

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

**SINGLE-ENTITY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

**SINGLE-ENTITY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

TABLE OF CONTENTS	PAGE
Corporate information	1
Statement by the Board of Directors	2
Auditor's report	3
Balance sheet (Form B 01 – DN)	5
Income statement (Form B 02 – DN)	9
Cash flow statement (Form B 03 – DN)	10
Notes to financial statements (Form B 09 – DN)	12

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 6 November 2012 was issued by the Planning and Investment Department of Ho Chi Minh City.

Board of Management

Mdm Mai Kieu Lien	Chairwoman
Mr Le Song Lai	Member (appointed on 23 March 2012)
Mr Hoang Nguyen Hoc	Member (resigned on 23 March 2012)
Ms Ngo Thi Thu Trang	Member
Mr Pascal De Petrini	Member (appointed on 4 December 2012)
Mr Wang Eng Chin	Member (resigned on 4 December 2012)
Mr Le Anh Minh	Member

Board of Directors

Mdm Mai Kieu Lien	Chief Executive Officer
Ms Nguyen Thi Thanh Hoa	Executive Director - Supply Chain
Ms Nguyen Thi Nhu Hang	Executive Director Dairy Farm Development
Ms Ngo Thi Thu Trang	Executive Director - Finance
Mr Tran Minh Van	Executive Director - Project
Mr Nguyen Quoc Khanh	Acting Executive Director Production and Products Development
Ms Nguyen Huu Ngoc Tran	Acting Executive Director - Marketing
Mr Pham Phu Tuan	Acting Executive Director - Sales (resigned on 21 May 2012)
Mr Mai Hoai Anh	Acting Executive Director - Sales (appointed on 21 May 2012)

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 2012 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 47 which give a true and fair view of the financial position of the Company as at 31 December 2012, 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 *Wet*



Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, SR Vietnam
28 February 2013



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 2013. These single-entity financial statements comprise the balance sheet as of 31 December 2012, 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 47.

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 2012, 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 HCM3353
28 February 2013

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	
			2012 VND	2011 VND
100	CURRENT ASSETS		10,957,605,189,780	9,279,160,021,716
110	Cash and cash equivalents	3	1,224,462,285,364	3,101,435,901,849
111	Cash		824,462,285,364	771,435,901,849
112	Cash equivalents		400,000,000,000	2,330,000,000,000
120	Short-term investments	4(a)	3,909,275,954,492	736,033,188,192
121	Short-term investments		4,039,304,630,112	815,277,431,792
129	Provision for diminution in value of short-term investments		(130,028,675,620)	(79,244,243,600)
130	Accounts receivable		2,238,818,141,954	2,126,947,803,251
131	Trade accounts receivable	5	1,274,574,429,461	1,152,632,033,803
132	Prepayments to suppliers		550,939,005,745	743,668,199,436
135	Other receivables	6	417,136,879,198	232,545,166,006
139	Provision for doubtful debts		(3,832,172,450)	(1,897,595,994)
140	Inventories	7	3,357,506,580,186	3,186,792,095,368
141	Inventories		3,360,961,745,571	3,191,726,002,038
149	Provision for decline in value of inventories		(3,455,165,385)	(4,933,906,670)
150	Other current assets		227,542,227,784	127,951,033,056
151	Short-term prepayments	8(a)	70,612,136,982	56,321,028,026
152	Value Added Tax to be reclaimed		154,117,902,324	70,615,030,542
158	Other current assets		2,812,188,478	1,014,974,488

The notes on pages 12 to 47 are an integral part of these financial statements.

BALANCE SHEET
(continued)

Code	ASSETS (continued)	Note	As at 31 December	
			2012 VND	2011 VND
200	LONG-TERM ASSETS		8,825,031,622,819	6,285,158,103,799
220	Fixed assets		7,446,795,167,863	4,571,226,735,584
221	Tangible fixed assets	9(a)	3,748,756,576,222	3,140,742,111,001
222	Cost		5,844,850,660,156	4,819,396,220,602
223	Accumulated depreciation		(2,096,094,083,934)	(1,678,654,109,601)
227	Intangible fixed assets	9(b)	207,666,924,724	209,380,741,295
228	Cost		309,274,097,560	305,503,445,243
229	Accumulated depreciation		(101,607,172,836)	(96,122,703,948)
230	Construction in progress	9(c)	3,490,371,666,917	1,221,103,883,288
240	Investment properties	10	69,225,239,090	73,182,137,539
241	Cost		90,177,337,460	90,177,337,460
242	Accumulated depreciation		(20,952,098,370)	(16,995,199,921)
250	Long-term investments	4(b)	1,182,017,661,007	1,550,368,535,378
251	Investment in subsidiaries		1,078,318,014,080	823,752,380,127
252	Investments in joint ventures and associates		214,466,955,551	214,466,955,551
258	Other long-term investments		80,840,000,000	783,611,273,800
259	Provision for diminution in value of long-term investments		(191,607,308,624)	(271,462,074,100)
270	Other long-term assets		126,993,554,859	90,380,695,298
271	Long-term prepayments	8(b)	17,915,187,787	13,955,996,238
272	Deferred income tax assets	11	108,001,947,072	75,328,279,060
278	Other long-term assets		1,076,420,000	1,096,420,000
280	TOTAL ASSETS		19,782,636,812,599	15,564,318,125,515

The notes on pages 12 to 47 are an integral part of these financial statements.

BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2012 VND	2011 VND
300	LIABILITIES		4,388,182,540,872	3,152,169,943,075
310	Current liabilities		4,328,837,208,960	2,993,592,789,307
312	Trade accounts payable	12	2,442,335,842,075	1,882,755,381,787
313	Advances from customers		21,589,364,414	116,844,952,210
314	Taxes and other payables to the State Budget	13	331,870,328,102	287,182,837,552
315	Payable to employees		100,460,928,431	42,008,506,653
316	Accrued expenses	14	364,013,161,247	260,206,170,893
319	Other payables	15	662,625,268,582	58,284,825,493
320	Bonus and welfare fund		405,942,316,109	346,310,114,719
330	Long-term liabilities		59,345,331,912	158,577,153,768
333	Other long-term liabilities	16	-	92,000,000,000
336	Provision for severance allowances	17	59,325,269,500	66,571,712,268
338	Unearned revenue		20,062,412	5,441,500
400	OWNERS' EQUITY		15,394,454,271,727	12,412,148,182,440
410	Capital and reserves		15,394,454,271,727	12,412,148,182,440
411	Share capital	18, 19	8,339,557,960,000	5,561,147,540,000
412	Share premium	19	1,276,994,100,000	1,276,994,100,000
414	Treasury shares	19	(4,504,115,000)	(2,521,794,000)
417	Investment and development fund	19	93,889,017,729	908,024,236,384
418	Financial reserve fund	19	588,402,022,008	556,114,754,000
420	Undistributed earnings	19	5,100,115,286,990	4,112,389,346,056
440	TOTAL RESOURCES		19,782,636,812,599	15,564,318,125,515

The notes on pages 12 to 47 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	
	2012	2011
US\$	11,737,838.41	27,989,325.30
EUR	49,847.54	1,482,877.52



Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance

Mai Kieu Lien
Chief Executive Officer
28 February 2013

INCOME STATEMENT

Code		Note	For the year ended 31 December	
			2012 VND	2011 VND
01	Sales		27,337,224,229,674	22,264,531,786,640
02	Less deductions		(540,109,559,314)	(443,128,597,657)
10	Net sales	21(a)	26,797,114,670,360	21,821,403,188,983
11	Cost of sales	22	(17,741,665,254,788)	(15,267,378,200,645)
20	Gross profit		9,055,449,415,572	6,554,024,988,338
21	Financial income	21(b)	473,821,303,235	679,547,489,380
22	Financial expenses	23	(99,310,955,433)	(332,121,618,469)
23	- In which: Interest expenses on loans		(3,114,521,306)	(13,933,130,085)
24	Selling expenses	24	(2,345,841,736,875)	(1,811,943,544,902)
25	General and administration expenses	25	(484,293,406,112)	(434,273,596,118)
30	Operating profit		6,599,824,620,387	4,655,233,718,229
31	Other income		461,722,348,837	362,545,328,799
32	Other expenses		(174,201,501,862)	(85,269,643,075)
40	Net other income	26	287,520,846,975	277,275,685,724
50	Net accounting profit before tax		6,887,345,467,362	4,932,509,403,953
51	Business income tax - current	27	(1,134,149,728,389)	(778,367,649,176)
52	Business income tax - deferred	27, 11	32,673,668,012	12,463,242,524
60	Net profit after tax		5,785,869,406,985	4,166,604,997,301
70	Basic earnings per share (VND)	28	6,940	5,082

Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance

Mai Kieu Lien
Chief Executive Officer
28 February 2013

CASH FLOW STATEMENT
(Indirect method)

		<u>For the year ended 31 December</u>	
Code	Note	2012 VND	2011 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net profit before tax	6,887,345,467,362	4,932,509,403,953
	Adjustments for:		
02	Depreciation and amortisation	9, 10 468,009,085,448	361,325,713,482
03	(Reversal of provisions)/provisions	(26,888,466,733)	131,970,414,289
04	Unrealised foreign exchange losses	21, 23 23,750,178,315	7,605,774,684
05	Losses/(gains) from disposal of fixed assets	26 16,211,378,966	(14,717,382,304)
05	Interest and dividends income	21(b) (361,491,145,639)	(491,842,015,361)
05	Losses/(profits) from other investing activities	22,862,076,397	(1,358,228,668)
06	Interest expense	23 3,114,521,306	13,933,130,085
08	Operating profit before changes in working capital	7,032,913,095,422	4,939,426,810,160
09	Increase in receivables	(214,726,376,536)	(1,066,840,564,449)
10	Increase in inventories	(171,024,836,854)	(916,347,996,511)
11	Increase in payables	360,546,614,153	782,979,585,995
12	Increase in prepaid expenses	(15,388,438,295)	(23,173,000,514)
13	Interest paid	(3,114,521,306)	(14,785,659,974)
14	Business income tax paid	(1,070,582,780,405)	(789,968,554,294)
15	Other receipts from operating activities	3,704,175,480	1,255,501,334
16	Other payments on operating activities	(519,123,925,601)	(329,809,135,979)
20	Net cash inflows from operating activities	5,403,203,006,058	2,582,736,985,768
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and constructions	(3,014,661,801,278)	(1,704,853,964,951)
22	Proceeds from disposals of fixed assets	72,596,622,927	50,148,330,984
23	Loans granted to associates	-	(18,000,000,000)
23	Loans granted to a third party	(30,000,000,000)	-
24	(Increase)/decrease in deposits at banks	(2,536,900,000,000)	1,170,408,000,000
24	Collection of loans granted to associates	18,000,000,000	-
24	Proceeds from disposal of long-term investments	70,114,387,315	1,161,512,182
24	Proceeds from bonds matured	250,000,000,000	100,000,000,000
25	Investment in other entities	(254,900,000,000)	(262,699,995,567)
27	Dividends and interest received	370,876,064,573	471,824,231,056
30	Net cash outflows from investing activities	(5,054,874,726,463)	(192,011,886,296)

The notes on pages 12 to 47 are an integral part of these financial statements.

CASH FLOW STATEMENT
(Indirect method)
(continued)

Code	Note	For the year ended 31 December	
		2012 VND	2011 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuance of shares	-	1,454,528,400,000
32	Payment for share returns and repurchases	18, 19 (1,982,321,000)	(1,852,743,000)
33	Proceeds from borrowings	-	624,835,000,000
34	Repayments of borrowings	-	(1,209,835,000,000)
36	Dividends paid	19, 20 (2,222,994,056,000)	(741,428,260,000)
40	Net cash (outflows)/inflows from financing activities	(2,224,976,377,000)	126,247,397,000
50	Net (decrease)/increase in cash and cash equivalents	(1,876,648,097,405)	2,516,972,496,472
60	Cash and cash equivalents at beginning of year	3 3,101,435,901,849	584,843,207,079
61	Effect of foreign exchange differences	(325,519,080)	(379,801,702)
70	Cash and cash equivalents at end of year	3 1,224,462,285,364	3,101,435,901,849

Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance

Mai Kieu Lien
Chief Executive Officer
28 February 2013

The notes on pages 12 to 47 are an integral part of these financial statements.

**NOTES TO THE SINGLE-ENTITY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012****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 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.

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. The amended Business Registration Certificate No. 0300588569 for such increase in share capital was issued by the Planning and Investment Department of Ho Chi Minh City on 7 March 2012.

In December 2012, the Company increased the share capital to 8,339,557,960 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 is in the process of 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 subsidiaries, associates and jointly controlled entities are as listed below:

Name	Address	31.12.2012		31.12.2011	
		% 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%
Jointly controlled entities:					
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%	15%	15.79%	15.79%
Miraka Limited	Becker Findlay Allen C Tower 109 Tuwharetoa St, PO Box 1091, Taupo, New Zealand	19.3%	19.3%	19.3%	19.3%

(*) On 18 September 2012, the Board of Management of the Company issued the decision to liquidate Dielac Dairy One Member Company Limited ("Dielac") to convert it to a branch of the Company. The liquidation of Dielac was approved by the Management Board of Vietnam – Singapore Industrial Park on 25 September 2012. On 29 November 2012, the tax code of Dielac was closed by Binh Duong Province's tax department. On 4 December 2012, the Business Registration Certificate of the branch was issued by the Planning and Investment Department of Binh Duong Province, which renamed Dielac as Vietnam Powder Milk Factory. As at 31 December 2012, certain liquidation procedures of Dielac were still in progress.

1 GENERAL INFORMATION (continued)

As at 31 December 2012, the Company had 4,494 employees (2011: 4,226 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 2012 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 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 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**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.

2.8 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 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**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.

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.

Investment properties are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the investment properties.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.12 Investment properties (continued)***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.

2.13 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) Provision of services

Revenue from the provision 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 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.16 Current and deferred income tax**

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries that the Socialist Republic of Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit and the current tax rates. Current and deferred tax should be recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

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 the accounting nor the 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 substantively enacted by the balance sheet date.

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

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	up to 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.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.19 Related parties (continued)**

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.

2.21 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. 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, provision for severance allowance as of 31 December 2012 is determined based on the employees' number of years of service up to 31 December 2008 and their average salary for the six-month period prior to the balance sheet date.

3 CASH AND CASH EQUIVALENTS

	2012	2011
	VND	VND
Cash on hand	838,995,064	545,856,573
Cash at bank	822,873,290,300	770,890,045,276
Cash in transit	750,000,000	-
Cash equivalents (*)	400,000,000,000	2,330,000,000,000
	<u>1,224,462,285,364</u>	<u>3,101,435,901,849</u>

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

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

	2012	2011
	VND	VND
Investment in unlisted equity securities	82,283,660,000	82,283,660,000
Investment in listed equity securities	211,020,970,112	24,993,771,792
Short-term deposits at banks	2,974,000,000,000	440,000,000,000
Bonds issued by local corporates	-	50,000,000,000
Bonds issued by local credit institutions	300,000,000,000	200,000,000,000
Other short-term investments	472,000,000,000	18,000,000,000
	<u>4,039,304,630,112</u>	<u>815,277,431,792</u>
Provision for diminution in value of short-term investments	(130,028,675,620)	(79,244,243,600)
	<u>3,909,275,954,492</u>	<u>736,033,188,192</u>

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:

	2012	2011
	VND	VND
Opening balance	79,244,243,600	70,657,669,500
Increase	-	8,586,574,100
Reclassification from provision for diminution in value of long-term investments (Note 4(b))	54,008,653,800	-
Reversal	(3,224,221,780)	-
	<u>130,028,675,620</u>	<u>79,244,243,600</u>

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

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

	2012	2011
	VND	VND
<i>Long-term equity investments in subsidiaries:</i>		
Vietnam Dairy Cow One Member Limited Company	737,000,000,000	522,000,000,000
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	46,000,000,000
Dielac Dairy One Member Company Limited	204,518,014,080	164,952,380,127
	<u>1,078,318,014,080</u>	<u>823,752,380,127</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	50,000,000,000
Long-term bonds issued by local credit institutions	-	300,000,000,000
<i>Other long-term investments:</i>		
Listed equity securities	-	206,961,273,800
Investment funds	30,540,000,000	106,350,000,000
Others	300,000,000	120,300,000,000
	<u>80,840,000,000</u>	<u>783,611,273,800</u>
<i>Provision for diminution in value of long-term investments</i>	(191,607,308,624)	(271,462,074,100)
	<u>1,182,017,661,007</u>	<u>1,550,368,535,378</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:

	2012	2011
	VND	VND
Opening balance	271,462,074,100	151,998,226,912
Increase	57,544,382,799	120,592,117,088
Reversal	(83,390,494,475)	(1,128,269,900)
Reclassification to provision for diminution in value of short-term investment (Note 4(a)) (*)	(54,008,653,800)	-
Closing balance	<u>191,607,308,624</u>	<u>271,462,074,100</u>

(*) As at 31 December 2012, long-term investments in listed equity securities amounting to VND189,402,373,800 and the corresponding provision of VND54,008,653,800 were reclassified to short-term investments as the Company's management had intention to dispose them within 12 months from the balance sheet date.

5 TRADE ACCOUNTS RECEIVABLE

	2012	2011
	VND	VND
Third parties	1,269,777,484,612	1,143,141,655,655
Related parties (Note 30(b))	4,796,944,849	9,490,378,148
	<u>1,274,574,429,461</u>	<u>1,152,632,033,803</u>

6 OTHER RECEIVABLES

	2012	2011
	VND	VND
Dividends receivable	-	6,144,600
Interest income on deposits	55,733,508,797	39,118,333,339
Interest income receivable on bonds and loans granted to other entities	27,586,763,700	53,480,095,630
Import duty refundable	235,708,097,835	128,535,499,715
Rebates receivable from suppliers	76,841,890,627	-
Others	21,266,618,239	11,405,092,722
	<u>417,136,879,198</u>	<u>232,545,166,006</u>

7 INVENTORIES

	2012	2011
	VND	VND
Goods in transit	702,632,670,110	972,269,280,990
Raw materials	1,995,612,794,941	1,554,537,858,729
Tools and supplies	4,602,995,846	319,202,861
Work in progress	27,269,565,141	23,368,489,862
Finished goods	588,692,556,146	569,780,981,699
Merchandise inventories	20,308,535,581	23,079,807,665
Goods on consignment	21,842,627,806	48,370,380,232
	<hr/>	<hr/>
	3,360,961,745,571	3,191,726,002,038
Provision for decline in value of inventory	(3,455,165,385)	(4,933,906,670)
	<hr/>	<hr/>
	<u>3,357,506,580,186</u>	<u>3,186,792,095,368</u>

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

	2012	2011
	VND	VND
Opening balance	4,933,906,670	4,102,608,915
Increase	8,686,194,492	10,074,642,239
Reversal	(8,476,656,163)	(7,987,996,015)
Written-off	(1,688,279,614)	(1,255,348,469)
	<hr/>	<hr/>
Closing balance	<u>3,455,165,385</u>	<u>4,933,906,670</u>

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

	2012	2011
	VND	VND
Advertising expenses	2,542,287,500	8,320,100,182
Land, warehouse and other rental expenses	1,587,393,638	2,414,274,654
Software development and server maintenance expenses	2,499,507,569	3,862,183,375
Tools and supplies supporting selling activities	46,373,495,946	34,676,924,998
Other tools and supplies	10,042,765,643	4,315,576,310
Repair and maintenance expenses	7,133,316,219	1,381,630,958
Other expenses	433,370,467	1,350,337,549
	<hr/>	<hr/>
	<u>70,612,136,982</u>	<u>56,321,028,026</u>

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

	2012	2011
	VND	VND
Land rental	2,159,885,571	2,434,012,586
Tools and supplies supporting selling activities	15,699,234,727	11,241,646,159
Other expenses	56,067,489	280,337,493
	<u>17,915,187,787</u>	<u>13,955,996,238</u>

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

	2012	2011
	VND	VND
Opening balance	13,955,996,238	94,165,141,674
Increase	78,574,391,086	64,037,517,524
Transfers to intangible fixed assets	-	(82,680,130,919)
Transfers to short-term prepayments (*)	(74,615,199,537)	(61,566,532,041)
	<u>17,915,187,787</u>	<u>13,955,996,238</u>

(*) Represented a portion of long-term prepayments 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 2012	762,922,587,776	3,474,955,502,074	329,173,371,192	252,344,759,560	4,819,396,220,602
New purchases	25,997,452,509	136,246,682,349	58,207,174,591	55,290,648,602	275,741,958,051
Transfers from construction in progress (Note 9(c))	158,772,462,767	657,181,878,819	13,537,809,265	6,522,338,934	836,014,489,785
Reclassifications	2,201,083,457	(2,382,953,980)	251,261,432	(69,390,909)	-
Disposals	(9,952,752,466)	(15,735,643,206)	(55,994,156,197)	(4,619,456,413)	(86,302,008,282)
At 31 December 2012	<u>939,940,834,043</u>	<u>4,250,265,466,056</u>	<u>345,175,460,283</u>	<u>309,468,899,774</u>	<u>5,844,850,660,156</u>
Accumulated depreciation					
At 1 January 2012	189,461,623,334	1,234,934,979,633	135,277,665,228	118,979,841,406	1,678,654,109,601
Charge for the year	36,320,943,175	347,729,196,796	28,665,206,647	44,581,515,013	457,296,861,631
Reclassifications	67,482,521	(126,500,985)	67,003,048	(7,984,584)	-
Disposals	(2,140,425,417)	(10,277,804,801)	(22,864,154,593)	(4,574,502,487)	(39,856,887,298)
At 31 December 2012	<u>223,709,623,613</u>	<u>1,572,259,870,643</u>	<u>141,145,720,330</u>	<u>158,978,869,348</u>	<u>2,096,094,083,934</u>
Net book value					
At 1 January 2012	<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>
At 31 December 2012	<u><u>716,231,210,430</u></u>	<u><u>2,678,005,595,413</u></u>	<u><u>204,029,739,953</u></u>	<u><u>150,490,030,426</u></u>	<u><u>3,748,756,576,222</u></u>

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

Included in the tangible fixed assets were assets costing VND669,872,114,995 which were fully depreciated as at 31 December 2012 (31 December 2011: VND628,682,409,973), but which are still in active use.

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
At 1 January 2012	246,572,355,216	58,931,090,027	305,503,445,243
Additions	-	5,041,508,797	5,041,508,797
Disposals	-	(1,270,856,480)	(1,270,856,480)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	246,572,355,216	62,701,742,344	309,274,097,560
	<hr/>	<hr/>	<hr/>
Accumulated amortisation			
At 1 January 2012	47,439,243,351	48,683,460,597	96,122,703,948
Charge for the year	3,359,710,845	3,395,614,523	6,755,325,368
Disposals	-	(1,270,856,480)	(1,270,856,480)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	50,798,954,196	50,808,218,640	101,607,172,836
	<hr/>	<hr/>	<hr/>
Net book value			
At 1 January 2012	199,133,111,865	10,247,629,430	209,380,741,295
	<hr/>	<hr/>	<hr/>
At 31 December 2012	195,773,401,020	11,893,523,704	207,666,924,724
	<hr/>	<hr/>	<hr/>

Included in the intangible fixed assets were assets costing VND45,221,516,597 which were fully amortised as at 31 December 2012 (31 December 2011: VND43,568,790,597), but which are still in active use.

(c) Construction in progress

	2012 VND	2011 VND
Opening balance	1,221,103,883,288	653,359,231,400
Additions	3,173,403,769,624	1,673,918,817,918
Transfers to tangible fixed assets (Note 9(a))	(836,014,489,785)	(1,095,656,690,548)
Disposals	(65,259,634,000)	(10,517,475,482)
Other decreases	(2,861,862,210)	-
	<hr/>	<hr/>
Closing balance	3,490,371,666,917	1,221,103,883,288
	<hr/>	<hr/>

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

Main projects relate to the following locations:

	2012 VND	2011 VND
Vietnam milk factory	1,819,204,239,183	252,972,591,210
Dielac 2 powder milk factory	1,509,809,070,248	383,594,721,240
Can Tho branch	45,086,527,051	44,989,951,351
Dairy cow farms	35,366,294,536	15,893,206,674
Da Nang milk factory	21,448,226,014	237,931,390,899
Saigon milk factory	591,352,078	80,403,563,112
Tien Son milk factory	-	81,555,694,010
Nghe An milk factory	-	35,495,060,435
Dielac milk factory	-	33,679,200,351

10 INVESTMENT PROPERTIES

	Infrastructure VND	Buildings VND	Total VND
Historical cost			
At 1 January 2012 and at 31 December 2012	5,994,290,197	84,183,047,263	90,177,337,460
Accumulated depreciation			
At 1 January 2012	1,144,301,491	15,850,898,430	16,995,199,921
Charge for the year	599,429,017	3,357,469,432	3,956,898,449
At 31 December 2012	1,743,730,508	19,208,367,862	20,952,098,370
Net book value			
At 1 January 2012	4,849,988,706	68,332,148,833	73,182,137,539
At 31 December 2012	4,250,559,689	64,974,679,401	69,225,239,090

Included in the investment properties were assets costing VND6,976,800,000 which were fully depreciated as at 31 December 2012 (31 December 2011: VND6,976,800,000), 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:

	2012 VND	2011 VND
Opening balance	75,328,279,060	62,865,036,536
Income statement credit	32,673,668,012	12,463,242,524
	<hr/>	<hr/>
Closing balance	<u>108,001,947,072</u>	<u>75,328,279,060</u>

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

12 TRADE ACCOUNTS PAYABLE

	2012 VND	2011 VND
Third parties	2,203,754,748,998	1,702,718,373,420
Related parties (Note 30(b))	238,581,093,077	180,037,008,367
	<hr/>	<hr/>
	<u>2,442,335,842,075</u>	<u>1,882,755,381,787</u>

13 TAXES AND OTHER PAYABLES TO STATE BUDGET

	2012 VND	2011 VND
Value Added Tax	57,814,604,737	78,689,870,892
Import duty	3,932,727,653	5,819,918,779
Business income tax	252,181,870,378	188,614,922,393
Personal income tax	17,908,520,534	13,669,767,416
Others	32,604,800	388,358,072
	<hr/>	<hr/>
	<u>331,870,328,102</u>	<u>287,182,837,552</u>

14 ACCRUED EXPENSES

	2012	2011
	VND	VND
Sales incentives for distributors	172,183,794,781	166,981,423,467
Expenses for product display	-	138,181,804
Advertising expenses	116,910,036,213	29,428,701,502
Transportation expenses	23,903,854,607	25,290,506,962
Fuel expenses	7,115,522,438	5,795,564,015
Repair and maintenance expenses	5,797,227,711	6,357,023,147
Expenses for outsourced employees	11,164,299,513	7,252,173,600
Others	26,938,425,984	18,962,596,396
	<u>364,013,161,247</u>	<u>260,206,170,893</u>

Other accrued expenses as at 31 December 2012 mainly comprised of land rentals and other general and administration expenses.

15 OTHER PAYABLES

	2012	2011
	VND	VND
Deposits received from customers	18,439,185,025	13,285,621,271
Import duty payable not past due	176,541,502,888	31,891,388,948
Other payables relating to financial investments (*)	448,007,419,155	184,859,155
Staff insurance and trade union fees	465,314,243	530,051,230
Others	19,171,847,271	12,392,904,889
	<u>662,625,268,582</u>	<u>58,284,825,493</u>

(*) Other payables relating to financial investments included an advance payment of VND447,822,000,000 received from a third party in respect of the future transfer of the Company's investment in a bank. The transfer can only be effective upon approval by the bank's Annual General Meeting or Board of Management and its founding shareholders; or after five years from the date of establishment of the bank, whichever comes first. The advance amount comprised of VND92,000,000,000 received in previous years and VND355,822,000,000 received in 2012.

16 OTHER LONG-TERM LIABILITIES

Other long-term liabilities were reclassified to other short-term payables in 2012 as they will be settled within 12 months from the balance sheet date (Note 15).

17 PROVISION FOR SEVERANCE ALLOWANCES

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

	2012 VND	2011 VND
Opening balance	66,571,712,268	51,058,625,583
Increase	1,687,443,587	16,576,979,482
Payment during the year	(680,685,501)	(1,063,892,797)
Reversal	(8,253,200,854)	-
Closing balance	<u>59,325,269,500</u>	<u>66,571,712,268</u>

18 SHARE CAPITAL

On 20 November 2012, the Ho Chi Minh City Stock Exchange issued Notification No. 926/2012/TB-SGDHCM to approve for the registration of 277,841,042 bonus shares of 2:1 ratio in circulation, which were issued using the Investment and Development Fund and undistributed earnings to raise the share capital to VND8,339,557,960,000. As at 31 December 2012, the Company is in the process of registration for amended Business Registration Certificate for the increase in share capital.

The Company's authorised and issued share capitals are:

	<u>31.12.2012</u>		<u>31.12.2011</u>	
	Number of shares	VND	Number of shares	VND
Authorised share capital	833,955,796	8,339,557,960,000	556,114,754	5,561,147,540,000
Issued share capital				
Ordinary shares	833,955,796	8,339,557,960,000	556,114,754	5,561,147,540,000
Treasury shares				
Ordinary shares	(430,120)	(4,504,115,000)	(247,140)	(2,521,794,000)
Shares currently in circulation				
Ordinary shares	<u>833,525,676</u>	<u>8,335,053,845,000</u>	<u>555,867,614</u>	<u>5,558,625,746,000</u>

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.

19 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 2011	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	-	(1,852,892,040,000)	-	-	1,454,528,400,000
Purchases of treasury shares	-	-	(1,852,743,000)	-	-	-	(1,852,743,000)
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	-	-	-	-	-	(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
Capital increase during the year	2,778,410,420,000	-	-	(1,628,883,194,992)	-	(1,149,527,225,008)	-
Purchases of treasury shares	-	-	(1,982,321,000)	-	-	-	(1,982,321,000)
Profit for the year	-	-	-	-	-	5,785,869,406,985	5,785,869,406,985
Appropriations to reserves	-	-	-	814,747,976,337	32,287,268,008	(1,425,622,185,043)	(578,586,940,698)
Dividends paid (Note 20)	-	-	-	-	-	(2,222,994,056,000)	(2,222,994,056,000)
As at 31 December 2012	8,339,557,960,000	1,276,994,100,000	(4,504,115,000)	93,889,017,729	588,402,022,008	5,100,115,286,990	15,394,454,271,727

20 DIVIDENDS

During 2012, the Company has declared and paid final dividends of 20% in cash of the year ended 31 December 2011 and interim dividends of 20% in cash of the year ended 31 December 2012.

Final dividends in respect of the year ended 31 December 2012 are to be proposed at the Company's Annual General Meeting in 2013.

21 REVENUE**(a) Net sales**

	2012	2011
	VND	VND
Sales		
Sales of merchandise goods	612,030,601,822	496,124,755,574
Sales of finished goods	26,689,483,393,870	21,738,114,896,771
Revenue from provision of real estate services	11,631,044,989	9,601,945,888
Revenue from provision of other services	24,079,188,993	20,690,188,407
	<u>27,337,224,229,674</u>	<u>22,264,531,786,640</u>
Sales deductions		
Trade discounts	(529,926,422,029)	(441,891,678,905)
Sales returns	(10,183,137,285)	(1,236,918,752)
	<u>(540,109,559,314)</u>	<u>(443,128,597,657)</u>
Net sales	<u><u>26,797,114,670,360</u></u>	<u><u>21,821,403,188,983</u></u>

(b) Financial income

	2012	2011
	VND	VND
Interest income on loan granted	468,750,000	2,445,000,000
Interest income on deposits	248,345,614,281	365,831,459,358
Interest income on bonds	77,056,806,958	97,988,961,693
Dividends income	35,619,974,400	25,576,594,310
Realised foreign exchange gains	103,438,947,734	133,011,736,352
Gains from foreign currency translation at year end	-	53,335,201,499
Gains on disposal of investments	8,790,592,000	-
Others	100,617,862	1,358,536,168
	<u>473,821,303,235</u>	<u>679,547,489,380</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Form B 09 – DN

22 COST OF SALES

	2012 VND	2011 VND
Merchandise goods sold	543,608,781,370	479,892,671,596
Finished goods sold	17,174,737,408,554	14,761,993,994,256
Real estate services provided	5,511,306,230	5,461,852,413
Other services provided	1,021,956,715	1,314,885,592
Inventories deficiencies	18,897,711	30,672,000
Expenses in excess of normal value	16,557,365,879	16,597,478,564
Provision for the decline in value of inventory	209,538,329	2,086,646,224
	<u>17,741,665,254,788</u>	<u>15,267,378,200,645</u>

23 FINANCIAL EXPENSES

	2012 VND	2011 VND
Payment discounts for distributors	31,602,235,707	22,667,657,049
Interest expenses on loans	3,114,521,306	13,933,130,085
Interest expenses on deposits received	1,016,360,739	1,173,590,655
Realised foreign exchange losses	37,855,110,549	105,296,848,209
Losses on foreign currency translation at year end (Reversal of provision)/provision for diminution in value of investments	23,750,178,315 (29,070,333,456)	60,940,976,183 128,050,421,288
Other financial expenses	31,042,882,273	58,995,000
	<u>99,310,955,433</u>	<u>332,121,618,469</u>

24 SELLING EXPENSES

	2012 VND	2011 VND
Advertising expenses	586,620,623,362	400,203,453,923
Promotion expenses	635,694,113,386	501,645,805,671
Support and commission expenses for distributors	405,354,439,716	330,271,502,489
Staff costs	154,142,240,782	126,040,690,295
Material expenses	56,236,043,231	46,661,138,368
Tools and supplies expenses	61,297,993,881	36,459,224,005
Depreciation expenses	25,653,373,488	25,827,515,080
Expenses of damaged goods	13,803,784,829	10,079,299,960
Transportation for goods sold	307,016,838,337	254,224,204,720
Outside service expenses	100,022,285,863	80,530,710,391
	<u>2,345,841,736,875</u>	<u>1,811,943,544,902</u>

25 GENERAL AND ADMINISTRATION EXPENSES

	2012	2011
	VND	VND
Staff costs	151,609,011,909	129,569,390,847
Material expenses	13,097,784,566	10,514,850,125
Office supplies	3,614,194,215	4,591,556,456
Depreciation expense	57,711,704,523	49,055,939,098
Fees and duties	4,833,440,498	2,554,586,807
Provision of doubtful debts and severance allowance	1,386,257,430	18,410,326,259
Transportation for internal transfer of goods	50,852,128,502	47,134,745,105
Outside service expenses	114,342,360,487	89,989,436,522
Loading expenses	24,670,644,465	32,483,865,536
Per diem allowances	18,037,151,325	14,907,572,769
Bank charges	5,975,197,656	6,926,788,557
Others	38,163,530,536	28,134,538,037
	<u>484,293,406,112</u>	<u>434,273,596,118</u>

26 NET OTHER INCOME

	2012	2011
	VND	VND
Other income		
Compensation received from other parties	789,778,800	3,140,520,594
Proceeds from disposals of fixed assets	30,311,370,662	48,909,935,847
Proceeds from disposals of construction in progress	65,259,634,001	10,651,675,000
Proceeds from sales of scraps, tools and supplies	94,848,282,339	85,071,020,610
Rebate income from suppliers	196,470,446,738	166,810,521,148
Sundry income	74,042,836,297	47,961,655,600
	<u>461,722,348,837</u>	<u>362,545,328,799</u>
Other expenses		
Net book value of fixed assets disposed	(46,445,120,984)	(34,326,753,061)
Cost of construction in progress disposed	(65,259,634,000)	(10,517,475,482)
Cost of tools, supplies and scraps disposed	-	(1,329,579,899)
Fines due to contract breach	-	(722,472,308)
Sundry expenses	(62,496,746,878)	(38,373,362,325)
	<u>(174,201,501,862)</u>	<u>(85,269,643,075)</u>
Net other income	<u>287,520,846,975</u>	<u>277,275,685,724</u>

27 BUSINESS INCOME TAX

The Company is required to pay business income tax (“BIT”) at rates ranging from 15% to 25%, depending on locations of its 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:

	2012	2011
	VND	VND
Net accounting profit before tax	6,887,345,467,362	4,932,509,403,953
Tax calculated at the tax rate of 25%	1,721,836,366,841	1,233,127,350,988
Effect of:		
Different tax rates applicable for branches	(314,881,380,853)	(229,286,581,562)
Income not subject to tax	(8,904,993,600)	(6,670,090,476)
Expenses not deductible for tax purposes	6,029,193,787	5,821,560,435
Tax incentives	(313,740,127,833)	(242,501,624,866)
Recognition of deferred income tax asset which was not previously recognised	(7,099,509,506)	-
Under-provision in previous years	18,236,511,541	5,413,792,133
Business income tax charge	<u>1,101,476,060,377</u>	<u>765,904,406,652</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 respective local tax authorities.

28 BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding.

	2012	2011
Net profit attributable to shareholders (VND)	5,785,869,406,985	4,166,604,997,301
Weighted average number of ordinary shares in issuance	833,639,586	546,582,775
Basic earnings per share based on weighted average number of ordinary shares in issuance (VND)	6,940	7,623
Revised weighted average number of ordinary shares in issuance by taking into account the bonus shares issued in December 2012, with the assumption that they were issued at 1 January 2011	833,639,586	819,874,163
Revised basic earnings per share by taking into account the bonus shares issued in December 2012, with the assumption that they were issued at 1 January 2011 (VND)	<u>6,940</u>	<u>5,082</u>

The Company does not have potentially dilutive ordinary shares.

29 COST OF GOODS MANUFACTURED BY FACTORS

	2012 VND	2011 VND
Raw materials	16,709,397,161,340	14,561,329,401,840
Labour costs	702,005,924,590	577,524,150,998
Depreciation expenses	466,860,285,222	361,325,713,482
Outside service expenses	876,774,420,101	719,440,867,111
Other cash expenses	1,827,043,090,173	1,408,247,327,190
	<u>20,582,080,881,426</u>	<u>17,627,867,460,621</u>

30 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

The largest shareholder of the Company is the State Capital Investment Corporation ("SCIC") which owns 45.05% 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

	2012 VND	2011 VND
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	108,207,148,458	30,594,037,123
Lam Son Dairy One Member Company Limited	193,485,224,043	169,925,582,790
Associates:		
Asia Saigon Food Ingredients Joint Stock Company	-	112,180,852
	<u>301,692,372,501</u>	<u>200,631,800,765</u>

ii) Purchases of goods and services

	2012 VND	2011 VND
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	193,616,951,865	113,848,608,635
Lam Son Dairy One Member Company Limited	330,501,859,135	283,718,538,593
Jointly controlled entities:		
Dairy Cow Development Project	3,761,820,098	3,483,876,513
Associates:		
Miraka Limited	376,348,603,444	208,625,385,663
Asia Saigon Food Ingredients Joint Stock Company	37,676,635,000	8,283,190,000
	<u>941,905,869,542</u>	<u>617,959,599,404</u>

30 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (continued)

(a) Related party transactions (continued)

iii) Sales of fixed assets and construction in progress

	2012 VND	2011 VND
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	65,882,698,293	46,652,362,228
Lam Son Dairy One Member Company Limited	4,688,512,420	3,256,822,601
	<u>70,571,210,713</u>	<u>49,909,184,829</u>

iv) Purchases of fixed assets and construction in progress

	2012 VND	2011 VND
Dielac Dairy One Member Company Limited	142,809,664,511	-
	<u>142,809,664,511</u>	<u>-</u>

v) Collection of loans granted to an associate

During the year, Asia Saigon Food Ingredients Joint Stock Company has paid off the loan of VND18 billion granted by the Company in 2011.

vi) Capital contribution

	2012 VND	2011 VND
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	215,000,000,000	172,000,000,000
International Real Estate One Member Limited Company	-	200,000,000
Dielac Dairy One Member Company Limited	39,565,633,953	90,499,995,567
	<u>254,565,633,953</u>	<u>262,699,995,567</u>

vii) Dividends paid

	2012 VND	2011 VND
Major shareholder:		
The State Capital Investment Corporation	1,001,952,000,000	333,984,000,000
	<u>1,001,952,000,000</u>	<u>333,984,000,000</u>

30 RELATED PARTY TRANSACTIONS (continued)**(a) Related party transactions (continued)****viii) Remuneration of key management**

	2012 VND	2011 VND
Remuneration of members of Board of Management and Board of Directors	56,403,673,599	46,643,535,904

(b) Year end balances with related parties

	2012 VND	2011 VND
Trade accounts receivable (Note 5)		
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	4,796,944,849	7,892,430,989
Lam Son Dairy One Member Company Limited	-	1,597,947,159
	<u>4,796,944,849</u>	<u>9,490,378,148</u>
Other receivables		
Subsidiaries:		
Dielac Dairy One Member Company Limited	13,709,762,481	-
	<u>13,709,762,481</u>	<u>-</u>
Trade accounts payable (Note 12)		
Subsidiaries:		
Vietnam Dairy Cow One Member Limited Company	9,465,875,500	5,257,755,600
Lam Son Dairy One Member Company Limited	86,654,248,307	66,583,265,936
Dielac Dairy One Member Company Limited	137,563,001,201	-
Jointly controlled entities:		
Dairy Cow Development Project	1,693,428,819	145,509,003
Associates:		
Asia Saigon Food Ingredients Joint Stock Company	3,204,539,250	-
Miraka Limited	-	108,050,477,828
	<u>238,581,093,077</u>	<u>180,037,008,367</u>

31 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	
	2012	2011	2012	2011	2012	2011
	VND	VND	VND	VND	VND	VND
Sales revenue	23,084,691,873,516	19,048,538,611,092	3,712,422,796,844	2,772,864,577,891	26,797,114,670,360	21,821,403,188,983
Cost of sales	(14,803,102,740,306)	(13,043,333,351,514)	(2,938,562,514,482)	(2,224,044,849,131)	(17,741,665,254,788)	(15,267,378,200,645)
Segment income	8,281,589,133,210	6,005,205,259,578	773,860,282,362	548,819,728,760	9,055,449,415,572	6,554,024,988,338

34 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 2012			
	Original currency		Equivalent to VND	
	USD	EUR	USD	EUR
Financial assets				
Cash and bank deposits	11,737,838	49,848	244,147,038,928	1,360,887,689
Trade and other receivables	26,862,852	9,151	558,747,318,929	249,831,451
	<u>38,600,690</u>	<u>58,999</u>	<u>802,894,357,857</u>	<u>1,610,719,140</u>
Financial liabilities				
Trade and other payables	(35,559,707)	(12,185,695)	(739,641,898,740)	(332,681,669,023)
Currency exposure	<u>3,040,983</u>	<u>(12,126,696)</u>	<u>63,252,459,117</u>	<u>(331,070,949,883)</u>
	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	25,905,903	-	539,568,149,410	-
	<u>53,895,228</u>	<u>1,482,878</u>	<u>1,122,529,816,760</u>	<u>40,976,354,510</u>
Financial liabilities				
Trade and other payables	(38,849,352)	(12,606,518)	(809,154,305,747)	(348,355,921,842)
Currency exposure	<u>15,045,876</u>	<u>(11,123,640)</u>	<u>313,375,511,013</u>	<u>(307,379,567,332)</u>

At 31 December 2012, 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 VND4,743,934,434 higher/lower as a result of currency translation gains/losses on the remaining USD-denominated financial instruments.

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

At 31 December 2012, 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 VND24,830,321,241 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 VND10,425,695,430 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 2012, 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.

34 FINANCIAL RISK MANAGEMENT (continued)**(b) Credit risk (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 as assessed by the Board. 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 VND1,670,122,785,005 (2011: VND1,362,540,791,848).

(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	
	2012	2011
	VND	VND
Past due 1 to 30 days	13,392,747,256	15,058,558,138
Past due 31 days to 60 days	214,534,274	287,717,434
Past due 61 days to 90 days	574,491,413	630,000
Past due over 90 days	-	3,727,445,863
	<u>14,181,772,943</u>	<u>19,074,351,435</u>

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

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

	As at 31 December	
	2012	2011
	VND	VND
Carrying amount		
Gross amount	7,406,750,711	3,562,056,526
Less: Allowance for impairment	(3,832,172,450)	(1,897,595,994)
	<u>3,574,578,261</u>	<u>1,664,460,532</u>
Allowance for impairment		
Beginning of financial year	1,897,595,994	576,144,675
Allowance made	1,972,328,394	1,833,346,777
Written-off	(37,751,938)	(511,895,458)
	<u>3,832,172,450</u>	<u>1,897,595,994</u>
End of financial year	<u>3,832,172,450</u>	<u>1,897,595,994</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
As at 31 December 2012		
Trade and other liabilities	<u>3,569,435,200,335</u>	<u>-</u>
As at 31 December 2011		
Trade and other liabilities	<u>2,243,254,884,826</u>	<u>92,000,000,000</u>

34 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 2012					
Short-term investments					
Listed equity securities	211,020,970,112	14,318,490,708	(61,470,408,420)	163,869,052,400	(61,470,408,420)
Unlisted equity securities	82,283,660,000	-	(68,558,267,200)	13,725,392,800	(68,558,267,200)
Other long-term investments					
Investment funds	30,540,000,000	-	(14,355,884,467)	16,184,115,533	(14,355,884,467)
	<u>323,844,630,112</u>	<u>14,318,490,708</u>	<u>(144,384,560,087)</u>	<u>193,778,560,733</u>	<u>(144,384,560,087)</u>

34 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 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>

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.

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.

35 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 2013.



Le Thanh Liem
Chief Accountant

Ngo Thi Thu Trang
Executive Director - Finance

Mai Kieu Lien
Chief Executive Officer