(1,811,943,544,902)	(1,438,185,805,872)
25	General and administration expenses	26	(434,273,596,118)	(370,492,890,936)
30	Operating profit		4,655,233,718,229	3,621,032,853,594
40	Net other income	27	277,275,685,724	610,517,546,817
50	Net accounting profit before tax		4,932,509,403,953	4,231,550,400,411
51	Business income tax - current	28	(778,367,649,176)	(645,058,588,114)
52	Business income tax - deferred	28, 11	12,463,242,524	9,344,103,477
60	Net profit after tax		4,166,604,997,301	3,595,835,915,774
70	Basic earnings per share (VND)	29	7,623	6,795


Le Thanh Liem
Chief Accountant


Ngo Thi Thu Trang
Executive Director - Finance


Mai Kieu Lien
Chief Executive Officer
28 February 2012



The notes on pages 12 to 46 are an integral part of these financial statements.

CASH FLOW STATEMENT
(Indirect method)

Code	Note	For the year ended 31 December	
		2011 VND	2010 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net profit before tax	4,932,509,403,953	4,231,550,400,411
	Adjustments for:		
02	Depreciation and amortisation	361,325,713,482	261,449,479,161
03	Provisions	131,970,414,289	30,016,540,007
04	Unrealised foreign exchange losses /(gains)	7,605,774,684	(42,641,420,105)
05	Gains from disposal of fixed assets	(14,717,382,304)	(334,654,310,311)
05	Interest and dividends income	(491,842,015,361)	(274,946,230,995)
05	Profits from other investing activities	(1,358,228,668)	(750,795,625)
06	Interest expense	13,933,130,085	6,003,810,273
08	Operating profit before changes in working capital	4,939,426,810,160	3,876,027,472,816
09	Increase in receivables	(1,066,840,564,449)	(298,837,737,911)
10	Increase in inventories	(916,347,996,511)	(997,326,866,523)
11	Increase in payables	782,979,585,995	398,190,544,599
12	Increase in prepaid expenses	(23,173,000,514)	(13,661,108,147)
13	Interest paid	(14,785,659,974)	(4,866,346,822)
14	Business income tax paid	(789,968,554,294)	(548,573,466,173)
15	Other receipts from operating activities	1,255,501,334	66,404,700,000
16	Other payments on operating activities	(329,809,135,979)	(309,955,388,199)
20	Net cash inflows from operating activities	2,582,736,985,768	2,167,401,803,640
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets and constructions	(1,704,853,964,951)	(1,421,428,554,578)
22	Proceeds from disposals of fixed assets	50,148,330,984	720,843,512,534
23	Purchase of bonds	-	(500,000,000,000)
23	Loans granted to associates	(18,000,000,000)	-
24	Decrease in deposits at banks	1,170,408,000,000	619,375,000,000
24	Proceeds from disposal of short-term investments	101,161,512,182	16,773,743,444
25	Investment in other entities	(262,699,995,567)	(520,567,384,560)
27	Dividends and interest received	471,824,231,056	272,092,557,858
30	Net cash outflows from investing activities	(192,011,886,296)	(812,911,125,302)

The notes on pages 12 to 46 are an integral part of these financial statements.

CASH FLOW STATEMENT
(Indirect method)
(continued)

Code	Note	For the year ended 31 December		
		2011 VND	2010 VND	
CASH FLOWS FROM FINANCING ACTIVITIES				
31	Proceeds from issuance of shares	19, 20	1,454,528,400,000	18,068,200,000
32	Payment for share returns and repurchases	19, 20	(1,852,743,000)	(514,829,000)
33	Proceeds from borrowings		624,835,000,000	966,530,000,000
34	Repayments of borrowings		(1,209,835,000,000)	(403,947,731,000)
36	Dividends paid	20, 21	(741,428,260,000)	(1,765,200,420,000)
40	Net cash inflows/(outflows) from financing activities		126,247,397,000	(1,185,064,780,000)
50	Net increase in cash and cash equivalents		2,516,972,496,472	169,425,898,338
60	Cash and cash equivalents at beginning of year	3	584,843,207,079	415,417,916,497
61	Foreign exchange gain on cash and cash equivalents		(379,801,702)	(607,756)
70	Cash and cash equivalents at end of year	3	3,101,435,901,849	584,843,207,079

Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance

Mai Kieu Lien
Chief Executive Officer
28 February 2012



The notes on pages 12 to 46 are an integral part of these financial statements.

**NOTES TO THE SINGLE-ENTITY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011****1 GENERAL INFORMATION**

Vietnam Dairy Products Joint Stock Company (“the Company”, or “Vinamilk”) was initially established as a State Owned Enterprise under the control of the Ministry of Industry of the Socialist Republic of Vietnam (“SR Vietnam” or “the State”) in accordance with Decision No. 420/CNN/TCLD dated 29 April 1993. On 1 October 2003, the Company was equitised following Decision No. 155/2003/QD-BCN issued by the Ministry of Industry. On 20 November 2003, the Company was incorporated as a joint stock company under the Law on Enterprises of SR Vietnam according to Business Registration Certificate No. 4103001932 issued by the Planning and Investment Department of Ho Chi Minh City. The Company was subsequently listed on the Ho Chi Minh City Stock Exchange on 19 January 2006 according to the Listing Licence No. 42/UBCK-GPNY dated 28 December 2005 issued by the State Securities Commission.

On 20 August 2010, the Planning and Investment Department of Ho Chi Minh City issued the amended Business registration Certificate No. 0300588569 approving the increase in share capital to 3,530,721,200 thousand Vietnamese Dong.

On 19 April 2011, the Planning and Investment Department of Ho Chi Minh City issued another amended Business Registration Certificate No. 0300588569 approving the change in the Company’s registered office and the increase in owners’ capital to 3,565,706,400 thousand Vietnamese Dong.

On 23 August 2011, the Planning and Investment Department of Ho Chi Minh City issued another amended Business Registration Certificate No. 0300588569 approving the increase in owners’ capital to 3,708,255,500 thousand Vietnamese Dong.

On 30 November 2011, the Planning and Investment Department of Ho Chi Minh City issued another amended Business Registration Certificate No. 0300588569 approving the additions of new business activities and business locations.

In December 2011, the Company increased the share capital to 5,561,147,540 thousand Vietnamese Dong by issuing bonus shares to existing shareholders at ratio 2:1 as approved by the relevant authorities. At the date of approval of the financial statements, the Company has not completed the registration for amended Business Registration Certificate for the increase in share capital.

The principal activities of the Company are:

- Process, manufacture and distribute milk cake, soya milk, fresh milk, refreshment drinks, bottled milk, powdered milk, nutritious powder and other products from milk;
- Trading in food technology, spare parts, equipment, materials and chemicals;
- Trading in houses, brokerage and leasing of real estate;
- Warehousing, transportation services and loading;
- Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee;
- Manufacture and sell plastic packages and label printing;
- Manufacture and sell plastic products;
- Health care clinic operations;
- Cattle raising and agricultural operations;
- Activities supporting agricultural operations such as: supply of seeds of cultivated crops, guidance on cultivation techniques, cultivation harvest, soil working, irrigation;
- Cattle raising: supply of breeding animals and breeding techniques;
- Post-harvest services;
- Treatments on seeds for multiplication purposes; and
- Manufacture biscuits.

1 GENERAL INFORMATION (continued)

The Company's interest in associates and joint ventures are as listed below:

Name	Address	31.12.2011		31.12.2010	
		% of ownership	% of voting rights	% of ownership	% of voting rights
Subsidiaries:					
Vietnam Dairy Cow One Member Limited Company	10 Tan Trao Street, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Lam Son Dairy One Member Company Limited	Le Mon Industry Zone, Thanh Hoa Province, Vietnam	100%	100%	100%	100%
International Real Estate One Member Limited Company	10 Tan Trao Street, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Dielac Dairy One Member Company Limited	9 Tu Do Venue, Vietnam - Singapore Industrial Zone, Thuan An, Binh Duong	100%	100%	100%	100%
Joint ventures:					
Dairy Cow Development Project	Tu Tra Ward, Don Duong District, Lam Dong Province, Vietnam	25%	25%	25%	25%
Horizon Apartment - Business Cooperation Contract	214 Tran Quang Khai, District 1, Ho Chi Minh City, Vietnam	24.5%	24.5%	24.5%	24.5%
Associates:					
Asia Saigon Food Ingredients Joint Stock Company	Lot C, 9E My Phuoc 3 Industrial Zone, Ben Cat District, Binh Duong Province, Vietnam	15.79%	15.79%	20%	20%
Miraka Limited	Becker Findlay Allen C Tower 109 Tuwharetoa St, PO Box 1091, Taupo, New Zealand	19.3%	19.3%	19.3%	19.3%

As at 31 December 2011, the Company had 4,226 employees (2010: 4,113 employees).

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES

2.1 Basis of preparation of single-entity financial statements

The single-entity financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam. The financial statements have been prepared under the historical cost convention.

The accompanying single-entity financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam. The accounting principles and practices utilised in SR Vietnam may differ from those generally accepted in countries and jurisdictions other than SR Vietnam.

Users of these single-entity financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries (“the Group”) as at and for the year ended 31 December 2011 in order to obtain full information of the financial information, results of operations and cash flows of the Group as a whole.

2.2 Fiscal year

The Company’s fiscal year is from 1 January to 31 December.

2.3 Use of estimates

The preparation of the single-entity financial statements in conformity with Vietnamese Accounting Standards requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and the amounts of revenues and expenses during the year. Although these estimates are based on the Board of Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

2.4 Currency

The single-entity financial statements are prepared and presented in Vietnamese Dong.

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the Vietnam inter-bank rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognised in the income statement.

2.5 Form of records applied

The Company uses voucher ledgers to record its transactions.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.7 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Directors of all outstanding amounts at the year end. Bad debts are written off when identified.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.8 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2.9 Investments**(a) Short-term investments**

Short-term investments are investments with maturities less than 12 months from the balance sheet date and investments that are held with the intention to dispose within 12 months from the balance sheet date. Short-term investments are initially accounted for at cost. Provision for diminution is recognised for short term equity securities where the cost exceeds the fair value of such securities.

(b) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less provision for diminution in value.

(c) Investments in joint ventures and associates

Investments in joint ventures and associates are accounted for at cost less provision for diminution in value.

(d) Long-term investments

(i) Long-term bank deposits are those maturing after 12 months from the balance sheet date and are accounted for at cost.

(ii) Investments in bonds are classified as long-term when they are held with no intention to dispose within 12 months from the balance sheet date. Investments in bonds are initially stated at cost. Subsequently, they are measured at cost less provision. Provision is required if there is evidence of a long-term decline in the value of the securities or in the case where the Company cannot recover its investments.

(iii) Other long-term investments comprise shareholding of less than 20% in listed and unlisted entities which are held with no intention to dispose within 12 months from the balance sheet date. These investments are initially stated at cost of acquisition. Provision is made where there is a diminution in value of these investments.

2.10 Fixed assets*Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.10 Fixed assets (continued)***Depreciation*

Fixed assets are depreciated on the straight-line method, to write off the cost of the assets to their residual value over their estimated useful lives or over the term of the project if shorter. The estimated useful lives of the assets are as follows:

	Years
Buildings and structures	10 - 50
Machinery and equipment	8 - 10
Motor vehicles	10
Office equipment	3 - 8
Software	6

Land use rights are amortised, using the straight-line method over the terms indicated in the land use right certificates.

Subsequent expenditure

Subsequent expenditure relating to fixed assets that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the income statement when incurred.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

2.11 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on the straight-line basis over the period of the lease.

2.12 Investment properties

Investment properties are a building – or part of a building – or infrastructure held by the Company to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or administrative purposes or for sale in the normal course of business.

Depreciation

Investment properties are depreciated on the straight-line method to write off the cost of the assets over their estimated useful lives, as follows:

	Years
Buildings	10 - 50
Infrastructure	10

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the net book value and are recognised as income or expense in the income statement.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.13 Share capital and treasury shares**

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

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

2.14 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

2.15 Revenue recognition**(a) Sales of goods**

Revenue from the sale of goods is recognised in the income statement 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 likely return of goods.

(b) Sales of services

Revenue from the sales of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Interest income

Interest income is recognized on the basis of the actual time and interest rate in each period.

(d) Dividend income

Dividend income is recognised in the period in which the dividends are declared by the investee entities.

2.16 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither accounting nor taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.17 Dividend distribution**

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

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

2.18 Method of reserve appropriation

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

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

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

2.19 Related parties

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

The State Capital Investment Corporation holds the largest shareholding in the Company and accordingly is regarded as a related party. However, enterprises which are controlled or significantly influenced by the State Capital Investment Corporation are not considered as related parties of the Company for the purposes of disclosure since they do not influence, or are not influenced by, the Company.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.20 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.21 Provision for severance allowances**

In accordance with Vietnamese labour laws, employees of the Company are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Company. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees. Up to 31 December 2008, the provision has been calculated on the basis of a half month's salary for each employee for each year of service with the Company, based on salary levels as of that date.

Pursuant to Law on Social Insurance, effective from 1 January 2009, the Company is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Company is no longer required to provide for the service period after 1 January 2009. However, severance allowance as of 31 December 2011 will be determined based on the employees' years of service as of 31 December 2008 and their average salary for the six-month period prior to the balance sheet date.

3 CASH AND CASH EQUIVALENTS

	2011	2010
	VND	VND
Cash on hand	545,856,573	485,789,369
Cash at bank	770,890,045,276	231,342,846,137
Cash in transit	-	3,014,571,573
Cash equivalents (*)	2,330,000,000,000	350,000,000,000
	<u>3,101,435,901,849</u>	<u>584,843,207,079</u>

(*) Cash equivalents include term deposits with an original maturity of 3 months or less.

4 INVESTMENTS**(a) Short-term investments**

	2011	2010
	VND	VND
Investment in unlisted equity securities	82,283,660,000	82,283,660,000
Investment in listed equity securities	24,993,771,792	24,993,771,792
Short-term deposits at banks	440,000,000,000	1,605,640,000,000
Bonds issued by local corporates	50,000,000,000	-
Bonds issued by local credit institutions	200,000,000,000	100,000,000,000
Other short-term investments (Note 31(a)iv))	18,000,000,000	-
	<u>815,277,431,792</u>	<u>1,812,917,431,792</u>
Provision for diminution in value of short-term investments	(79,244,243,600)	(70,657,669,500)
	<u>736,033,188,192</u>	<u>1,742,259,762,292</u>

4 INVESTMENTS (continued)**(a) Short-term investments (continued)**

Provision for diminution in value of short-term investments has been made to reflect the fall in market prices of the related shares as at year end.

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

	2011 VND	2010 VND
Opening balance	70,657,669,500	86,506,865,100
Increase	8,586,574,100	7,706,652,500
Reversal	-	(23,555,848,100)
	<u>79,244,243,600</u>	<u>70,657,669,500</u>

(b) Long-term investments

The details of the long-term investments of the Company are as follows:

	2011 VND	2010 VND
<i>Long-term equity investments in subsidiaries:</i>		
Vietnam Dairy Cow One Member Limited Company	522,000,000,000	350,000,000,000
Lam Son Dairy One Member Limited Company	90,800,000,000	90,800,000,000
International Real Estate One Member Limited Company	46,000,000,000	45,800,000,000
Dielac Dairy One Member Company Limited	164,952,380,127	74,452,384,560
	<u>823,752,380,127</u>	<u>561,052,384,560</u>
<i>Long-term equity investments in associates and joint ventures:</i>		
Miraka Limited	179,315,000,000	179,315,000,000
Asia Saigon Food Ingredients Joint Stock Company	18,000,000,000	18,000,000,000
Horizon Apartment – Business Cooperation Contract	9,942,684,826	9,942,684,826
Dairy Cow Development Project	7,209,270,725	7,209,270,725
	<u>214,466,955,551</u>	<u>214,466,955,551</u>
<i>Other long-term investments:</i>		
Long-term bonds issued by local corporates	50,000,000,000	100,000,000,000
Long-term bonds issued by local credit institutions	300,000,000,000	500,000,000,000
<i>Other long-term investments:</i>		
Listed equity securities	206,961,273,800	206,961,273,800
Investment funds	106,350,000,000	106,350,000,000
Others	120,300,000,000	122,800,000,000
	<u>783,611,273,800</u>	<u>1,036,111,273,800</u>
<i>Provision for diminution in value of long-term investments</i>	<u>(271,462,074,100)</u>	<u>(151,998,226,912)</u>
	<u>1,550,368,535,378</u>	<u>1,659,632,386,999</u>

4 INVESTMENTS (continued)**(b) Long-term investments (continued)**

The movements in the provision for diminution in value of long-term investments were as follows:

	2011	2010
	VND	VND
Opening balance	151,998,226,912	106,096,160,160
Increase	120,592,117,088	64,822,430,938
Reversal	(1,128,269,900)	(18,920,364,186)
	<hr/>	<hr/>
Closing balance	271,462,074,100	151,998,226,912
	<hr/> <hr/>	<hr/> <hr/>
5 TRADE ACCOUNTS RECEIVABLE		
	2011	2010
	VND	VND
Third parties	1,143,141,655,655	587,375,558,329
Related parties (Note 31(b))	9,490,378,148	8,044,856,855
	<hr/>	<hr/>
	1,152,632,033,803	595,420,415,184
	<hr/> <hr/>	<hr/> <hr/>
6 OTHER RECEIVABLES		
	2011	2010
	VND	VND
Dividends receivable	6,144,600	-
Interest income on deposits	39,118,333,339	54,367,379,221
Interest income receivable on bonds and loans granted to associates	53,480,095,630	34,647,731,162
Tax refundable	128,761,266,269	86,664,527,807
Claims to suppliers	-	5,209,268,069
Others	11,179,326,168	2,929,977,229
	<hr/>	<hr/>
	232,545,166,006	183,818,883,488
	<hr/> <hr/>	<hr/> <hr/>

7 INVENTORIES

	2011	2010
	VND	VND
Goods in transit	972,269,280,990	623,038,110,193
Raw materials	1,554,537,858,729	1,152,426,450,409
Tools and supplies	319,202,861	6,423,190,140
Work in progress	23,368,489,862	68,525,909,945
Finished goods	569,780,981,699	376,881,930,363
Merchandise inventories	23,079,807,665	33,540,067,793
Goods on consignment	48,370,380,232	15,917,002,135
	<hr/>	<hr/>
	3,191,726,002,038	2,276,752,660,978
Provision for decline in value of inventory	(4,933,906,670)	(4,102,608,915)
	<hr/>	<hr/>
	<u>3,186,792,095,368</u>	<u>2,272,650,052,063</u>

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

	2011	2010
	VND	VND
Opening balance	4,102,608,915	7,109,289,450
Increase	10,074,642,239	6,643,795,057
Reversal	(7,987,996,015)	(6,665,581,190)
Written-off	(1,255,348,469)	(2,984,894,402)
	<hr/>	<hr/>
Closing balance	<u>4,933,906,670</u>	<u>4,102,608,915</u>

8 PREPAYMENTS**(a) Short-term prepayments**

	2011	2010
	VND	VND
Advertising expenses	8,320,100,182	8,764,606,163
Freezers and coolers	34,676,924,998	13,536,497,543
Land, warehouse and other rental expenses	2,414,274,654	4,117,594,883
Software development and server maintenance expenses	3,862,183,375	2,194,732,003
Tools and supplies	4,315,576,310	2,908,531,632
Repair and maintenance expenses	1,381,630,958	4,739,455,297
Other expenses	1,350,337,549	1,631,216,144
	<hr/>	<hr/>
	<u>56,321,028,026</u>	<u>37,892,633,665</u>

8 PREPAYMENTS (continued)**(b) Long-term prepayments**

	2011	2010
	VND	VND
Land rental	2,434,012,586	86,021,727,136
Freezers and coolers	11,241,646,159	7,122,306,162
Other expenses	280,337,493	1,021,108,376
	<u>13,955,996,238</u>	<u>94,165,141,674</u>

Movement of long-term prepayments during the year was as follows:

	2011	2010
	VND	VND
Opening balance	94,165,141,674	192,530,909,235
Increase	64,037,517,524	28,775,115,841
Transfers to intangible fixed assets (*)	(82,680,130,919)	(77,559,136,190)
Transfers to short-term prepayments (**)	(61,566,532,041)	(49,581,747,212)
	<u>13,955,996,238</u>	<u>94,165,141,674</u>

(*) Represented the prepaid rental fees of four land lots for which the land use rights certificates have been granted to the Company.

(**) Represented a portion of long-term prepayment to be allocated within a year.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Form B 09 – DN

9 FIXED ASSETS

(a) Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
At 1 January 2011	580,474,772,163	2,628,310,572,960	319,763,576,880	173,347,769,339	3,701,896,691,342
New purchases	7,275,938,587	74,215,249,812	19,175,442,069	50,533,544,604	151,200,175,072
Transfers from construction in progress (Note 9(c))	188,980,278,723	848,262,802,243	24,675,858,021	33,737,751,561	1,095,656,690,548
Transfers to investment properties (Note 10)	(13,606,729,237)	-	-	-	(13,606,729,237)
Reclassification	-	189,819,323	-	(189,819,323)	-
Disposals	(201,672,460)	(76,022,942,264)	(34,441,505,778)	(5,084,486,621)	(115,750,607,123)
At 31 December 2011	<u>762,922,587,776</u>	<u>3,474,955,502,074</u>	<u>329,173,371,192</u>	<u>252,344,759,560</u>	<u>4,819,396,220,602</u>
Accumulated depreciation					
At 1 January 2011	170,492,180,654	1,046,140,624,383	117,712,806,296	88,884,922,146	1,423,230,533,479
Charge for the year	28,945,460,890	254,926,368,363	27,541,994,950	35,348,654,784	346,762,478,987
Transfers to investment properties (Note 10)	(9,915,048,803)	-	-	-	(9,915,048,803)
Reclassification	-	232,071,301	-	(232,071,301)	-
Disposals	(60,969,407)	(66,364,084,414)	(9,977,136,018)	(5,021,664,223)	(81,423,854,062)
At 31 December 2011	<u>189,461,623,334</u>	<u>1,234,934,979,633</u>	<u>135,277,665,228</u>	<u>118,979,841,406</u>	<u>1,678,654,109,601</u>
Net book value					
At 1 January 2011	<u>409,982,591,509</u>	<u>1,582,169,948,577</u>	<u>202,050,770,584</u>	<u>84,462,847,193</u>	<u>2,278,666,157,863</u>
At 31 December 2011	<u>573,460,964,442</u>	<u>2,240,020,522,441</u>	<u>193,895,705,964</u>	<u>133,364,918,154</u>	<u>3,140,742,111,001</u>

9 FIXED ASSETS (continued)**(a) Tangible fixed assets (continued)**

Included in the tangible fixed assets were assets costing VND628,682,409,973 which were fully depreciated as at 31 December 2011 (2010: VND647,603,114,086), but which are still in active use.

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
At 1 January 2011	135,376,412,855	49,889,067,787	185,265,480,642
Additions	-	9,138,961,760	9,138,961,760
Transfer from short-term and long-term prepayments	111,195,942,361	-	111,195,942,361
Disposals	-	(96,939,520)	(96,939,520)
	<hr/>	<hr/>	<hr/>
At 31 December 2011	246,572,355,216	58,931,090,027	305,503,445,243
	<hr/>	<hr/>	<hr/>
Accumulated amortisation			
At 1 January 2011	17,161,673,240	42,090,483,067	59,252,156,307
Charge for the year	4,035,379,339	6,689,917,050	10,725,296,389
Transfer from short-term and long-term prepayments	26,242,190,772	-	26,242,190,772
Disposals	-	(96,939,520)	(96,939,520)
	<hr/>	<hr/>	<hr/>
At 31 December 2011	47,439,243,351	48,683,460,597	96,122,703,948
	<hr/>	<hr/>	<hr/>
Net book value			
At 1 January 2011	118,214,739,615	7,798,584,720	126,013,324,335
	<hr/>	<hr/>	<hr/>
At 31 December 2011	199,133,111,865	10,247,629,430	209,380,741,295
	<hr/>	<hr/>	<hr/>

Included in the intangible fixed assets were assets costing VND43,568,790,597 which were fully depreciated as at 31 December 2011 (2010: VND18,871,366,142), but which are still in active use.

(c) Construction in progress

	2011 VND	2010 VND
Opening balance	653,359,231,400	647,464,085,371
Additions	1,673,918,817,918	1,151,640,149,415
Transfers to tangible fixed assets (Note 9(a))	(1,095,656,690,548)	(1,107,200,542,766)
Transfers to investment properties	-	(12,411,182,265)
Disposals	(10,517,475,482)	(26,133,278,355)
	<hr/>	<hr/>
Closing balance	1,221,103,883,288	653,359,231,400
	<hr/>	<hr/>

9 FIXED ASSETS (continued)**(c) Construction in progress (continued)**

Main projects relate to these following locations:

	2011 VND	2010 VND
Head Office	652,557,519,078	277,772,837,051
Da Nang Branch	237,931,390,899	281,018,182
Tien Son milk factory	81,555,694,010	49,929,155,652
Saigon milk factory	80,403,563,112	185,734,013,102
Can Tho Branch	44,989,951,351	44,920,740,945
Nghe An milk factory	35,495,060,435	3,690,119,467

10 INVESTMENT PROPERTY

	Infrastructure VND	Buildings VND	Total VND
Historical cost			
At 1 January 2011	5,994,290,197	70,576,318,026	76,570,608,223
Transfers from tangible fixed assets (Note 9(a))	-	13,606,729,237	13,606,729,237
At 31 December 2011	<u>5,994,290,197</u>	<u>84,183,047,263</u>	<u>90,177,337,460</u>
Accumulated depreciation			
At 1 January 2011	544,872,474	2,697,340,538	3,242,213,012
Charge for the year	599,429,017	3,238,509,089	3,837,938,106
Transfers from tangible fixed assets (Note 9(a))	-	9,915,048,803	9,915,048,803
At 31 December 2011	<u>1,144,301,491</u>	<u>15,850,898,430</u>	<u>16,995,199,921</u>
Net book value			
At 1 January 2011	<u>5,449,417,723</u>	<u>67,878,977,488</u>	<u>73,328,395,211</u>
At 31 December 2011	<u><u>4,849,988,706</u></u>	<u><u>68,332,148,833</u></u>	<u><u>73,182,137,539</u></u>

Included in the investment properties were assets costing VND6,976,800,000 which were fully depreciated as at 31 December 2011 (31 December 2010: Nil), but which are still in active use.

11 DEFERRED INCOME TAX ASSETS

The gross movement in the deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	2011 VND	2010 VND
Opening balance	62,865,036,536	53,520,933,059
Income statement credit	12,463,242,524	9,344,103,477
	<u>62,865,036,536</u>	<u>53,520,933,059</u>
Closing balance	<u>75,328,279,060</u>	<u>62,865,036,536</u>

The deferred income tax asset mainly arises from the unrealised foreign exchange differences, provisions and accruals.

12 SHORT-TERM BORROWINGS

	2011 VND	2010 VND
Short-term borrowings	-	567,960,000,000
	<u>-</u>	<u>567,960,000,000</u>

The Company's balance of short-term borrowings as at 31 December 2010 represented 5 six-month to one-year borrowings from a branch of a foreign bank amounting to US\$30 million with the interest rates ranging from 2% to 2.09% per annum. The borrowings were repaid during the year ended 31 December 2011.

13 TRADE ACCOUNTS PAYABLE

	2011 VND	2010 VND
Third parties	1,702,718,373,420	1,078,981,016,956
Related parties (Note 31(b))	180,037,008,367	16,264,139,337
	<u>1,882,755,381,787</u>	<u>1,095,245,156,293</u>

14 TAXES AND OTHER PAYABLES TO STATE BUDGET

	2011 VND	2010 VND
Value Added Tax	78,689,870,892	63,340,588,139
Import duty	5,819,918,779	3,668,385,524
Business income tax	188,614,922,393	200,215,827,511
Personal income tax	13,669,767,416	10,237,367,248
Others	388,358,072	754,475,062
	<u>287,182,837,552</u>	<u>278,216,643,484</u>

15 ACCRUED EXPENSES

	2011 VND	2010 VND
Sales incentives for customers	166,981,423,467	124,353,396,055
Expenses for product display	138,181,804	652,393,939
Advertising expenses	29,428,701,502	83,472,865,870
Transportation expenses	25,290,506,962	20,660,425,800
Interest expenses	-	1,025,212,500
Fuel expenses	5,795,564,015	299,850,621
Repair and maintenance expenses	6,357,023,147	4,239,789,975
Expenses for outsourced employees	7,252,173,600	6,620,417,339
Others	18,962,596,396	22,488,335,777
	<u>260,206,170,893</u>	<u>263,812,687,876</u>

Other accrued expenses as at 31 December 2011 mainly comprised land rentals and other general and administration expenses.

16 OTHER PAYABLES

	2011 VND	2010 VND
Deposits received from customers	13,285,621,271	12,869,222,332
Import duty payables	31,891,388,948	91,614,690,576
Other payables relating to financial investments	184,859,155	2,684,859,155
Staff insurances and trade union fee	530,051,230	76,056,600
Others	12,392,904,889	8,628,676,697
	<u>58,284,825,493</u>	<u>115,873,505,360</u>

17 OTHER LONG-TERM LIABILITIES

Other long term liabilities represented an advance payment received from a third party in respect of the future transfer of the Company's investment in a bank. The transfer can only be effective upon approval by the bank's Annual General Meeting or its Board of Management and its founding shareholders; or after five years from the date of establishment of the bank, whichever comes first.

18 PROVISION FOR SEVERANCE ALLOWANCES

Movements for provision for severance allowances during the year were as follows:

	2011 VND	2010 VND
Opening balance	51,058,625,583	34,842,336,174
Increase	16,576,979,482	23,869,635,563
Payment during the year	(1,063,892,797)	(4,467,861,021)
Reversal	-	(3,185,485,133)
	<u>66,571,712,268</u>	<u>51,058,625,583</u>

19 SHARE CAPITAL

During the year, pursuant to the Board of Management's Resolution No 09/NQ-CTS.HDQT/2010 dated 15 November 2010, Decision No 02/QD-CTS.HDQT/2011 dated 18 April 2011 and Resolution No 03/NQ-CTS.HDQT/2011 dated 27 April 2011, the Company issued 7,053,430 shares to the Company's employees at VND10,000 per share and 10,700,000 shares to foreign investors at the average price of VND129,359 per share.

On 23 December 2011, the Ho Chi Minh City Stock Exchange issued Decision No 187/2011/QD-SGDHCM to approve for the register of 185,289,204 bonus shares of 2:1 ratio in circulation, which were issued using the Investment and Development Fund to raise the share capital to VND5,561,147,540,000. As at 31 December 2011, the Company has not registered for amended Business Registration Certificate for the increase in share capital.

The Company's authorised and issued share capitals are:

	31.12.2011		31.12.2010	
	Number of shares	VND	Number of shares	VND
Authorised share capital	556,114,754	5,561,147,540,000	353,072,120	3,530,721,200,000
Issued share capital				
Ordinary shares	556,114,754	5,561,147,540,000	353,072,120	3,530,721,200,000
Treasury shares				
Ordinary shares	(247,140)	(2,521,794,000)	(66,020)	(669,051,000)
Shares currently in circulation				
Ordinary shares	555,867,614	5,558,625,746,000	353,006,100	3,530,052,149,000

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

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Form B 09 – DN

20 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Financial reserve fund VND	Undistributed earnings VND	Total VND
As at 1 January 2010	3,512,653,000,000	-	(154,222,000)	1,756,282,910,335	294,347,876,431	899,221,447,907	6,462,351,012,673
Capital increase during the year	18,068,200,000	-	(514,829,000)	-	-	-	17,553,371,000
Profit for the year	-	-	-	-	-	3,595,835,915,774	3,595,835,915,774
Appropriations to reserves	-	-	-	416,007,879,530	58,724,243,569	(834,315,714,676)	(359,583,591,577)
Dividends paid	-	-	-	-	-	(1,765,200,420,000)	(1,765,200,420,000)
As at 31 December 2010	3,530,721,200,000	-	(669,051,000)	2,172,290,789,865	353,072,120,000	1,895,541,229,005	7,950,956,287,870
Capital increase during the year	2,030,426,340,000	1,276,994,100,000	(1,852,743,000)	(1,852,892,040,000)	-	-	1,452,675,657,000
Profit for the year	-	-	-	-	-	4,166,604,997,301	4,166,604,997,301
Appropriations to reserves	-	-	-	588,625,486,519	203,042,634,000	(1,208,328,620,250)	(416,660,499,731)
Dividends paid (Note 21)	-	-	-	-	-	(741,428,260,000)	(741,428,260,000)
As at 31 December 2011	5,561,147,540,000	1,276,994,100,000	(2,521,794,000)	908,024,236,384	556,114,754,000	4,112,389,346,056	12,412,148,182,440

21 DIVIDENDS

During 2011, the Company had declared and paid interim dividends of 20% in cash for the year ended 31 December 2011.

Final dividends in respect of the year ended 31 December 2011 are to be proposed at the Company's Annual General Meeting in 2012.

22 REVENUE**(a) Net sales**

	2011 VND	2010 VND
Sales		
Sales of merchandise goods	496,124,755,574	249,948,819,950
Sales of finished goods	21,738,114,896,771	15,890,474,276,671
Sales from provision of real estate services	9,601,945,888	5,920,773,239
Sales from provision of other services	20,690,188,407	27,410,984,250
	<u>22,264,531,786,640</u>	<u>16,173,754,854,110</u>
Sales deductions		
Trade discounts	(441,891,678,905)	(320,185,652,193)
Sales returns	(1,236,918,752)	(8,414,531,968)
	<u>(443,128,597,657)</u>	<u>(328,600,184,161)</u>
Net sales	<u><u>21,821,403,188,983</u></u>	<u><u>15,845,154,669,949</u></u>

(b) Financial income

	2011 VND	2010 VND
Interest income on loan granted	2,445,000,000	-
Interest income on deposits	365,831,459,358	196,352,281,506
Interest income on bonds	97,988,961,693	60,569,825,569
Gain on disposal of securities	-	1,037,680,360
Dividends income	25,576,594,310	18,024,123,920
Realised foreign exchange gains	133,011,736,352	124,057,264,255
Gains from foreign currency translation at year end	53,335,201,499	47,711,031,480
Others	1,358,536,168	230,703,488
	<u>679,547,489,380</u>	<u>447,982,910,578</u>

23 COST OF SALES

	2011 VND	2010 VND
Merchandise goods sold	479,892,671,596	237,139,515,986
Finished goods sold	14,761,993,994,256	10,386,381,262,362
Real estate services provided	5,461,852,413	3,826,512,705
Other services provided	1,314,885,592	6,301,870,656
Inventories deficiencies	30,672,000	-
Expenses in excess of normal value	16,597,478,564	43,092,426,390
Provision/(reversal of provision) for the decline in value of inventory	2,086,646,224	(21,786,133)
	<u>15,267,378,200,645</u>	<u>10,676,719,801,966</u>

24 FINANCIAL EXPENSES

	2011 VND	2010 VND
Payment discounts for distributors	22,667,657,049	37,407,095,648
Interest expenses on loans	13,933,130,085	6,003,810,273
Interest expenses on deposits received	1,173,590,655	1,303,336,014
Realised foreign exchange losses	105,296,848,209	100,718,522,237
Losses on foreign currency translation at year end	60,940,976,183	5,069,611,375
Provision for diminution in value of investments	128,050,421,288	30,052,871,152
Brokerage fee	-	154,951,460
Other financial expenses	58,995,000	5,996,030,000
	<u>332,121,618,469</u>	<u>186,706,228,159</u>

25 SELLING EXPENSES

	2011 VND	2010 VND
Advertising expense	400,203,453,923	484,726,234,260
Promotion expense	501,645,805,671	267,572,811,563
Support and commission expenses for distributors	330,271,502,489	237,388,966,895
Staff costs	126,040,690,295	111,698,708,452
Material expenses	46,661,138,368	36,033,721,867
Tools and supplies expenses	36,459,224,005	15,694,989,118
Depreciation expenses	25,827,515,080	31,490,118,666
Expenses of damaged goods	10,079,299,960	6,429,668,286
Transportation for goods sold	254,224,204,720	150,806,262,900
Outside service expenses	80,530,710,391	96,344,323,865
	<u>1,811,943,544,902</u>	<u>1,438,185,805,872</u>

26 GENERAL AND ADMINISTRATION EXPENSES

	2011 VND	2010 VND
Staff costs	129,569,390,847	100,516,850,308
Material expenses	10,514,850,125	7,971,725,250
Office supplies	4,591,556,456	7,980,128,800
Depreciation expense	49,055,939,098	28,369,855,009
Fees and duties	2,554,586,807	2,459,880,794
Provision of doubtful debts and severance allowance	18,410,326,259	19,914,745,226
Transportation for internal transfer of goods	47,134,745,105	43,427,505,771
Outside service expenses	89,989,436,522	78,365,965,843
Loading expenses	32,483,865,536	24,830,959,180
Per diem allowances	14,907,572,769	14,145,595,709
Bank charges	6,926,788,557	6,873,150,187
Others	28,134,538,037	35,636,528,859
	<u>434,273,596,118</u>	<u>370,492,890,936</u>

27 NET OTHER INCOME

	2011 VND	2010 VND
Other income		
Compensation received from other parties	3,140,520,594	1,288,039,182
Proceeds from disposals of fixed assets	48,909,935,847	698,435,658,682
Proceeds from disposals of construction in progress	10,651,675,000	24,420,501,863
Proceeds from sales of scraps, tools and supplies	85,071,020,610	59,704,004,232
Rebate income from suppliers	166,810,521,148	217,531,182,525
Sundry income	47,961,655,600	33,005,330,279
	<u>362,545,328,799</u>	<u>1,034,384,716,763</u>
Other expenses		
Net book value of fixed assets disposed	(34,326,753,061)	(345,188,932,370)
Expenses on disposal of fixed assets	-	(17,097,971,943)
Cost of construction in progress disposed	(10,517,475,482)	(26,133,278,355)
Cost of tools, supplies and scraps disposed	(1,329,579,899)	(505,032,839)
Fines due to contract breach	(722,472,308)	(5,264,156,933)
Sundry expenses	(38,373,362,325)	(29,677,797,506)
	<u>(85,269,643,075)</u>	<u>(423,867,169,946)</u>
Net other income	<u>277,275,685,724</u>	<u>610,517,546,817</u>

28 BUSINESS INCOME TAX

The Company is required to pay business income tax (“BIT”) at rates ranging from 15% to 25%, depending on locations of the factories, on taxable profits.

The tax on the Company’s profit before tax differs from the theoretical amount that would arise using the normal tax rate of 25% as regulated in current tax regulations as follows:

	2011 VND	2010 VND
Net accounting profit before tax	4,932,509,403,953	4,231,550,400,411
Tax calculated at the tax rate of 25%	1,233,127,350,988	1,057,887,600,103
Effect of:		
Different tax rates applicable for branches	(229,286,581,562)	(172,898,861,233)
Income not subject to tax	(6,670,090,476)	(4,506,030,980)
Expenses not deductible for tax purposes	5,821,560,435	2,494,552,400
Tax incentives	(242,501,624,866)	(247,736,730,691)
Under-provision in previous years	5,413,792,133	473,955,038
Business income tax charge	<u>765,904,406,652</u>	<u>635,714,484,637</u>

The Company’s business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

29 BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2011 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding.

	2011	2010
Net profit attributable to shareholders (VND)	4,166,604,997,301	3,595,835,915,774
Weighted average number of ordinary shares in issuance	546,582,775	352,777,598
Basic earnings per share based on weighted average number of ordinary shares in issuance (VND)	7,623	10,193
Weighted average number of ordinary shares in issuance recalculated on the assumption that the bonus shares issued in 2011 had been issued since 1 January 2010	546,582,775	529,166,396
Basic earnings per share recalculated on the assumption that the bonus shares issued in 2011 had been issued since 1 January 2010 (VND)	<u>7,623</u>	<u>6,795</u>

The Company does not have potentially dilutive ordinary shares.

30 COST OF GOODS MANUFACTURED BY FACTORS

	2011 VND	2010 VND
Raw materials	14,561,329,401,840	10,080,077,369,707
Labour costs	577,524,150,998	478,398,198,750
Depreciation expenses	361,325,713,482	261,449,479,161
Outside service expenses	719,440,867,111	562,136,320,083
Other cash expenses	1,408,247,327,190	1,146,236,527,381
	<u>17,627,867,460,621</u>	<u>12,528,297,895,082</u>

31 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

The largest shareholder of the Company is the State Capital Investment Corporation (“SCIC”) which owns 45.04% of the Company’s share capital. The SCIC is controlled by the Government of SR Vietnam.

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

i) Sales of goods and services

	2011 VND	2010 VND
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	30,594,037,123	10,123,504,327
Lam Son Dairy One Member Company Limited	169,925,582,790	82,182,192,286
Associates:		
Asia Saigon Food Ingredients Joint Stock Company	112,180,852	-
	<u>200,631,800,765</u>	<u>92,305,696,613</u>

ii) Purchases of goods and services

	2011 VND	2010 VND
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	113,848,608,635	56,705,909,799
Lam Son Dairy One Member Company Limited	283,718,538,593	130,159,967,123
Joint ventures:		
Dairy Cow Development Project	3,483,876,513	-
Associates:		
Miraka Limited	208,625,385,663	-
Asia Saigon Food Ingredients Joint Stock Company	8,283,190,000	-
	<u>617,959,599,404</u>	<u>186,865,876,922</u>

31 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (continued)

(a) Related party transactions (continued)

iii) Sales of fixed assets and construction in progress

	2011 VND	2010 VND
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	46,652,362,228	55,164,207,800
Lam Son Dairy One Member Company Limited	3,256,822,601	1,816,458,309
	<u>49,909,184,829</u>	<u>56,980,666,109</u>

iv) Loans granted

	2011 VND	2010 VND
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	-	50,000,000,000
Lam Son Dairy One Member Company Limited	-	7,500,000,000
Associates:		
Asia Saigon Food Ingredients Joint Stock Company	18,000,000,000	-
	<u>18,000,000,000</u>	<u>57,500,000,000</u>

The loan granted to Asia Saigon Food Ingredients Joint Stock Company bears interest at the rate of 15% per annum and repayable not later than 9 February 2012. At the date of approval of the financial statements, the loan has been fully repaid.

v) Capital contribution

	2011 VND	2010 VND
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	172,000,000,000	211,000,000,000
Lam Son Dairy One Member Company Limited	-	46,800,000,000
International Real Estate One Member Limited Company	200,000,000	-
Dielac Dairy One Member Company Limited	90,499,995,567	74,452,384,560
Associates:		
Asia Saigon Food Ingredients Joint Stock Company	-	9,000,000,000
Miraka Limited	-	179,315,000,000
	<u>262,699,995,567</u>	<u>520,567,384,560</u>

31 RELATED PARTY TRANSACTIONS (continued)

(a) Related party transactions (continued)

vi) Dividends paid

	2011 VND	2010 VND
Major shareholder:		
The State Capital Investment Corporation	333,984,000,000	834,960,000,000

v) Compensation of key management

	2011 VND	2010 VND
Compensation to members of Board of Management and Board of Directors	46,632,287,016	41,545,628,000

(b) Year end balances with related parties

	2011 VND	2010 VND
Trade accounts receivable (Note 5)		
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	7,892,430,989	1,482,783,855
Lam Son Dairy One Member Company Limited	1,597,947,159	6,562,073,000
	<u>9,490,378,148</u>	<u>8,044,856,855</u>
Trade accounts payable (Note 13)		
Subsidiaries:		
Lam Son Dairy One Member Company Limited	66,583,265,936	3,857,611,500
Vietnam Dairy Cow One Member Limited Company	5,257,755,600	12,406,527,837
Joint ventures:		
Dairy Cow Development Project	145,509,003	-
Associates:		
Miraka Limited	108,050,477,828	-
	<u>180,037,008,367</u>	<u>16,264,139,337</u>

32 SEGMENTAL REPORTING

Segment information is presented in respect of the Company's geographical segment. The primary format, geographical segments, is based on the Company's management and internal reporting structure.

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 ("Export").

	Domestic		Export		Total	
	2011	2010	2011	2010	2011	2010
	VND	VND	VND	VND	VND	VND
Sales revenue	19,048,538,611,092	14,188,396,691,555	2,772,864,577,891	1,656,757,978,394	21,821,403,188,983	15,845,154,669,949
Cost of sales	(13,043,333,351,514)	(9,347,055,554,510)	(2,224,044,849,131)	(1,329,664,247,456)	(15,267,378,200,645)	(10,676,719,801,966)
Segment income	<u>6,005,205,259,578</u>	<u>4,841,341,137,045</u>	<u>548,819,728,760</u>	<u>327,093,730,938</u>	<u>6,554,024,988,338</u>	<u>5,168,434,867,983</u>

35 FINANCIAL RISK MANAGEMENT (continued)**(a) Market risk (continued)***(i) Currency risk*

The Company is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the VND. The currencies giving rise to this risk are primarily United States Dollar (“USD”) and Euro (“EUR”).

The Company ensures that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The Board does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

The Company's currency exposure to the USD and EUR is as follows:

	As at 31 December 2011			
	Original currency		Equivalent to VND	
	USD	EUR	USD	EUR
Financial assets				
Cash and bank deposits	27,989,325	1,482,878	582,961,667,350	40,976,354,510
Trade and other receivables	35,512,893	8,543,383	739,662,534,214	236,079,314,321
	<u>63,502,218</u>	<u>10,026,261</u>	<u>1,322,624,201,564</u>	<u>277,055,668,831</u>
Financial liabilities				
Trade and other payables	(43,076,331)	(12,606,518)	(897,193,813,131)	348,355,921,842)
Currency exposure	<u>20,425,888</u>	<u>(2,580,257)</u>	<u>425,430,388,433</u>	<u>(71,300,253,011)</u>
	As at 31 December 2010			
	Original currency		Equivalent to VND	
	USD	EUR	USD	EUR
Financial assets				
Cash and bank deposits	1,303,358	995	24,675,217,771	27,581,760
Trade and other receivables	10,943,931	8,863,926	207,190,508,231	245,787,809,045
	<u>12,247,289</u>	<u>8,864,921</u>	<u>231,865,726,002</u>	<u>245,815,390,805</u>
Financial liabilities				
Borrowings	(30,000,000)	-	(567,960,000,000)	-
Trade and other payables	(30,028,437)	(2,132,729)	(568,498,371,126)	(59,138,450,054)
	<u>(60,028,437)</u>	<u>(2,132,729)</u>	<u>(1,136,458,371,126)</u>	<u>(59,138,450,054)</u>
Currency exposure	<u>(47,781,148)</u>	<u>6,732,192</u>	<u>(904,592,645,124)</u>	<u>186,676,940,751</u>

35 FINANCIAL RISK MANAGEMENT (continued)**(a) Market risk (continued)***(i) Currency risk (continued)*

At 31 December 2011, if the USD had strengthened/weakened by 10% against the VND with all other variables including tax rate being held constant, the Company's profit after tax for the financial year would have been VND27,451,861,885 higher/lower as a result of currency translation gains/losses on the remaining USD-denominated financial instruments.

At 31 December 2011, if the EUR had strengthened/weakened by 10% against the VND with all other variables including tax rate being held constant, the Company's profit after tax for the financial year would have been VND5,347,518,976 lower/higher as a result of currency translation losses/gains on the remaining EUR-denominated financial instruments.

(ii) Price risk

The Company invests in equity investments of listed and non-listed companies and is exposed to risks of price fluctuations 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 conditions in Vietnam and behaviours of investors, which are all out of the Board's control. These factors have caused market conditions to be volatile in the past two years.

For the investments in listed equity securities, if the share prices had changed by 10% with all other variables including tax rate being held constant, the Company's profit after tax would have been VND8,303,060,483 higher/lower.

(iii) Interest rate risk

The Company is not exposed to significant interest rate risk on its borrowings as the Company's policy is to maintain 100% of fixed-rate borrowings. In addition, as at 31 December 2011, the Company had fully repaid all of its borrowings.

(b) Credit risk

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

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Board. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

35 FINANCIAL RISK MANAGEMENT (continued)*Investments*

The Company limits its exposure to credit risk by investing only in liquid securities and only with counter parties that have good creditworthiness. The Board actively monitors credit risk and does not expect any counter party failing to meet its obligations.

Balances with banks

All the bank balances are placed with local financial institutions. The Board does not expect any losses arising from performance of these financial institutions.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Company's major classes of financial assets are bank deposits and trade and other receivables, and investments.

(i) Financial assets that are neither past due nor impaired

Bank deposits and investments in bonds that are neither past due nor impaired are mainly term deposits and investments in bonds issued by local banks which have high credit-ratings in Vietnam. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

The Company's trade and other receivables not past due amounted to VND1,362,540,791,848 (2010: VND738,549,120,419).

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

Trade and other receivables that are past due but not impaired are as follows:

	As at 31 December	
	2011	2010
	VND	VND
Past due 1 to 30 days	15,058,558,138	23,720,033,214
Past due 31 days to 60 days	287,717,434	345,829,102
Past due 61 days to 90 days	630,000	7,056,901,845
Past due over 90 days	3,727,445,863	8,957,244,364
	<u>19,074,351,435</u>	<u>40,080,008,525</u>

The carrying amount of trade and other receivables determined to be impaired and the movement in the related allowance for impairment are as follows:

35 FINANCIAL RISK MANAGEMENT (continued)**(b) Credit risk (continued)***(ii) Financial assets that are past due and/or impaired (continued)*

	As at 31 December	
	2011	2010
	VND	VND
Carrying amount		
Gross amount	3,562,056,526	610,169,728
Less: Allowance for impairment	(1,897,595,994)	(576,144,675)
	<u>1,664,460,532</u>	<u>34,025,053</u>
Allowance for impairment		
Beginning of financial year	576,144,675	642,761,453
Allowance made	1,833,346,777	(14,545,012)
Written-off	(511,895,458)	(52,071,766)
	<u>1,897,595,994</u>	<u>576,144,675</u>

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and medium term. The Company's holdings of cash, together with net cash flows from operations, are expected to be sufficient to cover the Company's liabilities due in the next financial year.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year VND	Between 1 and 2 years VND	Between 2 and 5 years VND
As at 31 December 2011			
Trade and other liabilities	2,360,105,278,536	92,000,000,000	-
	<u>2,360,105,278,536</u>	<u>92,000,000,000</u>	<u>-</u>
As at 31 December 2010			
Borrowings	567,960,000,000	-	-
Trade and other liabilities	1,554,807,261,693	-	92,000,000,000
	<u>2,122,767,261,693</u>	<u>-</u>	<u>92,000,000,000</u>

35 FINANCIAL RISK MANAGEMENT (continued)**(d) Fair value measurements**

The carrying value less provision of trade receivables, deposits and trade and other payables approximate to their fair values.

Below is the fair values of short-term and long-term investments:

	Book value VND	Compared to market value		Market value VND	Provision VND
		Increase VND	Decrease VND		
As at 31 December 2011					
Short-term investments					
Listed equity securities	24,993,771,792	11,762,802,708	(10,685,976,400)	26,070,598,100	(10,685,976,400)
Unlisted equity securities	82,283,660,000	-	(68,558,267,200)	13,725,392,800	(68,558,267,200)
Other long-term investments					
Listed equity securities	206,961,273,800	5,972,806,500	(96,442,805,500)	116,491,274,800	(96,442,805,500)
Investment funds	106,350,000,000	-	(45,907,987,129)	60,442,012,871	(45,907,987,129)
	<u>420,588,705,592</u>	<u>17,735,609,208</u>	<u>(221,595,036,229)</u>	<u>216,729,278,571</u>	<u>(221,595,036,229)</u>

35 FINANCIAL RISK MANAGEMENT (continued)

(d) Fair value measurements (continued)

	Book value VND	Compared to market value		Market value VND	Provision VND
		Increase VND	Decrease VND		
As at 31 December 2010					
Short-term investments					
Listed equity securities	24,993,771,792	39,538,150,708	(8,150,578,000)	56,381,344,500	(8,150,578,000)
Unlisted equity securities	82,283,660,000	-	(62,507,091,500)	19,776,568,500	(62,507,091,500)
Other long-term investments					
Listed equity securities	206,961,273,800	-	(80,353,639,400)	126,607,634,400	(80,353,639,400)
Investment funds	106,350,000,000	-	(28,226,445,148)	78,123,554,852	(28,226,445,148)
	<u>420,588,705,592</u>	<u>39,538,150,708</u>	<u>(179,237,754,048)</u>	<u>280,889,102,252</u>	<u>(179,237,754,048)</u>

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

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

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

36 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

The single-entity financial statements were approved by the Board of Directors on 28 February 2012.



Le Thanh Liem
Chief Accountant



Ngo Thi Thu Trang
Executive Director - Finance



Mai Kieu Lien
Chief Executive Officer