

Vietnam Dairy Products Joint Stock Company

Separate financial statements
for the year ended 31 December 2013

Vietnam Dairy Products Joint Stock Company Corporate Information

Business Registration Certificate No.

4103001932
0300588569

20 November 2003
29 May 2013

The Company's business registration certificate has been amended several times, the most recent of which is by business registration certificate No. 0300588569. The business registration certification was issued by Ho Chi Minh City Planning and Investment Department dated 29 May 2013.

Members' Council

Mdm Mai Kieu Lien	Chairwoman
Mr Le Song Lai	Member
Ms Ngo Thi Thu Trang	Member
Mr Pascal De Petrini	Member (until 23 May 2013)
Mr Ng Jui Sia	Member (from 23 May 2013)
Mr Le Anh Minh	Member
Ms Le Thi Bang Tam	Member
Mr Ha Van Tham	Member

Board of Directors

Mdm Mai Kieu Lien	Chief Executive Officer
Ms Nguyen Thi Thanh Hoa	Executive Director Production and Products Development
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	Executive Director – Supply chain
Ms Nguyen Huu Ngoc Tran	Acting Executive Director Marketing (resign on 15 January 2014)
Mr Mai Hoai Anh	Executive Director – Sales

Registered Office

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

Auditors

KPMG Limited
Vietnam

**Vietnam Dairy Products Joint Stock Company
Statement of the Board of Directors**

**STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN
RESPECT OF THE SEPARATE FINANCIAL STATEMENTS**

The Board of Directors is responsible for the separate financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) which give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2013 and of the unconsolidated results of operations and cash flows for the year then ended. In preparing these separate 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 separate 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 separate financial position of the Company and which enable these separate financial statements to be prepared which complies with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial statements. The Board of Directors is 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 SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements set out on pages 5 to 55 which give a true and fair view of the separate financial position of the Company as at 31 December 2013, and of the separate results of operations and cash flows for the year ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial statements.

On behalf of the Board of Directors



Markien Lien
Chief Executive Officer

Ho Chi Minh City, 28 February 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders Vietnam Dairy Products Joint Stock Company

We have audited the accompanying separate financial statements of Vietnam Dairy Products Joint Stock Company ("the Company"), which comprise the separate balance sheet as of 31 December 2013, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 28 February 2014, as set out on pages 5 to 55.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of 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 judgement, including the 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Audit Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Vietnam Dairy Products Joint Stock Company as of 31 December 2013 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting.

Other Matters

The separate financial statements of the Company as of and for the year ended 31 December 2012 were audited by another firm of auditors whose report date 28 February 2013 expressed an unqualified opinion on those statements.

KPMG Limited's Branch in Ho Chi Minh City
Vietnam
Operating registration certificate No.: 4114000230
Audit Report No: 13-01-237



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



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

Ho Chi Minh City, 28 February 2014

Vietnam Dairy Products Joint Stock Company
Separate balance sheet as at 31 December 2013

Form B 01 – DN

	Code	Note	31/12/2013 VND	31/12/2012 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		12,415,938,573,034	10,957,605,189,780
Cash and cash equivalents	110	5	2,649,635,556,014	1,224,462,285,364
Cash	111		1,349,635,556,014	824,462,285,364
Cash equivalents	112		1,300,000,000,000	400,000,000,000
Short-term investments	120	6	4,167,317,622,318	3,909,275,954,492
Short-term investments	121		4,313,292,575,718	4,039,304,630,112
Allowance for diminution in the value of short-term investments	129		(145,974,953,400)	(130,028,675,620)
Accounts receivable – short-term	130	7	2,449,900,290,879	2,238,818,141,954
Accounts receivable – trade	131		1,739,619,472,317	1,274,574,429,461
Prepayments to suppliers	132		305,461,174,876	550,939,005,745
Other receivables	135		406,739,802,657	417,136,879,198
Allowance for doubtful debts	139	34(b)	(1,920,158,971)	(3,832,172,450)
Inventories	140	8	3,016,748,244,786	3,357,506,580,186
Inventories	141		3,027,125,150,330	3,360,961,745,571
Allowance for inventories	149		(10,376,905,544)	(3,455,165,385)
Other current assets	150		132,336,859,037	227,542,227,784
Short-term prepayments	151		115,212,816,603	70,612,136,982
Deductible value added tax	152		16,079,608,608	154,117,902,324
Other current assets	158		1,044,433,826	2,812,188,478

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

Vietnam Dairy Products Joint Stock Company
Separate balance sheet as at 31 December 2013 (continued)

Form B 01 – DN

	Code	Note	31/12/2013 VND	31/12/2012 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		9,466,984,212,085	8,825,031,622,819
Accounts receivable – long-term	210		736,666,667	-
Other long-term receivables			736,666,667	-
Fixed assets	220		7,634,662,008,779	7,446,795,167,863
Tangible fixed assets	221	9	7,075,948,185,947	3,748,756,576,222
<i>Cost</i>	222		9,785,029,845,569	5,844,850,660,156
<i>Accumulated depreciation</i>	223		(2,709,081,659,622)	(2,096,094,083,934)
Intangible fixed assets	227	10	298,010,933,176	207,666,924,724
<i>Cost</i>	228		409,324,240,376	309,274,097,560
<i>Accumulated amortisation</i>	229		(111,313,307,200)	(101,607,172,836)
Construction in progress	230	11	260,702,889,656	3,490,371,666,917
Investment property	240	12	106,022,395,521	69,225,239,090
<i>Cost</i>	241		132,849,190,358	90,177,337,460
<i>Accumulated depreciation</i>	242		(26,826,794,837)	(20,952,098,370)
Long-term investments	250	13	1,474,193,337,749	1,182,017,661,007
Investments in subsidiaries	251		1,355,850,560,000	1,078,318,014,080
Investments in associates and joint-ventures	252		239,010,992,596	214,466,955,551
Other long-term investments	258		21,977,078,220	80,840,000,000
Allowance for diminution in the value of long-term investments	259		(142,645,293,067)	(191,607,308,624)
Other long-term assets	260		251,369,803,369	126,993,554,859
Long-term prepayments	261	14	134,992,760,729	17,915,187,787
Deferred tax assets	262	15	115,300,622,640	108,001,947,072
Other long-term assets	268		1,076,420,000	1,076,420,000
TOTAL ASSETS (270 = 100 + 200)	270		21,882,922,785,119	19,782,636,812,599

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

Vietnam Dairy Products Joint Stock Company
Separate balance sheet as at 31 December 2013 (continued)

Form B 01 – DN

	Code	Note	31/12/2013 VND	31/12/2012 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		4,498,115,839,593	4,388,182,540,872
Current liabilities	310		4,427,923,145,335	4,328,837,208,960
Accounts payable – trade	312	16	1,758,323,135,506	2,442,335,842,075
Advances from customers	313		18,713,599,852	21,589,364,414
Taxes payable to State Treasury	314	17	455,641,139,360	331,870,328,102
Payables to employees	315		130,474,291,268	100,460,928,431
Accrued expenses	316	18	452,019,954,359	364,013,161,247
Other payables	319	19	1,255,411,806,799	662,625,268,582
Bonus and welfare fund	323		357,339,218,191	405,942,316,109
Long-term liabilities	330		70,192,694,258	59,345,331,912
Provision for severance allowance	337	20	69,357,318,250	59,325,269,500
Unearned revenue	338		835,376,008	20,062,412
EQUITY (400 = 410)	400		17,384,806,945,526	15,394,454,271,727
Owners' equity	410	21	17,384,806,945,526	15,394,454,271,727
Share capital	411	22	8,339,557,960,000	8,339,557,960,000
Share premium	412		1,276,994,100,000	1,276,994,100,000
Treasury shares	414	22	(5,068,507,959)	(4,504,115,000)
Investment and development fund	417		950,237,983,612	93,889,017,729
Financial reserve	418		833,955,796,000	588,402,022,008
Retained profits	420		5,989,129,613,873	5,100,115,286,990
TOTAL RESOURCES (440 = 300 + 400)	440		21,882,922,785,119	19,782,636,812,599

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

Vietnam Dairy Products Joint Stock Company
Separate balance sheet as at 31 December 2013 (continued)

Form B 01 – DN

OFF BALANCE SHEET ITEMS

	31/12/2013	31/12/2012
Foreign currencies included in cash and cash equivalents:		
USD	16,776,618	11,737,838
EUR	21,606	49,848

28 February 2014

Prepared by:


 Le Thanh Liem
Chief Accountant


 Ngo Thi Thu Trang
Executive Director - Finance

Approved by:


 Mai Kieu Lien
Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company
Separate statement of income for the year ended 31 December 2013

Form B 02 – DN

	Cod e	Note	2013 VND	2012 VND
Total revenue	01	24	31,764,198,288,076	27,337,224,229,674
Less revenue deductions	02	24	637,359,436,066	540,109,559,314
Net revenue (10 = 01 - 02)	10	24	31,126,838,852,010	26,797,114,670,360
Cost of sales	11	25	20,013,586,199,305	17,741,665,254,788
Gross profit (20 = 10 - 11)	20		11,113,252,652,705	9,055,449,415,572
Financial income	21	26	505,980,596,858	473,821,303,235
Financial expenses	22	27	89,593,264,933	99,310,955,433
<i>In which: Interest expense</i>	23		-	3,114,521,306
Selling expenses	24	28	3,276,513,761,576	2,345,841,736,875
General and administration expenses	25	29	564,036,706,634	484,293,406,112
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30		7,689,089,516,420	6,599,824,620,387
Other income	31	30	355,617,732,974	461,722,348,837
Other expenses	32	31	98,008,656,518	174,201,501,862
Results of other activities (40 = 31 - 32)	40		257,609,076,456	287,520,846,975
Profit before tax (50 = 30 + 40 + 41)	50		7,946,698,592,876	6,887,345,467,362
Income tax expense – current	51	32	1,481,903,651,380	1,134,149,728,389
Income tax benefit – deferred	52	32	7,298,675,568	32,673,668,012
Net profit after tax (60 = 50 - 51 - 52)	60		6,472,093,617,064	5,785,869,406,985
Basic earnings per share	70	33	7,765	6,940

28 February 2014

Prepared by:



Le Thanh Liem
Chief Accountant



Ngo Thi Thu Trang
Executive Director - Finance

Approved by:



Mai Kieu Lien
Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company
Separate statement of cash flows for the year ended 31 December 2013
(Indirect method)

Form B 03 – DN

	Code	Note	2013 VND	2012 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		7,946,698,592,876	6,887,345,467,362
Adjustments for				
Depreciation and amortisation	02		703,756,978,549	468,009,085,448
Allowances and provisions	03		26,725,432,688	(26,888,466,733)
Unrealised foreign exchange losses	04		13,064,625,014	23,750,178,315
Losses on disposal of fixed assets	05		768,553,751	16,211,378,966
Dividends and interest income	05		(416,120,992,444)	(361,491,145,639)
Losses from other investing activities	05		3,408,284,633	22,862,076,397
Interest expense	06		-	3,114,521,306
Operating profit before changes in working capital	08		8,278,301,475,067	7,032,913,095,422
Change in receivables	09		76,773,842,125	(214,726,376,536)
Change in inventories	10		327,703,928,296	(171,024,836,854)
Change in payables and other liabilities	11		(507,226,934,283)	360,546,614,153
Change in prepayments	12		(41,809,381,072)	(15,388,438,295)
			8,133,742,930,133	6,992,320,057,890
Interest paid	13		-	(3,114,521,306)
Income tax paid	14		(1,398,018,166,940)	(1,070,582,780,405)
Other receipts from operating activities	15		20,984,913,520	3,704,175,480
Other payments for operating activities	16		(691,211,993,304)	(519,123,925,601)
Net cash flows from operating activities	20		6,065,497,683,409	5,403,203,006,058

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

Vietnam Dairy Products Joint Stock Company
Separate statement of cash flows for the year ended 31 December 2013
(Indirect method – continued)

Form B 03 – DN

	Code	Note	2013 VND	2012 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(1,188,180,709,199)	(3,014,661,801,278)
Proceeds from disposals of fixed assets and other long-term investments	22		30,479,227,108	72,596,622,927
Loans granted to a third party	23		-	(30,000,000,000)
(Increase)/decrease on time deposits	24		(623,100,000,000)	(2,536,900,000,000)
Proceeds from sales of debt instruments of other entities	24		4,531,896,380	70,114,387,315
Collection of loans granted to associates	24		-	18,000,000,000
Collection of loans granted to third party	24		30,000,000,000	-
Payments for investments in other entities	25		(515,763,867,770)	(254,900,000,000)
Proceeds from matured bonds	26		350,000,000,000	250,000,000,000
Collections on investment in other entities	26		133,786,051,481	-
Receipts of interests and dividends	27		306,351,954,041	370,876,064,573
Net cash flows from investing activities	30		(1,471,895,447,959)	(5,054,874,726,463)

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

Vietnam Dairy Products Joint Stock Company
Separate statement of cash flows for the year ended 31 December 2013
(Indirect method – continued)

Form B 03 – DN

	Code	Note	2013 VND	2012 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for shares repurchases	32		(525,442,959)	(1,982,321,000)
Payments of dividends	36		(3,167,235,049,800)	(2,222,994,056,000)
Net cash flows from financing activities	40		(3,167,760,492,759)	(2,224,976,377,000)
Net cash flows during the year (50 = 20 + 30 + 40)	50		1,425,841,742,691	(1,876,648,097,405)
Cash and cash equivalents at the beginning of the year	60		1,224,462,285,364	3,101,435,901,849
Effect of exchange rate fluctuations on cash and cash equivalents	61		(668,472,041)	(325,519,080)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	5	2,649,635,556,014	1,224,462,285,364

28 February 2014

Prepared by:


Le Thanh Liem
Chief Accountant


Ngo Thi Thu Trang
Executive Director - Finance

Approved by:



Mai Kieu Lien
Chief Executive Officer

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013

Form B 09 – DN

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

1. Reporting Entity

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

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

As at 31 December 2013, the Company had 5 subsidiaries:

Subsidiaries	Principal activities	Ownership of legal capital by the Company
Vietnam Dairy Cow One Member Limited Company	Milk production	100%
Lamson Dairy Products One Member Company Limited	Milk production	100%
International Real Estate One Member Limited Company	Real estate trading	100%
Thong Nhat Thanh Hoa Dairy Cow Limited Company	Milk production	96.33%
Driftwood Dairy Holdings Corporation	Milk production	70%

The Company’s representative office in Cambodia was established and approved on 5 March 2013. Driftwood Dairy Holdings Corporation is incorporated and operating in the US, other subsidiaries are incorporated and operating in Vietnam.

As at 31 December 2013, the Company had 5,049 employees (31 December 2012: 4,494 employees).

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting currency

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

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

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

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

(b) Cash and cash equivalents

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

(c) Short-term and long-term investments

(i) Classification

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

(ii) Recognition

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

(iii) Measurement

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

(iv) Impairment

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

(v) Derecognition

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

(d) Accounts receivable

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

(e) Inventories

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

The Company applies the perpetual method of accounting for inventories.

(f) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

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

(g) Intangible fixed assets

(i) Land use rights

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

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

(ii) Software

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

(h) Investment property

(i) Cost

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

(ii) Depreciation

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

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

(i) Construction in progress

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

(j) Long-term prepayments

(i) Prepaid land costs

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

(ii) Tools and supplies

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets (“Circular 45”). Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 1 to 3 years. Other tools and supplies represent the cost of tools used for production and administration processes and are amortised on a straight line basis over two years.

(iii) Others

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

(k) Trade and other payables

Trade and other payables are stated at their cost.

(l) Provisions

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

Severance allowance

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

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Company and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment insurance scheme, the Company is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 31 December 2013 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

(m) Classification of financial instruments

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

(i) Financial assets

Financial assets at fair value through profit or loss

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

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

Held-to-maturity investments

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

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

Loans and receivables

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

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

Available-for-sale financial assets

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

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

(ii) *Financial liabilities*

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities carried at amortised cost

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

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

(n) Taxation

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

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

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

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

(o) 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 share are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received less any directly attributable incremental transaction costs is included in equity attributable to the Company's equity holders.

(p) Revenue

(i) Goods sold

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

(ii) *Services rendered*

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

(iii) *Rental income*

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

(q) *Financial income*

(i) *Interest income*

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

(ii) *Dividend income*

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

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

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

(r) *Operating lease payments*

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

(s) 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.

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.

(t) Equity funds

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

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

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

(u) Earnings per share

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

(v) Segment reporting

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

(w) Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or under common control with, the 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.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013 (continued)

Form B 09 – DN

4. Segment reporting

Segment information is presented in respect of the Company’s primary segment, which is the geographical segment.

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

Geographical segments

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

	Domestic		Export		Total	
	2013 VND	2012 VND	2013 VND	2012 VND	2013 VND	2012 VND
Net sales	26,712,897,786,407	23,084,691,873,516	4,413,941,065,603	3,712,422,796,844	31,126,838,852,010	26,797,114,670,360
Cost of sales	(16,561,140,169,134)	(14,803,102,740,306)	(3,452,446,030,172)	(2,938,562,514,482)	(20,013,586,199,305)	(17,741,665,254,788)
Segment income	10,151,757,617,274	8,281,589,133,210	961,495,035,431	773,860,282,362	11,113,252,652,705	9,055,449,415,572

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

5. Cash and cash equivalents

	31/12/2013	31/12/2012
	VND	VND
Cash on hand	636,768,587	838,995,064
Cash in banks	1,348,998,787,427	822,873,290,300
Cash in transit	-	750,000,000
Cash equivalents	1,300,000,000,000	400,000,000,000
	<hr/>	<hr/>
	2,649,635,556,014	1,224,462,285,364
	<hr/>	<hr/>

6. Short-term investments

	31/12/2013	31/12/2012
	VND	VND
Short-term investments in:		
▪ Listed securities	188,758,772,692	211,020,970,112
▪ Unlisted securities	82,533,803,026	82,283,660,000
▪ Term deposits	3,600,000,000,000	2,974,000,000,000
▪ Institution bonds	-	300,000,000,000
▪ Other short-term investments	442,000,000,000	472,000,000,000
	<hr/>	<hr/>
	4,313,292,575,718	4,039,304,630,112
Allowance for diminution in value of short-term investments	(145,974,953,400)	(130,028,675,620)
	<hr/>	<hr/>
	4,167,317,622,318	3,909,275,954,492
	<hr/>	<hr/>

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

	2013	2012
	VND	VND
Opening balance	130,028,675,620	79,244,243,600
Increase in allowance during the year	24,708,724,000	-
Allowance utilised during the year	(1,449,609,300)	-
Reclassification from provision for diminution in value of long-term investments	-	54,008,653,800
Written back	(7,312,836,920)	(3,224,221,780)
	<hr/>	<hr/>
Closing balance	145,974,953,400	130,028,675,620
	<hr/>	<hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

7. Accounts receivable – short-term

Accounts receivable included the following amounts due from related parties:

	31/12/2013	31/12/2012
	VND	VND
Amount due from related parties		
Trade	60,099,169,471	4,796,944,849

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

Other receivables comprised:

	31/12/2013	31/12/2012
	VND	VND
Shortage of assets awaiting for resolution	737,900,941	-
Interest income on deposits	186,194,305,557	55,733,508,797
Dividend receivables	6,280,283,226	-
Interest income receivable on bonds and loans granted to other entities	-	27,586,763,700
Import tax refundable	126,227,097,567	235,708,097,835
Rebates receivable from suppliers	80,172,000,489	76,841,890,627
Others	7,128,214,877	21,266,618,239
	406,739,802,657	417,136,879,198

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

8. Inventories

	31/12/2013	31/12/2012
	VND	VND
Goods in transit	545,709,876,853	702,632,670,110
Raw materials	1,601,312,578,132	1,995,612,794,941
Tools and supplies	2,656,080,719	4,602,995,846
Work in progress	46,449,573,986	27,269,565,141
Finished goods	806,041,510,279	588,692,556,146
Merchandise inventories	24,132,281,664	20,308,535,581
Goods on consignment	823,248,697	21,842,627,806
	<hr/>	<hr/>
	3,027,125,150,330	3,360,961,745,571
Allowance for inventories	(10,376,905,544)	(3,455,165,385)
	<hr/>	<hr/>
	3,016,748,244,786	3,357,506,580,186
	<hr/>	<hr/>

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

	2013	2012
	VND	VND
Opening balance	3,455,165,385	4,933,906,670
Increase in allowance during the year	12,956,320,720	8,686,194,492
Allowance utilised during the year	(1,412,200,625)	(1,688,279,614)
Written back	(4,622,379,936)	(8,476,656,163)
	<hr/>	<hr/>
Closing balance	10,376,905,544	3,455,165,385
	<hr/>	<hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013 (continued)

Form B 09 – DN

9. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	939,940,834,043	4,250,265,466,056	345,175,460,283	309,468,899,774	5,844,850,660,156
Additions	18,027,436,448	172,387,441,268	31,869,550,334	87,727,637,358	310,012,065,408
Transfers from construction in progress	738,631,597,985	2,787,792,026,564	189,800,031,476	24,232,518,364	3,740,456,174,389
Transfers to investment property	(3,317,636,364)	(469,928,364)	-	-	(3,787,564,728)
Transfers to long-term prepayments (*)	(676,822,966)	(8,293,817,315)	(1,053,481,000)	(39,741,567,464)	(49,765,688,745)
Disposals	(272,006,778)	(32,600,894,344)	(17,095,017,233)	(7,003,428,556)	(56,971,346,911)
Reclassifications	(181,957,903)	(1,409,049,049)	1,195,238,095	631,314,857	235,546,000
Closing balance	1,692,151,444,465	7,167,671,244,816	549,891,781,955	375,315,374,333	9,785,029,845,569
Accumulated depreciation					
Opening balance	223,709,623,613	1,572,259,870,643	141,145,720,330	158,978,869,348	2,096,094,083,934
Charge for the year	58,102,618,352	541,763,890,332	39,959,746,345	49,134,105,258	688,960,360,287
Transfers to investment property	(1,322,945,996)	(293,316,235)	-	-	(1,616,262,231)
Transfers to long-term prepayments (*)	(435,173,969)	(3,631,708,118)	(233,767,506)	(27,186,233,017)	(31,486,882,610)
Disposals	(267,790,861)	(24,785,293,283)	(10,870,262,814)	(6,946,292,800)	(42,869,639,758)
Reclassifications	2,425,343	(1,010,384,132)	946,573,604	61,385,185	-
Closing balance	279,788,756,482	2,084,303,059,207	170,948,009,959	174,041,833,974	2,709,081,659,622
Net book value					
Opening balance	716,231,210,430	2,678,005,595,413	204,029,739,953	150,490,030,426	3,748,756,576,222
Closing balance	1,412,362,687,983	5,083,368,185,609	378,943,771,996	201,273,540,359	7,075,948,185,947

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

- (*) These transfers represent net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing less than VND30 million or more. These assets are reclassified to Long-term prepayment (Note 14).

Included in the cost of tangible fixed assets were assets costing VND816,527,555,828 which were fully depreciated as of 31 December 2013 (31 December 2012: VND669,872,114,995), but which are still in active use.

10. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	246,572,355,216	62,701,742,344	309,274,097,560
Additions	37,683,017,909	8,883,112,715	46,566,130,624
Transfers from construction in progress	30,097,930,832	24,588,635,232	54,686,566,064
Transfers to long-term prepayments (*)	-	(264,952,072)	(264,952,072)
Disposals	-	(702,055,800)	(702,055,800)
Reclassifications	-	(235,546,000)	(235,546,000)
Closing balance	314,353,303,957	94,970,936,419	409,324,240,376
Accumulated amortisation			
Opening balance	50,798,954,196	50,808,218,640	101,607,172,836
Charge for the year	5,329,218,448	5,208,965,579	10,538,184,027
Transfers to long-term prepayments (*)	-	(129,993,863)	(129,993,863)
Disposals	-	(702,055,800)	(702,055,800)
Closing balance	56,128,172,644	55,185,134,556	111,313,307,200
Net book value			
Opening balance	195,773,401,020	11,893,523,704	207,666,924,724
Closing balance	258,225,131,313	39,785,801,863	298,010,933,177

- (*) These transfers represent net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing less than VND30 million or more. These assets are reclassified to Long-term prepayment (Note 14).

Included in the cost of intangible fixed assets were assets costing VND47,704,588,915 which were fully amortised as of 31 December 2013 (31 December 2012: VND45,221,516,597), but which are still in use.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

11. Construction in progress

	2013	2012
	VND	VND
Opening balance	3,490,371,666,917	1,221,103,883,288
Additions	775,387,897,989	3,173,403,769,624
Transfers to tangible fixed assets	(3,740,456,174,389)	(836,014,489,785)
Transfers to intangible fixed assets	(54,686,566,064)	-
Transfer to investment property	(38,884,288,170)	-
Disposals	(68,715,944,563)	(65,259,634,000)
Other decreases	(102,313,702,064)	(2,861,862,210)
	<hr/>	<hr/>
Closing balance	260,702,889,656	3,490,371,666,917
	<hr/>	<hr/>

Major constructions in progress relate to the following locations:

	31/12/2013	31/12/2012
	VND	VND
Vietnam milk factory	27,693,383,103	1,819,204,239,183
Vietnam powder milk factory	22,234,884,364	1,509,809,070,248
Can Tho branch	52,101,510,922	45,086,527,051
Dairy Cow farms	35,827,102,037	35,366,294,536
Lam Son milk factory	7,800,711,948	4,045,436,097
Da Nang milk factory	-	21,448,226,014
Saigon milk factory	-	591,352,078
Tien Son milk factory	92,638,406,909	-
Others	22,406,890,373	54,820,521,710
	<hr/>	<hr/>
	260,702,889,656	3,490,371,666,917
	<hr/>	<hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

12. Investment property

	Land use rights	Infrastructure VND	Buildings VND	Total VND
Cost				
Opening balance	-	5,994,290,197	84,183,047,263	90,177,337,460
Transfers from tangible fixed assets	-	469,928,364	3,317,636,364	3,787,564,728
Transfers from construction in progress	38,884,288,170	-	-	38,884,288,170
Closing balance	38,884,288,170	6,464,218,561	87,500,683,627	132,849,190,358
Accumulated depreciation				
Opening balance	-	1,743,730,508	19,208,367,862	20,952,098,370
Charge for the year	264,518,968	615,093,301	3,378,821,967	4,258,434,236
Transfers from tangible fixed assets	-	293,316,235	1,322,945,996	1,616,262,231
Closing balance	264,518,968	2,652,140,044	23,910,135,825	26,826,794,837
Net book value				
Opening balance	-	4,250,559,689	64,974,679,401	69,225,239,090
Closing balance	38,619,769,202	3,812,078,517	63,590,547,802	106,022,395,521

The Company's investment property represents buildings and infrastructure held for earning rental income.

The fair value of investment property has not been determined as there was no recent market transaction for similar property in the same location as the Company's investment property.

Included in the cost of investment property was assets costing VND7,228,577,143 which were fully depreciated as of 31 December 2013 (31 December 2012: VND6,976,800,000), but which are still in active use.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

13. Long-term investments

	% of ownership	% of voting right	31/12/2013 VND	31/12/2012 VND
Long-term equity investments in subsidiaries				
▪ Vietnam Dairy Cow One Member Limited Company	100%	100%	1,057,000,000,000	737,000,000,000
▪ Lamson Dairy Products One Member Company Limited	100%	100%	90,800,000,000	90,800,000,000
▪ International Real Estate One Member Limited Company	100%	100%	46,000,000,000	46,000,000,000
▪ Dielac Dairy One Member Limited Company	100%	100%	-	204,518,014,080
▪ Thong Nhat Thanh Hoa Dairy Cow Company Limited	96.33%	96.33%	4,300,000,000	-
▪ Driftwood Dairy Holdings Corporation	70.00%	70.00%	157,750,560,000	-
			1,355,850,560,000	1,078,318,014,080
Long-term equity investments in associates and a jointly control entity				
▪ Miraka Limited	19.3% (*)	19.3% (*)	213,028,307,770	179,315,000,000
▪ Asia Saigon Food Ingredients Joint Stock Company	15.0% (*)	15.0% (*)	18,000,000,000	18,000,000,000
▪ Horizon Apartment – Business Cooperation Contract	24.5%	24.5%	7,982,684,826	9,942,684,826
▪ Dairy Cow Development Project	-	-	-	7,209,270,725
			239,010,992,596	214,466,955,551
Other long-term investments				
▪ Long-term corporate bonds			-	50,000,000,000
▪ Investment funds			21,677,078,220	30,540,000,000
▪ Others			300,000,000	300,000,000
			21,977,078,220	80,840,000,000
			1,616,838,630,816	1,373,624,969,631
Allowance for diminution in value of long-term investments			(142,645,293,067)	(191,607,308,624)
			1,474,193,337,749	1,182,017,661,007

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

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

	2013 VND	2012 VND
Opening balance	191,607,308,624	271,462,074,100
Increase in allowance during the year	930,019,799	57,544,382,799
Allowance utilised during the year	(48,106,896,668)	-
Written back	(1,785,138,688)	(83,390,494,475)
Reclassification to provision for diminution in value of short-term investments	-	(54,008,653,800)
	<hr/>	<hr/>
Closing balance	142,645,293,067	191,607,308,624

14. Long-term prepayments

	Prepaid land costs	Tools and supplies	Other prepayments	Total
Opening balance	2,159,885,571	15,699,234,727	56,067,489	17,915,187,787
Additions	8,455,270,242	128,343,601,177	87,664,111,983	224,462,983,402
Transfer from tangible fixed assets (*)	-	18,278,806,135	-	18,278,806,135
Transfer from intangible fixed assets (*)	-	134,958,209	-	134,958,209
Transfers to short-term prepayments	(852,304,998)	(102,324,091,622)	(1,010,634,673)	(104,187,031,293)
Transfers to expenses	(3,329,984,359)	(8,440,578,597)	(9,841,580,555)	(21,612,143,511)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	6,432,866,456	51,691,930,029	76,867,964,244	134,992,760,729

- (*) Reclassification from fixed assets represents the net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets, i.e. costing less than VND30 million or more, as regulated in Article 3 of Circular 45. These assets were reclassified from tangible and intangible fixed assets during the period (Note 9 and Note 10). The remaining net book values of these assets are amortised on a straight line basis over their remaining estimated useful lives, but not exceeding three years.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

15. Deferred tax assets

Deferred tax assets were recognised on the following:

	31/12/2013 VND	31/12/2012 VND
Foreign exchange differences	597,622,666	2,593,255,781
Accrued expenses and provisions	114,702,999,974	105,408,691,291
	<hr/>	<hr/>
	115,300,622,640	108,001,947,072
	<hr/> <hr/>	<hr/> <hr/>

16. Accounts payable – trade

Accounts payable – trade included the following amounts due to related parties:

	31/12/2013 VND	31/12/2012 VND
Amounts due to related parties	76,935,191,029	238,581,093,077
	<hr/> <hr/>	<hr/> <hr/>

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

17. Taxes payable to State Treasury

	31/12/2013 VND	31/12/2012 VND
Value added tax	106,885,830,826	57,814,604,737
Import tax	-	3,932,727,653
Income tax	336,067,354,818	252,181,870,378
Personal income tax	12,658,403,836	17,908,520,534
Natural resources tax	29,549,880	29,604,800
Other taxes	-	3,000,000
	<hr/>	<hr/>
	455,641,139,360	331,870,328,102
	<hr/> <hr/>	<hr/> <hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

18. Accrued expenses

	31/12/2013	31/12/2012
	VND	VND
Sale incentives for distributors	218,453,058,937	172,183,794,781
Advertising expenses	66,981,178,134	116,910,036,213
Transportation expenses	40,344,338,573	23,903,854,607
Fuel expenses	18,140,900,939	7,115,522,438
Repairs and maintenance expenses	12,478,798,051	5,797,227,711
Expenses for outsourced employees	13,071,225,266	11,164,299,513
Others	82,550,454,459	26,938,425,984
	<hr/>	<hr/>
	452,019,954,359	364,013,161,247
	<hr/> <hr/>	<hr/> <hr/>

19. Other payables

	31/12/2013	31/12/2012
	VND	VND
Short-term deposits received	21,558,597,492	18,439,185,025
Import duty payables	108,992,820,343	176,541,502,888
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Dividend payables	664,944,528,680	-
Insurance and trade union fees	517,527,813	465,314,243
Others	11,390,913,316	19,171,847,271
	<hr/>	<hr/>
	1,255,411,806,799	662,625,268,582
	<hr/> <hr/>	<hr/> <hr/>

(*) Other payables relating to financial investments included an advance payment of VND447,822,000,000 received from a third party in respect of the future transfer of the 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.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

20. Provision for severance allowance

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

	2013	2012
	VND	VND
Opening balance	59,325,269,500	66,571,712,268
Provision made during the year	12,277,166,717	1,687,443,587
Provision used during the year	(609,124,300)	(680,685,501)
Written back	(1,635,993,667)	(8,253,200,854)
	<hr/>	<hr/>
Closing balance	69,357,318,250	59,325,269,500
	<hr/> <hr/>	<hr/> <hr/>

Vietnam Dairy Products Joint Stock Company

Notes to the separate financial statements for the year ended 31 December 2013 (continued)

Form B 09 – DN

21. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Financial reserve VND	Retained profits VND	Total VND
Balance at 1 January 2012	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)	-
Purchase of treasury shares	-	-	(1,982,321,000)	-	-	-	(1,982,321,000)
Net profit for the year	-	-	-	-	-	5,785,869,406,985	5,785,869,406,985
Appropriation to equity funds and bonus and welfare fund	-	-	-	814,747,976,337	32,287,268,008	(1,425,622,185,043)	(578,586,940,698)
Dividends	-	-	-	-	-	(2,222,994,056,000)	(2,222,994,056,000)
Balance 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
Decrease in bonus share issued	-	-	(38,950,000)	22,835,000	-	16,115,000	-
Purchase of treasury shares	-	-	(525,442,959)	-	-	-	(525,442,959)
Net profit for the year	-	-	-	-	-	6,472,093,617,064	6,472,093,617,064
Appropriation to equity funds and bonus and welfare fund	-	-	-	856,326,130,883	245,553,773,992	(1,749,089,266,581)	(647,209,361,706)
Dividends (Note 23)	-	-	-	-	-	(3,834,006,138,600)	(3,834,006,138,600)
Balance at 31 December 2013	8,339,557,960,000	1,276,994,100,000	(5,068,507,959)	950,237,983,612	833,955,796,000	5,989,129,613,873	17,384,806,945,526

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

22. Share capital

The Company's authorised and issued share capital is:

	31/12/2013		31/12/2012	
	Number of shares	VND	Number of shares	VND
Authorised share capital	833,955,796	8,339,557,960,000	833,955,796	8,339,557,960,000
Issued ordinary shares				
Ordinary shares	833,955,796	8,339,557,960,000	833,955,796	8,339,557,960,000
Treasury ordinary shares				
Ordinary shares	(488,735)	(5,068,507,959)	(430,120)	(4,504,115,000)
Shares currently in circulation				
Ordinary shares	833,467,061	8,334,489,452,041	833,525,676	8,335,053,845,000

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

23. Dividends

The Shareholders of the Company on 26 April 2013 and 31 July 2013 and 30 November 2013 resolved to distribute dividends amounting to VND1,500 billion (VND1,800 per share) and VND1,667 billion (VND2,000 per share) and VND667 billion (VND800 per share), respectively.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

24. Total revenue

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

Net sales comprised

	2013	2012
	VND	VND
Total revenue		
▪ Sales of finished goods	31,157,971,691,285	26,689,483,393,870
▪ Sales of merchandise goods	566,188,343,944	612,030,601,822
▪ Rental income from investment property	11,961,125,011	11,631,044,989
▪ Other services	28,077,127,836	24,079,188,993
	<hr/>	<hr/>
	31,764,198,288,076	27,337,224,229,674
	<hr/>	<hr/>
Less sales deductions		
▪ Sale discounts	(615,564,375,942)	(529,926,422,029)
▪ Sale returns	(21,795,060,124)	(10,183,137,285)
	<hr/>	<hr/>
	(637,359,436,066)	(540,109,559,314)
	<hr/>	<hr/>
Net revenue	31,126,838,852,010	26,797,114,670,360
	<hr/> <hr/>	<hr/> <hr/>

25. Cost of sales

	2013	2012
	VND	VND
Total cost of sales		
▪ Finished goods sold	19,456,071,122,584	17,174,737,408,554
▪ Merchandise goods sold	507,229,002,831	543,608,781,370
▪ Rental of investment property	7,055,227,541	5,511,306,230
▪ Other services	1,499,447,331	1,021,956,715
▪ Inventories losses	6,370,980	18,897,711
▪ Under-capacity cost	33,391,087,254	16,557,365,879
▪ Increase/(written back) of allowance for inventories	8,333,940,784	209,538,329
	<hr/>	<hr/>
	20,013,586,199,305	17,741,665,254,788
	<hr/> <hr/>	<hr/> <hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

26. Financial income

	2013 VND	2012 VND
Interest income from deposits	367,590,303,527	248,345,614,281
Interest income from bonds	23,338,013,697	77,056,806,958
Interest income on loans granted	625,185,469	468,750,000
Gains on disposal of securities	12,258,500	8,790,592,000
Dividends	24,567,489,751	35,619,974,400
Realised foreign exchange gains	89,847,345,276	103,438,947,734
Others	638	100,617,862
	<hr/>	<hr/>
	505,980,596,858	473,821,303,235
	<hr/> <hr/>	<hr/> <hr/>

27. Financial expenses

	2013 VND	2012 VND
Payment discounts for distributors	26,181,425,042	31,602,235,707
Interest expense on loans	-	3,114,521,306
Interest expense on deposits received	805,352,929	1,016,360,739
Realised foreign exchange losses	29,550,432,488	37,855,110,549
Unrealised foreign exchange losses	13,064,625,013	23,750,178,316
Allowance/(write back allowance) for short-term and long-term investments	16,540,768,191	(29,070,333,456)
Others	3,450,661,270	31,042,882,273
	<hr/>	<hr/>
	89,593,264,933	99,310,955,433
	<hr/> <hr/>	<hr/> <hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

28. Selling expenses

	2013	2012
	VND	VND
Advertising expenses	885,452,890,656	586,620,623,362
Promotion expenses	942,567,027,026	635,694,113,386
Support and commission expenses for distributors	512,198,480,608	405,354,439,716
Staff costs	194,020,066,191	154,142,240,782
Material expenses	60,524,090,011	56,236,043,231
Tools and supplies expenses	82,551,394,335	61,297,993,881
Depreciation expenses	24,911,649,370	25,653,373,488
Expenses of damaged goods	13,414,638,552	13,803,784,829
Transportation expenses	385,469,435,879	307,016,838,337
Outside service expenses	175,404,088,948	100,022,285,863
	<hr/>	<hr/>
	3,276,513,761,576	2,345,841,736,875
	<hr/> <hr/>	<hr/> <hr/>

29. General and administration expenses

	2013	2012
	VND	VND
Staff costs	182,602,570,722	151,609,011,909
Material expenses	17,258,405,562	13,097,784,566
Office supplies	7,518,697,379	3,614,194,215
Depreciation expenses	59,819,573,535	57,711,704,523
Fees and duties	4,584,810,977	4,833,440,498
Allowance for doubtful debts and provision for severance allowance	12,491,896,763	1,386,257,430
Transportation for internal transfers of goods	43,865,767,765	50,852,128,502
Outside service expenses	142,708,078,239	114,342,360,487
Loading expenses	20,323,775,456	24,670,644,465
Per-diem allowances	18,520,954,726	18,037,151,325
Bank charges	3,471,288,316	5,975,197,656
Others	50,870,887,194	38,163,530,536
	<hr/>	<hr/>
	564,036,706,634	484,293,406,112
	<hr/> <hr/>	<hr/> <hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

30. Other income

	2013 VND	2012 VND
Proceeds from disposals of tangible fixed assets	13,335,426,129	30,311,370,662
Proceeds from disposals of construction in progress	68,715,944,563	65,259,634,001
Proceeds from disposals of tools, supplies and technical equipments	97,672,202,034	94,848,282,339
Compensations received from other parties	938,427,793	789,778,800
Rebate income	167,756,170,079	196,470,446,738
Others	7,199,562,376	74,042,836,297
	<hr/> 355,617,732,974	<hr/> 461,722,348,837
	<hr/> <hr/>	<hr/> <hr/>

31. Other expenses

	2013 VND	2012 VND
Book value of tangible fixed assets disposed	14,101,707,153	46,445,120,984
Book value of construction in progress disposed	68,715,944,563	65,259,634,000
Others	15,191,004,802	62,496,746,878
	<hr/> 98,008,656,518	<hr/> 174,201,501,862
	<hr/> <hr/>	<hr/> <hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

32. Income tax

(i) *Recognised in the statement of income*

	2013 VND	2012 VND
Current tax expense		
Current year	1,469,948,425,971	1,166,823,396,401
Under provision in prior year	11,955,225,409	18,236,511,541
	<hr/> 1,481,903,651,380	<hr/> 1,134,149,728,389
Deferred tax benefit		
Origination and reversal of temporary differences	(7,298,675,568)	(32,673,668,012)
	<hr/> 1,474,604,975,812	<hr/> 1,101,476,060,377

(ii) *Reconciliation of effective tax rate*

	2013 VND	2012 VND
Profit before tax	7,946,698,592,876	6,887,345,467,362
Tax at the Company's tax rate	1,986,674,648,219	1,721,836,366,841
Tax rate differential applied to Company's branches and factories	(278,822,358,901)	(314,881,380,853)
Non-taxable income	(6,141,872,438)	(8,904,993,600)
Non-deductible expenses	7,449,310,316	6,029,193,787
Tax incentives	(251,241,456,089)	(313,740,127,833)
Deferred tax assets not previously recognised	(10,991,332,883)	(7,099,509,506)
Write down of deferred tax assets due to tax rate reduction	15,722,812,178	-
Under provision in prior year	11,955,225,409	18,236,511,541
	<hr/> 1,474,604,975,812	<hr/> 1,101,476,060,377

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

(iii) *Applicable tax rates*

The Company is required to pay income tax at rates ranging from 15% to 25%, depending on locations of its factories, on taxable profits.

33. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) *Net profit attributable to ordinary shareholders*

	2013 VND	2012 VND
Net profit for the year – attributable to ordinary shareholders	6,472,093,617,064	5,785,869,406,985

(ii) *Weighted average number of ordinary shares*

	2013	2012
Number of ordinary shares at the beginning of the year	833,525,676	555,867,614
Effect of bonus shares issued	-	277,879,835
Purchase of treasury shares	(20,428)	(107,863)
Weighted average number of ordinary shares at the end of the year	833,505,248	833,639,586

As of 31 December 2013, the Company did not have potentially dilutive ordinary shares.

34. Financial instruments

(a) Financial risk management

(i) Overview

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

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

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

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

(ii) Risk management framework

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

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

(b) Credit risk

Credit risk is the risk of financial loss to the 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 and investments in debt securities.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

(i) Exposure to credit risk

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

	Note	31/12/2013 VND	31/12/2012 VND
Cash and cash equivalents	(ii)	2,648,998,787,427	1,223,623,290,300
Term deposits	(ii)	3,600,000,000,000	2,974,000,000,000
Trade and other receivables	(iii)	2,145,175,782,670	1,687,879,136,209
Short-term investments – debt instruments	(iv)	-	300,000,000,000
Long-term investments – debt instruments	(iv)	-	50,000,000,000
		8,394,174,570,097	6,235,502,426,509

(ii) Cash and cash equivalents and term deposits

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

(iii) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, the Company's management 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. Credit purchase limit is established for each customer, which represents the maximum open amount without requiring approval from the Chief Executive Officer. The limit is reviewed in needed. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

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

	31/12/2013 VND	31/12/2012 VND
Past due 1 – 30 days	149,359,450,373	13,392,747,256
Past due 31 – 60 days	1,522,157,190	214,534,274
Past due 61 – 90 days	132,616,901	574,491,413
Past due more than 90 days	166,581,220	-
	151,180,805,684	14,181,772,943
	151,180,805,684	14,181,772,943

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

	31/12/2013 VND	31/12/2012 VND
Opening balance	3,832,172,450	1,897,595,994
Increase in allowance during the year	1,850,723,713	1,972,328,394
Written off	(3,762,737,192)	(37,751,938)
	1,920,158,971	3,832,172,450
	1,920,158,971	3,832,172,450

(iv) Short-term and long-term investments – debt instruments

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

There is no allowance for diminution in the value of the investments in debt instruments during the year.

(c) Liquidity risk

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

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

31 December 2013

	Carrying Amount VND	Contractual cash flows VND	Within 1 year VND
Accounts payable – trade	1,758,323,135,506	1,758,323,135,506	1,758,323,135,506
Payables to employees	130,474,291,268	130,474,291,268	130,474,291,268
Accrued expenses	452,019,954,359	452,019,954,359	452,019,954,359
Other payables	1,255,411,806,799	1,255,411,806,799	1,255,411,806,799
	3,596,229,187,932	3,596,229,187,932	3,596,229,187,932

31 December 2012

	Carrying Amount VND	Contractual cash flows VND	Within 1 year VND
Accounts payable – trade	2,442,335,842,075	2,442,335,842,075	2,442,335,842,075
Payables to employees	100,460,928,431	100,460,928,431	100,460,928,431
Accrued expenses	364,013,161,247	364,013,161,247	364,013,161,247
Other payables	662,625,268,582	662,625,268,582	662,625,268,582
	3,569,435,200,335	3,569,435,200,335	3,569,435,200,335

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

(d) Market risk

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

(i) Currency risk

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

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

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

Exposure to currency risk

At 31 December 2013, the Company had the following net monetary asset/(liability) position exposed to currency risk:

	31 December 2013		31 December 2012	
	USD	EUR	USD	EUR
Cash and cash in banks	16,776,618	21,606	11,737,838	49,848
Trade and other receivables	40,228,189	-	26,862,852	9,151
Trade and other payables	(28,256,420)	(6,861,815)	(35,559,707)	(12,185,695)
	<hr/>	<hr/>	<hr/>	<hr/>
	28,748,387	(6,840,209)	3,040,983	(12,126,696)
	<hr/>	<hr/>	<hr/>	<hr/>

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

	Exchange rate as at	
	31/12/2013	31/12/2012
	VND	VND
USD 1	21,080	20,800
EUR 1	28,956	27,301
	<hr/>	<hr/>

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

	Effect to net profit
	VND
31 December 2013	
USD (5% strengthening)	22,725,600,132
EUR (5% strengthening)	(7,427,441,572)
	<hr/>
31 December 2012	
USD (5% strengthening)	2,371,967,217
EUR (5% strengthening)	(12,415,160,621)
	<hr/>

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

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

(ii) Interest rate risk

The changes of interest rates would not have significant impact on the net profit of the Company.

(iii) Price risk

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

For investments in listed securities, if the share prices had increased/decreased by 10% with all other variables including tax rate being held constant, the Company's separated net profit would have been VND7,526,266,200 higher/lower (31 December 2012: VND10,425,695,430).

Vietnam Dairy Products Joint Stock Company

Notes to the separate financial statements for the year ended 31 December 2013 (continued)

Form B 09 – DN

(e) Fair values versus carrying amount

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

	Note	31/12/2013		31/12/2012	
		Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Categorised as financial assets at fair value through profit or loss:					
- Short-term investments in listed equity instruments	(ii)	9,521,269,292	26,326,080,000	9,521,269,292	23,839,728,000
Categorised as held-to-maturity investments:					
- Term deposits	(i)	3,600,000,000,000	3,600,000,000,000	2,974,000,000,000	2,974,000,000,000
- Institution bonds	(v)	-	-	300,000,000,000	Note (v)
- Long-term corporate bonds	(v)	-	-	50,000,000,000	Note (v)
Categorised as loans and receivables:					
- Cash and cash equivalents	(i)	2,648,998,787,427	2,648,998,787,427	1,223,623,290,300	1,223,623,290,300
- Trade and other receivables	(i)	2,145,175,782,670	2,145,175,782,670	1,687,879,136,209	1,687,879,136,209
Categorised as available-for-sale					
- Short-term investments in listed equity instruments	(ii)	179,237,503,400	100,350,264,600	201,499,700,820	140,029,324,400
- Short-term investments in unlisted equity instruments	(iii)	82,533,803,026	15,446,113,626	82,283,660,000	13,725,392,800
- Other short-term investments	(v)	442,000,000,000	Note (v)	472,000,000,000	Note (v)
- Long-term investments in investment funds	(iv)	21,677,078,220	11,428,445,958	30,540,000,000	16,184,115,533
- Other long-term investments	(v)	300,000,000	Note (v)	300,000,000	Note (v)
Categorised as liabilities at amortised cost:					
- Trade and other payables	(i)	(3,596,229,187,932)	(3,596,229,187,932)	(3,569,435,200,335)	(3,569,435,200,335)

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

(i) *Cash and cash equivalents, term deposits, trade and other receivables, trade and other payables*

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

(ii) *Short-term investments in listed equity securities*

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

(iii) *Short-term investments in unlisted equity securities*

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

(iv) *Investment funds*

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

(v) *Institution bonds, other short-term investments, long-term corporate bonds and other long-term investments*

The Company has not determined fair values of these financial assets for disclosure in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because (i) quoted prices in active market is not available for these financial assets and liabilities; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case where quoted prices in active market is not available. Fair value of these financial instruments may be different from their carrying values.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

35. Significant transactions with related parties

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

Related Party	Relationship	Nature of transaction	2013 VND	2012 VND
Vietnam Dairy Cow One Member Limited Company	Subsidiary	Sales of goods and fixed assets	67,584,949,455	174,089,846,751
		Purchases of goods	294,567,454,963	193,616,951,865
		Capital contribution	320,000,000,000	215,000,000,000
Lamson Dairy Products One Member Company Limited	Subsidiary	Sales of goods and fixed assets	207,099,962,811	198,173,736,463
		Purchases of goods	298,175,275,424	330,501,859,135
Miraka Limited	Associate	Purchases of goods	182,836,660,880	376,348,603,444
		Capital contribution	33,713,307,770	-
Asia Saigon Food Ingredients Joint Stock Company	Associate	Purchases of goods	11,414,335,000	37,676,635,000
		Sales of services and goods	228,233,276	-
Board of Management's and Board of Directors' members		Compensations	61,379,663,770	56,403,673,599
The State Capital Investment Corporation		Payments of dividends	1,427,781,600,000	1,001,952,000,000
Thong Nhat Thanh Hoa Dairy Cow Company Ltd		Capital Contribution	4,300,000,000	-
Driftwood Dairy Holdings Corporation		Capital Contribution	157,750,560,000	-

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

36. Commitments

(a) Capital expenditure

As at 31 December 2013 the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

	31/12/2013	31/12/2012
	VND	VND
Approved and contracted	180,816,143,352	341,946,216,953

(b) Leases

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

	31/12/2013	31/12/2012
	VND	VND
Within one year	10,229,299,096	8,415,283,099
Within two to five years	40,917,196,384	33,661,132,396
More than five years	298,345,396,804	237,595,297,887
	<hr/> 349,491,892,284	<hr/> 279,671,713,382

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN

38. Production and business costs by element

	2013 VND	2012 VND
Raw material costs included in production costs	18,760,407,939,160	16,710,332,413,343
Labour costs and staff costs	922,670,264,360	702,005,924,590
Depreciation and amortisation	698,104,080,075	466,860,285,222
Outside services	1,159,915,348,824	876,774,420,101
Other expenses	2,615,368,848,867	1,827,043,090,173

39. Subsequent events

On 6 January 2014, the Company established a subsidiary in Cambodia. Total charter capital of this subsidiary is USD23,000,000, of which the Company contributed 51%.

On 24 February 2014, the Company's Board of Management passed a resolution to decide to liquidate Real Estate International One Member Limited, a 100% owned subsidiary.

28 February 2014

Prepared by:


 Le Thanh Liem
Chief Accountant


 Ngo Thi Thu Trang
Executive Director - Finance

Approved by:



 Mai Kieu Lien
Chief Executive Officer