

Mobile World Investment Corporation

Interim consolidated financial statements

30 September 2014

Mobile World Investment Corporation

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Mobile World Investment Corporation

GENERAL INFORMATION

THE COMPANY

Mobile World Investment Corporation ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 4103012275 issued by the Department of Planning and Investment of Binh Duong Province on 16 January 2009, as amended.

The Company has two subsidiaries namely The Gioi Di Dong Joint Stock Company and Electronic World Trade Corporation (collectively referred to as "the Group"). As at 30 September 2014, the Company held 99.35% equity share in The Gioi Di Dong Joint Stock Company and 99.95% equity share in Electronic World Trade Corporation.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange with symbol "MWG" in accordance with Decision No. 253/QĐ-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 7 July 2014.

The current principal activities of the Group are trading, providing repair and maintenance services of phones, information technology equipment, cameras, digital equipment, electronic equipment; household appliances and related accessories.

The Company's head office is registered at 222 Yersin Street, Phu Cuong Ward, Thu Dau Mot Town, Binh Duong Province, Vietnam.

BOARD OF DIRECTORS

Members of the Board of Directors during the period and at the date of this report are:

| | | |
|-------------------------|----------|--------------------------|
| Mr Nguyen Duc Tai | Chairman | |
| Mr Tran Le Quan | Member | |
| Mr Dieu Chinh Hai Trieu | Member | |
| Mr Chris Freund | Member | |
| Mr Thomas Lanyi | Member | |
| Mr Tran Kinh Doanh | Member | |
| Mr Robert Willet | Member | |
| Mr Dang Minh Luom | Member | Appointed on 17 May 2014 |
| Mr Nguyen Duy Linh | Member | Resigned on 17 May 2014 |
| Mr Dinh Anh Huan | Member | Resigned on 17 May 2014 |

BOARD OF SUPERVISION

Members of the Board of Supervision during the period and at the date of this report are:

| | |
|------------------------|--------|
| Mr Tran Huy Thanh Tung | Head |
| Mr Hoang Xuan Thang | Member |
| Ms Nguyen Khanh Van | Member |

MANAGEMENT

Members of the Management during the period and at the date of this report are:

| | | |
|-------------------------|-------------------------------|--------------------------|
| Mr Nguyen Duc Tai | General Director | Appointed on 3 June 2014 |
| Mr Tran Le Quan | General Director | Resigned on 3 June 2014 |
| Mr Dinh Anh Huan | Business Development Director | Resigned on 17 May 2014 |
| Mr Dieu Chinh Hai Trieu | Technology Director | |
| Mr Vu Dang Linh | Finance Director | |

Mobile World Investment Corporation

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representatives of the Company during the period and at the date of this report are:

Mr Nguyen Duc Tai
Mr Tran Le Quan

Appointed on 3 June 2014
Resigned on 3 June 2014

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Mobile World Investment Corporation

REPORT OF MANAGEMENT

Management of Mobile World Investment Corporation ("the Company") is pleased to present its report and the interim consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") for the three-month and nine-month periods ended 30 September 2014.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the interim consolidated financial statements of each financial period which give a true and fair view of the interim consolidated state of affairs of the Group and of the interim consolidated results of its operations and its interim consolidated cash flows for the period. In preparing those interim consolidated financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim consolidated financial statements; and
- ▶ prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying interim consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Group as at 30 September 2014 and of the interim consolidated results of its operations for the three-month and nine-month periods ended 30 September 2014 and its interim consolidated cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim consolidated financial statements.

For and on behalf of management:



Nguyen Duc Tai
General Director

28 October 2014



Building a better
working world

Ernst & Young Vietnam Limited
28th Floor, Bitexco Financial Tower
2 Hai Trieu Street, District 1
Ho Chi Minh City, S.R. of Vietnam

Tel: +84 8 3824 5252
Fax: +84 8 3824 5250
ey.com

Reference: 61110221/17001353/IR/HN

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: The Shareholders and the Board of Directors of Mobile World Investment Corporation

We have reviewed the interim consolidated financial statements of Mobile World Investment Corporation ("the Company") and its subsidiaries (collectively referred to as the "Group"), as set out on page 5 to 34 which comprise the interim consolidated balance sheet as at 30 September 2014, the interim consolidated income statement for the three-month and nine-month periods ended 30 September 2014 and interim consolidated cash flow statement for the nine-month period then ended and the notes thereto.

The preparation and presentation of these interim consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim consolidated financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing No. 910 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim consolidated financial statements are free from material misstatement. A review is limited primarily to inquiries of the Group's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Group as at 30 September 2014, and of the interim consolidated results of its operations for the three-month and nine-month periods ended 30 September 2014 and its interim consolidated cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim consolidated financial statements.

The interim consolidated income statement for the three-month and nine-month periods ended 30 September 2013 and interim consolidated cash flow statement for the nine-month period then ended of the Group, which are presented as corresponding figures, were not reviewed.



Ernst & Young Vietnam Limited

Mai Viet Hung Tran
Deputy General Director
Audit Practicing Registration Certificate
No. 0048-2013-004-1

To Phuong Vu
Auditor
Audit Practicing Registration Certificate
No. 2267-2013-004-1

Ho Chi Minh City, Vietnam

28 October 2014

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 September 2014

VND

| Code | ASSETS | Notes | 30 September 2014 | 31 December 2013 |
|------------|--|-----------|--------------------------|--------------------------|
| 100 | A. CURRENT ASSETS | | 2,415,163,698,218 | 1,909,084,643,229 |
| 110 | I. Cash and cash equivalents | 4 | 418,555,609,065 | 304,733,768,468 |
| 111 | 1. Cash | | 144,834,609,065 | 109,285,768,468 |
| 112 | 2. Cash equivalents | | 273,721,000,000 | 195,448,000,000 |
| 130 | II. Current accounts receivable | | 298,254,184,399 | 247,310,873,457 |
| 131 | 1. Trade receivables | | 31,909,056,036 | 47,767,842,810 |
| 132 | 2. Advances to suppliers | | 112,135,033,362 | 37,945,761,587 |
| 135 | 3. Other receivables | 5 | 154,210,095,001 | 161,597,269,060 |
| 140 | III. Inventories | 6 | 1,625,424,671,239 | 1,288,949,605,087 |
| 141 | 1. Inventories | | 1,673,592,377,533 | 1,304,678,340,679 |
| 149 | 2. Provision for obsolete inventories | | (48,167,706,294) | (15,728,735,592) |
| 150 | IV. Other current assets | | 72,929,233,515 | 68,090,396,217 |
| 151 | 1. Short-term prepaid expenses | 7 | 48,443,040,180 | 30,512,602,907 |
| 152 | 2. Value-added tax deductible | | 20,915,496,209 | 34,623,166,927 |
| 158 | 3. Other current assets | 8 | 3,570,697,126 | 2,954,626,383 |
| 200 | B. NON-CURRENT ASSETS | | 433,024,543,759 | 322,791,455,377 |
| 220 | I. Fixed assets | | 316,236,470,687 | 275,039,772,239 |
| 221 | 1. Tangible fixed assets | 10 | 274,045,879,913 | 258,932,882,518 |
| 222 | Cost | | 419,464,990,880 | 331,600,123,583 |
| 223 | Accumulated depreciation | | (145,419,110,967) | (72,667,241,065) |
| 227 | 2. Intangible fixed assets | 11 | 5,759,827,172 | 5,054,241,383 |
| 228 | Cost | | 8,626,751,644 | 7,288,070,044 |
| 229 | Accumulated amortisation | | (2,866,924,472) | (2,233,828,661) |
| 230 | 3. Construction in progress | 12 | 36,430,763,602 | 11,052,648,338 |
| 260 | II. Other long-term assets | | 92,291,757,739 | 47,053,250,242 |
| 261 | 1. Long-term prepaid expenses | 13 | 17,274,464,118 | 5,395,418,925 |
| 262 | 2. Deferred tax assets | 25.2 | 10,596,895,385 | 3,460,321,830 |
| 268 | 3. Other long-term assets | 14 | 64,420,398,236 | 38,197,509,487 |
| 269 | III. Goodwill | 15 | 24,496,315,333 | 698,432,896 |
| 270 | TOTAL ASSETS | | 2,848,188,241,977 | 2,231,876,098,606 |

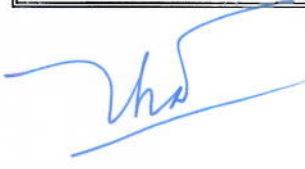
INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 September 2014


VND

| Code | RESOURCES | Notes | 30 September 2014 | 31 December 2013 |
|------------|---|-------------|--------------------------|--------------------------|
| 300 | A. LIABILITIES | | 1,547,641,965,436 | 1,407,239,941,555 |
| 310 | I. Current liabilities | | 1,547,641,965,436 | 1,407,239,941,555 |
| 311 | 1. Short-term loans | 16 | 414,325,064,007 | 513,188,993,447 |
| 312 | 2. Trade payables | | 847,086,528,864 | 693,539,029,504 |
| 313 | 3. Advances from customers | | 5,354,535,301 | 1,565,912,107 |
| 314 | 4. Statutory obligations | 17 | 72,759,238,215 | 84,241,128,747 |
| 315 | 5. Payables to employees | | 510,610,122 | 4,500,364,725 |
| 316 | 6. Accrued expenses | 18 | 162,035,488,275 | 91,089,223,923 |
| 319 | 7. Other payables | 19 | 35,941,634,904 | 16,134,307,486 |
| 320 | 8. Short-term provision | | 9,628,865,748 | 2,980,981,616 |
| 400 | B. OWNERS' EQUITY | | 1,295,478,279,561 | 800,283,880,305 |
| 410 | I. Capital | 20.1 | 1,295,478,279,561 | 800,283,880,305 |
| 411 | 1. Share capital | | 627,231,710,000 | 109,567,040,000 |
| 412 | 2. Share premium | | 78,733,108,286 | 151,578,368,286 |
| 413 | 3. Other capital | | 1,130,494,084 | 1,130,494,084 |
| 414 | 4. Treasury shares | | (300,394,500) | - |
| 420 | 5. Undistributed earnings | | 588,683,361,691 | 538,007,977,935 |
| 439 | C. MINORITY INTERESTS | | 5,067,996,980 | 24,352,276,746 |
| 440 | TOTAL LIABILITIES AND OWNERS' EQUITY | | 2,848,188,241,977 | 2,231,876,098,606 |

OFF BALANCE SHEET ITEMS

| ITEMS | 30 September 2014 | 31 December 2013 |
|---|-------------------|------------------|
| 1. Goods on consignment held by the Group – VND | 3,557,157,963 | 1,749,225,752 |
| 2. Foreign currency – USD | 5,312 | 14,341 |


 Vo Thi Phuong Thao
Preparer


 Vu Dang Linh
Finance Director


 Nguyen Duc Tai
General Director


28 October 2014

INTERIM CONSOLIDATED INCOME STATEMENT

for the three-month and nine-month periods ended 30 September 2014

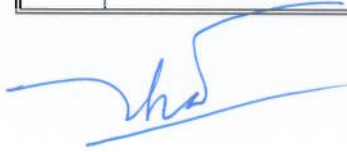
VND


| Code | ITEMS | Notes | For the three-month period ended 30 September 2014 | For the three-month period ended 30 September 2013 (not reviewed) | For the nine-month period ended 30 September 2014 | For the nine-month period ended 30 September 2013 (not reviewed) |
|------|--|-------|--|--|---|---|
| 01 | 1. Revenue from sale of goods and rendering of services | 21.1 | 3,965,553,364,843 | 2,437,939,034,186 | 10,976,822,856,677 | 6,603,867,689,682 |
| 02 | 2. Deductions | 21.1 | (20,430,857,516) | (9,620,679,261) | (56,812,662,561) | (31,095,868,783) |
| 10 | 3. Net revenue from sale of goods and rendering of services | 21.1 | 3,945,122,507,327 | 2,428,318,354,925 | 10,920,010,194,116 | 6,572,771,820,899 |
| 11 | 4. Cost of goods sold and services rendered | 22 | (3,311,179,822,494) | (2,058,752,401,086) | (9,214,593,937,132) | (5,613,812,532,251) |
| 20 | 5. Gross profit from sale of goods and rendering of services | | 633,942,684,833 | 369,565,953,839 | 1,705,416,256,984 | 958,959,288,648 |
| 21 | 6. Finance income | 21.2 | 20,994,310,621 | 6,025,265,709 | 45,000,911,474 | 16,345,189,385 |
| 22 | 7. Finance expenses | 23 | (5,095,365,880) | (2,746,604,643) | (15,846,724,476) | (20,556,459,174) |
| 23 | - In which: Interest expense | | (5,084,574,236) | (2,746,305,550) | (15,817,207,173) | (20,344,748,863) |
| 24 | 8. Selling expenses | 22 | (356,161,732,856) | (231,179,097,486) | (932,248,951,543) | (689,496,393,283) |
| 25 | 9. General and administrative expenses | 22 | (71,619,432,832) | (30,513,729,020) | (182,574,368,743) | (67,687,686,032) |
| 30 | 10. Operating profit | | 222,060,463,886 | 111,151,788,399 | 619,747,123,696 | 197,563,939,544 |
| 31 | 11. Other income | 24 | 5,446,735,439 | 2,210,083,234 | 10,838,670,373 | 8,092,576,586 |
| 32 | 12. Other expenses | 24 | (219,355,138) | (2,519,662,420) | (3,034,136,306) | (7,326,945,103) |
| 40 | 13. Other profit (loss) | 24 | 5,227,380,301 | (309,579,186) | 7,804,534,067 | 765,631,483 |


INTERIM CONSOLIDATED INCOME STATEMENT (continued)
for the three-month and nine-month periods ended 30 September 2014

VND

| Code | ITEMS | Notes | For the three-month period ended 30 September 2014 | For the three-month period ended 30 September 2013 (not reviewed) | For the nine-month period ended 30 September 2014 | For the nine-month period ended 30 September 2013 (not reviewed) |
|------|--|-------|--|--|---|---|
| 50 | 14. Profit before tax | | 227,287,844,187 | 110,842,209,213 | 627,551,657,763 | 198,329,571,027 |
| 51 | 15. Current corporate income tax expense | 25.1 | (50,409,158,218) | (29,863,100,615) | (146,603,977,152) | (50,057,742,060) |
| 52 | 16. Deferred income tax (expense) benefit | 25.2 | (508,886,559) | 996,576,214 | 7,136,573,555 | (1,287,021,191) |
| 60 | 17. Net profit after tax | | 176,369,799,410 | 81,975,684,812 | 488,084,254,166 | 146,984,807,776 |
| | Attributable to | | | | | |
| 61 | - Minority interests | | 1,138,417,927 | 1,006,464,214 | 4,456,090,410 | 1,565,800,307 |
| 62 | - Equity holders of the parent | | 175,231,381,483 | 80,969,220,598 | 483,628,163,756 | 145,419,007,469 |
| 70 | 18. Earnings per share | | | | | |
| | - Basic | 26 | 2,794 | 1,315 | 7,734 | 2,363 |
| | - Diluted | 26 | 2,575 | - | 7,127 | - |


Vo Thi Phuong Thao
Preparer


Vu Dang Linh
Finance Director


Nguyen Duc Tai
General Director

28 October 2014

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the nine-month period ended 30 September 2014

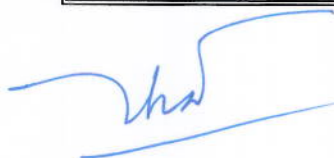
VND

| Code | ITEMS | Notes | For the nine-month period ended 30 September 2014 | For the nine-month period ended 30 September 2013 (not reviewed) |
|------|---|---------------|---|---|
| | I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | Profit before tax | | 627,551,657,763 | 198,329,571,027 |
| | <i>Adjustments for:</i> | | | |
| 02 | Depreciation and amortisation | 10, 11, 15 | 81,575,912,595 | 21,414,990,492 |
| 03 | Provisions (reversal of provisions) | | 39,086,854,834 | (183,480,726) |
| 05 | (Gains) losses from investing activities | | (4,758,953,166) | 1,686,929,015 |
| 06 | Interest expense | 23 | 15,817,207,173 | 20,344,748,863 |
| 08 | Operating profit before changes in working capital | | 759,272,679,199 | 241,592,758,671 |
| 09 | (Increase) decrease in receivables | | (62,814,740,311) | 35,926,848,420 |
| 10 | Increase in inventories | | (368,914,036,854) | (96,229,192,900) |
| 11 | Increase in payables | | 240,130,457,109 | 63,442,553,289 |
| 12 | (Increase) decrease in prepaid expenses | | (30,425,553,209) | 42,409,381,283 |
| 13 | Interest paid | | (16,178,668,922) | (20,980,685,991) |
| 14 | Corporate income tax paid | 25.1 | (156,557,855,369) | (48,014,235,664) |
| 16 | Other cash outflows used in operating activities | | (26,222,888,749) | (2,030,066,690) |
| 20 | Net cash flows from operating activities | | 338,289,392,894 | 216,117,360,418 |
| | II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | Purchase of fixed assets | | (92,199,564,360) | (45,721,254,403) |
| 22 | Proceeds from disposals of fixed assets | 24 | 1,447,928,974 | 4,508,593,669 |
| 25 | Payment for acquisition of a part of ownership in subsidiary | | (50,000,000,000) | - |
| 26 | Proceeds from disposal of a part of ownership in subsidiary | | - | 19,950,000,000 |
| 27 | Interest received | 21.2 | 3,902,228,864 | 1,513,381,139 |
| 30 | Net cash flow used in investing activities | | (136,849,406,522) | (19,749,279,595) |
| | III. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 31 | Share issuance and re-issuance of treasury shares | | 11,866,630,000 | 67,306,073,521 |
| | Capital contribution from minority interest | | 2,297,060,000 | - |
| 32 | Shares repurchased | | (300,394,500) | (20,057,078,735) |
| 33 | Drawdown of borrowings | | 2,753,208,448,793 | 2,403,925,075,530 |
| 34 | Repayments of borrowings | | (2,852,072,378,233) | (2,493,857,929,270) |
| 36 | Dividends paid | | (2,617,511,835) | - |
| 40 | Net cash flows used in financing activities | | (87,618,145,775) | (42,683,858,954) |


INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)
for the nine-month period ended 30 September 2014

VND

| Code | ITEMS | Notes | For the nine-month period ended 30 September 2014 | For the nine-month period ended 30 September 2013 (not reviewed) |
|------|--|-------|---|---|
| 50 | Net increase in cash and cash equivalents | | 113,821,840,597 | 153,684,221,869 |
| 60 | Cash and cash equivalents at beginning of period | | 304,733,768,468 | 104,831,347,041 |
| 70 | Cash and cash equivalents at end of period | 4 | 418,555,609,065 | 258,515,568,910 |


Vo Thi Phuong Thao
Preparer


Vu Dang Linh
Finance Director


Nguyen Duc Tai
General Director



28 October 2014

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as at and for the three-month and nine-month periods ended 30 September 2014

1. CORPORATE INFORMATION

Mobile World Investment Corporation ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 4103012275 issued by the Department of Planning and Investment of Binh Duong Province on 16 January 2009, as amended.

The Company has two subsidiaries namely The Gioi Di Dong Joint Stock Company and Electronic World Trade Corporation (collectively referred to as "the Group"). As at 30 September 2014, the Company held 99.35% equity share in The Gioi Di Dong Joint Stock Company and 99.95% equity share in Electronic World Trade Corporation.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange with symbol "MWG" in accordance with Decision No. 253/QD-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 7 July 2014.

The current principal activities of the Group are trading, providing repair and maintenance services of phones, information technology equipment, cameras, digital equipment, electronic equipment; household appliances and related accessories.

The head office of the Company is registered at 222 Yersin Street, Phu Cuong Ward, Thu Dau Mot Town, Binh Duong Province, Vietnam.

The number of the Group's employees as at 30 September 2014 was 7,860 (31 December 2013: 5,486).

2. BASIS OF PREPARATION**2.1 Accounting standards and system**

The interim consolidated financial statements of the Group, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System, Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance as per the:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying interim consolidated balance sheet, interim consolidated income statement, interim consolidated cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

2. BASIS OF PREPARATION (continued)

2.2 Applied accounting documentation system

The Group's applied accounting documentation system is the Journal Voucher system.

2.3 Fiscal year

The Group's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

2.4 Accounting currency

The interim consolidated financial statements are prepared in VND which is also the Group's accounting currency.

2.5 Basis of consolidation

The interim consolidated financial statements comprise the interim financial statements of the Company and its subsidiaries for the three-month and nine-month periods ended 30 September 2014.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The interim financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses result from intra-company transactions are eliminated in full.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the interim consolidated income statement and within equity in the interim consolidated balance sheet, separately from the parent shareholders' equity.

Subsidiaries acquired under common control are accounted for under the pooling of interests method.

Acquisitions of minority interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Receivables

Receivables are presented in the interim consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the interim consolidated balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the interim consolidated income statement.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Inventories

Inventories are stated at the lower of cost which comprises all costs of purchase and other direct costs incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows.

| | | |
|----------------------------------|---|--|
| Mobile phones and laptops | - | actual cost on a specific identification basis |
| Digital and electronic equipment | - | actual cost on a specific identification basis |
| Accessories | - | actual cost on a weighted average basis |
| Household appliances | - | actual cost on a weighted average basis |
| Others | - | actual cost on a weighted average basis |

Provision for obsolete inventories

An inventories provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of inventories owned by the Group, based on appropriate evidence of impairment available at the interim consolidated balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the interim consolidated income statement.

3.4 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim consolidated balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

3.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the interim consolidated income statement as incurred.

When tangible fixed assets are sold or retired, their costs and accumulated depreciation are removed from the interim consolidated balance sheet and any gain or loss resulting from their disposal is included in the interim consolidated income statement.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the interim consolidated income statement as incurred.

When intangible fixed assets are sold or retired, their costs and accumulated amortisation are removed from the interim consolidated the balance sheet and any gain or loss resulting from their disposal is included in the interim consolidated income statement.

3.7 Depreciation and amortisation

Depreciation and amortisation of tangible fixed assets and intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

| | |
|-------------------------|------------------------|
| Building and structures | 5 years |
| Computer software | 4 years |
| Means of transportation | 6 years |
| Office equipment | 3 - 8 years |
| Goodwill | 3 - 10 years |
| Land use rights | indefinite useful life |

3.8 Borrowing costs

Borrowing costs comprise of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the period in which they are incurred.

3.9 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

3.10 Accrual for severance pay

The severance pay to employees is accrued at the end of each reporting period for all employees who have more than 12 months in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the latest 6-month period up to the interim balance sheet date. Any changes to the accrued amount will be taken to the interim consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Foreign currency transactions

Transactions in currencies other than the Group's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the period-end, monetary assets and liabilities denominated in foreign currencies are retranslated at buying exchange rate announced by the commercial bank where the Group maintains bank accounts at the interim consolidated balance sheet date. All realised and unrealised foreign exchange differences are taken to the interim consolidated income statement.

3.12 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Group's own equity instruments.

3.13 Appropriation of net profits

Net profit after tax is available for appropriation to shareholders after getting approval by the shareholders in the Annual General Meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

3.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rendering of services

Revenues are recognized upon completion of the services provided.

Dividends

Income is recognised when the Group's entitlement as an investor to receive the dividend is established.

Interest

Revenue is recognised as the interest accrues unless collectability is in doubt.

3.15 Operating leases

Rentals paid under operating lease agreements are charged to the consolidated income statement on a straight-line basis over the term of the lease.

3.16 Earnings per share

Basic earnings per share amount is computed by dividing net profit for the year attributable to ordinary equity holders of the Company before any appropriation of bonus and welfare fund by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the interim consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the interim consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority or when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Financial instruments

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009, providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the interim consolidated financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost plus directly attributable transaction costs.

The Group's financial assets include cash and short-term deposits, trade and other receivables.

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the interim consolidated financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Financial instrument – subsequent re-measurement

There is currently no guidance in Circular 210 in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the interim consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.19 Segment information

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment), or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments. As the Group's revenue and profit are derived mainly from trading, providing repair and maintenance services of phones, information technology equipment, cameras, digital equipment, electronic equipment; household appliances and related accessories business in Vietnam while other sources of revenue are not material as a whole, the management accordingly believed that the Group operates in a sole business segment of trading, providing repair and maintenance services of phones, information technology equipment, cameras, digital equipment, electronic equipment; household appliances and related accessories. Geographical segment of the Company is in Vietnam only.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

4. CASH AND CASH EQUIVALENTS

| | VND | |
|------------------|------------------------|------------------------|
| | 30 September 2014 | 31 December 2013 |
| Cash on hand | 78,337,104,429 | 48,396,737,144 |
| Cash in banks | 62,084,339,613 | 58,790,286,613 |
| Cash in transit | 4,413,165,023 | 2,098,744,711 |
| Cash equivalents | 273,721,000,000 | 195,448,000,000 |
| TOTAL | 418,555,609,065 | 304,733,768,468 |

Cash equivalents represent term deposits with maturity terms of less than three months and earn interest at the rate ranging from 5.2% to 6% per annum.

5. OTHER RECEIVABLES

| | VND | |
|--------------------------------|------------------------|------------------------|
| | 30 September 2014 | 31 December 2013 |
| Receivables from suppliers (i) | 136,350,399,229 | 158,737,915,084 |
| Loans to employees | 9,055,851,314 | 2,433,561,454 |
| Value-added tax receivables | 8,049,790,416 | 278,366,074 |
| Others | 754,054,042 | 147,426,448 |
| TOTAL | 154,210,095,001 | 161,597,269,060 |

(i) Receivables from suppliers mainly comprise trade discounts, early payment discounts and price protection.

6. INVENTORIES

| | VND | |
|----------------------|--------------------------|--------------------------|
| | 30 September 2014 | 31 December 2013 |
| Mobile phones | 919,526,676,851 | 767,860,665,425 |
| Tablet | 183,760,973,243 | 99,466,977,586 |
| Accessories | 167,766,490,881 | 104,197,938,573 |
| Electronic equipment | 133,019,788,438 | 98,688,715,529 |
| Laptop | 113,703,993,967 | 119,128,754,977 |
| Goods in transit | 68,570,033,938 | 15,842,879,722 |
| Home appliances | 32,284,098,313 | 38,313,525,531 |
| Others | 54,960,321,902 | 61,178,883,336 |
| Provision | (48,167,706,294) | (15,728,735,592) |
| TOTAL | 1,625,424,671,239 | 1,288,949,605,087 |

As at 30 September 2014, inventories amounting to VND 1,100 billion were pledged to secure the loans as presented in Note 16.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

7. SHORT-TERM PREPAID EXPENSES

Short-term prepaid expenses mainly represent rental and set-up expenses of new offices and distribution centres.

8. OTHER CURRENT ASSETS

| | VND | |
|-----------------------|----------------------|----------------------|
| | 30 September 2014 | 31 December 2013 |
| Advances to employees | <u>3,570,697,126</u> | <u>2,954,626,383</u> |

9. INVESTMENTS IN SUBSIDIARIES

| Name of subsidiaries | 30 September 2014 | | 31 December 2013 | | Location | Business |
|--|-------------------|-----------------|------------------|-----------------|----------------------------|----------|
| | Interest (%) | Amount (VND) | Interest (%) | Amount (VND) | | |
| The Gioi Di Dong Joint Stock Company | 99.35 | 480,820,561,000 | 99.35 | 130,820,561,000 | Ho Chi Minh City - Vietnam | Trading |
| Electronic World Trade Corporation (*) | 99.95 | 129,952,000,000 | 79.95 | 79,952,000,000 | Ho Chi Minh City - Vietnam | Trading |

(*) On 1 April 2014, the Company acquired the 20% ownership interest in Electronic World Trade Corporation ("ETW") from a non-controlling shareholder of ETW at the acquisition price of VND 50,000,000,000, increasing its ownership interest to 99.95% and recognised goodwill amounting to VND 29,383,033,705 (Note 15).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

10. TANGIBLE FIXED ASSETS

| | <i>Buildings and structures</i> | <i>Means of transportation</i> | <i>Office equipment</i> | <i>VND Total</i> |
|---|---------------------------------|--------------------------------|-------------------------|--------------------------|
| Cost: | | | | |
| As at 31 December 2013 | 253,937,076,722 | 7,875,688,169 | 69,787,358,692 | 331,600,123,583 |
| Newly purchased | 53,207,056,556 | 993,722,454 | 11,281,988,486 | 65,482,767,496 |
| Transferred from construction in progress | 28,107,435,134 | - | 183,421,819 | 28,290,856,953 |
| Disposed | (4,078,850,423) | (1,764,743,093) | (65,163,636) | (5,908,757,152) |
| As at 30 September 2014 | <u>331,172,717,989</u> | <u>7,104,667,530</u> | <u>81,187,605,361</u> | <u>419,464,990,880</u> |
| Accumulated depreciation: | | | | |
| As at 31 December 2013 | (31,080,912,323) | (2,836,733,076) | (38,749,595,666) | (72,667,241,065) |
| Depreciation for the period | (62,821,156,467) | (866,062,333) | (11,670,446,716) | (75,357,665,516) |
| Disposed | <u>1,367,093,557</u> | <u>1,226,483,873</u> | <u>12,218,184</u> | <u>2,605,795,614</u> |
| As at 30 September 2014 | <u>(92,534,975,233)</u> | <u>(2,476,311,536)</u> | <u>(50,407,824,198)</u> | <u>(145,419,110,967)</u> |
| Net carrying amount: | | | | |
| As at 31 December 2013 | <u>222,856,164,399</u> | <u>5,038,955,093</u> | <u>31,037,763,026</u> | <u>258,932,882,518</u> |
| As at 30 September 2014 | <u>238,637,742,756</u> | <u>4,628,355,994</u> | <u>30,779,781,163</u> | <u>274,045,879,913</u> |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

11. INTANGIBLE FIXED ASSETS

| | <i>Land use rights</i> | <i>Computer software</i> | <i>VND Total</i> |
|----------------------------------|------------------------|--------------------------|----------------------|
| Cost: | | | |
| As at 31 December 2013 | 3,517,500,000 | 3,770,570,044 | 7,288,070,044 |
| Newly purchased | - | 1,338,681,600 | 1,338,681,600 |
| As at 30 September 2014 | 3,517,500,000 | 5,109,251,644 | 8,626,751,644 |
| Accumulated amortisation: | | | |
| As at 31 December 2013 | - | (2,233,828,661) | (2,233,828,661) |
| Amortisation for the period | - | (633,095,811) | (633,095,811) |
| As at 30 September 2014 | - | (2,866,924,472) | (2,866,924,472) |
| Net carrying amount: | | | |
| As at 31 December 2013 | 3,517,500,000 | 1,536,741,383 | 5,054,241,383 |
| As at 30 September 2014 | 3,517,500,000 | 2,242,327,172 | 5,759,827,172 |

12. CONSTRUCTION IN PROGRESS

Construction in progress mainly represents costs to set up new stores and distribution centres.

13. LONG-TERM PREPAID EXPENSES

| | <i>VND</i> | |
|---------------------|--------------------------|-------------------------|
| | <i>30 September 2014</i> | <i>31 December 2013</i> |
| Low value equipment | 4,617,587,450 | 4,397,832,746 |
| New stores' layout | 12,656,876,668 | 997,586,179 |
| TOTAL | 17,274,464,118 | 5,395,418,925 |

14. OTHER LONG-TERM ASSETS

Other long-term assets mainly represent long-term rental deposit for offices, retail stores and distribution centres.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

15. GOODWILL

| | VND Amount |
|-------------------------------------|-----------------|
| Cost: | |
| As at 31 December 2013 | 776,036,551 |
| Increase during the period (Note 9) | 29,383,033,705 |
| As at 30 September 2014 | 30,159,070,256 |
| Accumulated amortisation: | |
| As at 31 December 2013 | (77,603,655) |
| Amortisation for the period | (5,585,151,268) |
| As at 30 September 2014 | (5,662,754,923) |
| Net carrying amount: | |
| As at 31 December 2013 | 698,432,896 |
| As at 30 September 2014 | 24,496,315,333 |

16. SHORT-TERM LOANS

| | 30 September 2014 | 31 December 2013 |
|------------------|-------------------|------------------|
| Loans from banks | 414,325,064,007 | 513,188,993,447 |

Details of the short-term loans from banks are as follows:

| Lenders | Ending balance VND | Maturity date | Interest rate | Description of collateral |
|--|-----------------------|---------------------------------|---------------|---------------------------|
| HSBC Bank (Viet Nam) Limited | 126,317,968,940 | from 3 Oct 2014 to 29 Oct 2014 | floating rate | Inventories |
| Standard Chartered Bank (Vietnam) Limited | 26,405,332,149 | 10 Oct 2014 | floating rate | Inventories |
| ANZ Bank (Vietnam) Limited | 74,437,105,620 | from 1 Oct 2014 to 6 Oct 2014 | floating rate | Inventories |
| Joint Stock Commercial Bank for Foreign Trade of Vietnam | 39,736,618,050 | from 26 Nov 2014 to 1 Dec 2014 | floating rate | Inventories |
| Shinhan Bank (Vietnam) Limited | 60,279,466,935 | from 3 Oct 2014 to 29 Oct 2014 | floating rate | Unsecured |
| Vietnam Joint Stock Commercial Bank for Industry and Trade | 79,148,572,313 | from 26 Nov 2014 to 28 Nov 2014 | floating rate | Inventories |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

16. SHORT-TERM LOANS (continued)

Details of the short-term loans from banks are as follows: (continued)

| <i>Lenders</i> | <i>Ending balance</i> | <i>Maturity date</i> | <i>Interest rate</i> | <i>Description of collateral</i> |
|--|------------------------|----------------------|----------------------|----------------------------------|
| | VND | | | |
| Bank for Investment and Development of Vietnam | 8,000,000,000 | 28 Oct 2014 | floating rate | Inventories |
| TOTAL | 414,325,064,007 | | | |

The Group obtained these loans to finance its working capital requirements.

17. STATUTORY OBLIGATIONS

| | VND | |
|----------------------------------|-----------------------|-----------------------|
| | 30 September 2014 | 31 December 2013 |
| Corporate income tax (Note 25.1) | 63,994,690,359 | 73,948,568,576 |
| Value-added tax | 5,713,835,523 | 1,174,616,479 |
| Personal income tax | 3,034,191,784 | 8,923,983,266 |
| Others | 16,520,549 | 193,960,426 |
| TOTAL | 72,759,238,215 | 84,241,128,747 |

18. ACCRUED EXPENSES

| | VND | |
|--|------------------------|-----------------------|
| | 30 September 2014 | 31 December 2013 |
| Payable to employees | 132,022,621,100 | 67,558,536,364 |
| Marketing expense | 14,649,070,090 | 9,628,106,087 |
| Utilities | 7,479,008,023 | 2,232,834,955 |
| Accrued payables related to set up/ renovation of distribution centres | 5,699,121,504 | 9,044,774,958 |
| Others | 2,185,667,558 | 2,624,971,559 |
| TOTAL | 162,035,488,275 | 91,089,223,923 |

19. OTHER PAYABLES

| | VND | |
|---|-----------------------|-----------------------|
| | 30 September 2014 | 31 December 2013 |
| Instalment payments received on behalf | 21,731,432,008 | 11,080,019,000 |
| Discount voucher | 4,050,790,012 | - |
| Dividend payables | 2,802,952,046 | - |
| Social, health insurances and trade union fee | 2,357,840,973 | 1,255,968,668 |
| Others | 4,998,619,865 | 3,798,319,818 |
| TOTAL | 35,941,634,904 | 16,134,307,486 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

20. OWNERS' EQUITY

20.1 Increase and decrease in owners' equity

| | Share capital | Share premium | Treasury shares | Undistributed earnings | Other capital | VND Total |
|---|-----------------|------------------|------------------|------------------------|---------------|-------------------|
| For the nine-month period ended 30 September 2013 (not reviewed) | | | | | | |
| As at 31 December 2012 | 105,026,670,000 | 78,485,247,000 | (11,159,889,000) | 282,406,727,511 | 1,130,494,084 | 455,889,249,595 |
| Net profit for the period | - | - | - | 145,419,007,469 | - | 145,419,007,469 |
| Shares repurchased | - | - | (20,057,078,735) | - | - | (20,057,078,735) |
| Re-issuance of treasury shares | - | 36,089,105,786 | 31,216,967,735 | - | - | 67,306,073,521 |
| As at 30 September 2013 | 105,026,670,000 | 114,574,352,786 | - | 427,825,734,980 | 1,130,494,084 | 648,557,251,850 |
| For the nine-month period ended 30 September 2014 | | | | | | |
| As at 31 December 2013 | 109,567,040,000 | 151,578,368,286 | - | 538,007,977,935 | 1,130,494,084 | 800,283,880,305 |
| Private shares issuance | 6,851,120,000 | 5,015,510,000 | - | - | - | 11,866,630,000 |
| Bonus shares issuance | 77,860,770,000 | (77,860,770,000) | - | - | - | - |
| Dividend shares issuance | 432,952,780,000 | - | - | (432,952,780,000) | - | - |
| Net profit for the period | - | - | - | 483,628,163,756 | - | 483,628,163,756 |
| Shares repurchased | - | - | (300,394,500) | - | - | (300,394,500) |
| As at 30 September 2014 | 627,231,710,000 | 78,733,108,286 | (300,394,500) | 588,683,361,691 | 1,130,494,084 | 1,295,478,279,561 |

On 14 March 2014, the Company issued 657,402 new shares at the price of VND 10,000 per share and 27,710 new shares at the price of VND 191,000 per share amounting to VND 11,866,630,000 in total.

On 21 April 2014, the Company issued 7,786,077 bonus shares at par value VND 10,000 per share amounting to VND 77,860,770,000 in total from share premium to its existing shareholders at a ratio of 1,000:669 (i.e. issue 669 new shares for every 1,000 shares held). In addition, on that date, the Company also issued 43,295,278 shares at par value VND 10,000 per share amounting to VND 432,952,780,000 in total as the 2013 dividends to its existing shareholders at a ratio of 1,000:3,720 (i.e. issue 3,720 new shares for every 1,000 shares held).

On 25 March 2014 and 9 May 2014, the Company received the amended Business Registration Certificates issued by the Binh Duong Province Department of Planning and Investment for the above shares issuances.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

20. OWNERS' EQUITY (continued)

20.2 Capital transactions with owners

| | <i>Number of shares</i> |
|-------------------------|-------------------------|
| As at 31 December 2013 | 10,956,704 |
| Increase in capital | 51,766,467 |
| As at 30 September 2014 | <u>62,723,171</u> |

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share with par value of VND 10,000 carries one vote per share without restriction.

20.3 Shares - ordinary shares

| | <i>30 September 2014</i> | <i>31 December 2013</i> |
|--------------------------------------|--------------------------|-------------------------|
| | <i>Number of shares</i> | <i>Number of shares</i> |
| Authorized shares | 62,723,171 | 10,956,704 |
| Issued and paid up shares | | |
| <i>Ordinary shares</i> | 62,723,171 | 10,956,704 |
| Treasury shares held by a subsidiary | | |
| <i>Ordinary shares</i> | 3,283 | - |
| Shares in circulation | | |
| <i>Ordinary shares</i> | 62,719,888 | 10,956,704 |

21. REVENUE

21.1 Revenue from sale of goods and rendering of services

| | <i>For the three-month period ended 30 September 2014</i> | <i>For the three-month period ended 30 September 2013 (not reviewed)</i> | <i>For the nine-month period ended 30 September 2014</i> | <i>VND For the nine-month period ended 30 September 2013 (not reviewed)</i> |
|--------------------------|---|--|--|---|
| Gross revenue | 3,965,553,364,843 | 2,437,939,034,186 | 10,976,822,856,677 | 6,603,867,689,682 |
| Of which: | | | | |
| Sale of goods | 3,945,448,925,949 | 2,426,912,265,519 | 10,928,289,533,662 | 6,577,550,074,792 |
| Rendering of services | 20,104,438,894 | 11,026,768,667 | 48,533,323,015 | 26,317,614,890 |
| Less | (20,430,857,516) | (9,620,679,261) | (56,812,662,561) | (31,095,868,783) |
| Of which: | | | | |
| Sale returns | (20,430,857,516) | (9,620,679,261) | (56,812,662,561) | (31,095,868,783) |
| Net revenue | <u>3,945,122,507,327</u> | <u>2,428,318,354,925</u> | <u>10,920,010,194,116</u> | <u>6,572,771,820,899</u> |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

21. REVENUE (continued)

21.2 Finance income

| | | | | VND |
|----------------------------|--|--|---|---|
| | For the three-month period ended 30 September 2014 | For the three-month period ended 30 September 2013 (not reviewed) | For the nine-month period ended 30 September 2014 | For the nine-month period ended 30 September 2013 (not reviewed) |
| Income from early payments | 19,157,262,835 | 5,550,542,623 | 41,004,275,282 | 14,526,568,865 |
| Interest income | 1,807,559,379 | 444,304,929 | 3,902,228,864 | 1,513,381,139 |
| Foreign exchange gains | 29,488,407 | 30,418,157 | 94,407,328 | 305,239,381 |
| TOTAL | 20,994,310,621 | 6,025,265,709 | 45,000,911,474 | 16,345,189,385 |

22. TRADING AND OPERATING COSTS

| | | | | VND |
|--------------------------------|--|--|---|---|
| | For the three-month period ended 30 September 2014 | For the three-month period ended 30 September 2013 (not reviewed) | For the nine-month period ended 30 September 2014 | For the nine-month period ended 30 September 2013 (not reviewed) |
| Cost of merchandise goods sold | 3,311,179,822,494 | 2,058,752,401,086 | 9,214,593,937,132 | 5,613,812,532,251 |
| Labour costs | 261,217,783,597 | 133,549,660,869 | 678,210,028,707 | 383,560,512,923 |
| Depreciation and amortisation | 30,524,158,806 | 6,809,010,038 | 81,575,912,595 | 21,414,990,492 |
| Other expenses | 136,039,223,285 | 121,334,155,599 | 355,037,378,984 | 352,208,575,900 |
| TOTAL | 3,738,960,988,182 | 2,320,445,227,592 | 10,329,417,257,418 | 6,370,996,611,566 |

23. FINANCE EXPENSES

| | | | | VND |
|-------------------------|--|--|---|---|
| | For the three-month period ended 30 September 2014 | For the three-month period ended 30 September 2013 (not reviewed) | For the nine-month period ended 30 September 2014 | For the nine-month period ended 30 September 2013 (not reviewed) |
| Interest expense | 5,084,574,236 | 2,746,305,550 | 15,817,207,173 | 20,344,748,863 |
| Foreign exchange losses | 10,791,644 | 299,093 | 29,517,303 | 211,710,311 |
| TOTAL | 5,095,365,880 | 2,746,604,643 | 15,846,724,476 | 20,556,459,174 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

24. OTHER INCOME AND EXPENSES

| | <i>For the three-month period ended 30 September 2014</i> | <i>For the three-month period ended 30 September 2013 (not reviewed)</i> | <i>For the nine-month period ended 30 September 2014</i> | <i>VND For the nine-month period ended 30 September 2013 (not reviewed)</i> |
|--|---|--|--|---|
| Other income | | | | |
| Proceeds from disposal of fixed assets | 400,909,091 | 832,727,273 | 1,447,928,974 | 4,508,593,669 |
| Others | 5,045,826,348 | 1,377,355,961 | 9,390,741,399 | 3,583,982,917 |
| TOTAL | 5,446,735,439 | 2,210,083,234 | 10,838,670,373 | 8,092,576,586 |
| Other expenses | | | | |
| Net book value of disposed fixed assets | - | (1,850,313,068) | (591,204,672) | (6,044,013,204) |
| Others | (219,355,138) | (669,349,352) | (2,442,931,634) | (1,282,931,899) |
| TOTAL | (219,355,138) | (2,519,662,420) | (3,034,136,306) | (7,326,945,103) |
| NET | 5,227,380,301 | (309,579,186) | 7,804,534,067 | 765,631,483 |

25. CORPORATE INCOME TAX

The statutory Corporate Income Tax ("CIT") rate applicable to the Group is 22% of taxable profits.

The Group's tax returns are subject to examination by the tax authorities. As the application of tax laws and regulations are susceptible to varying interpretations, the amounts reported in the consolidated interim financial statements could be changed at a later date upon final determination by the tax authorities.

25.1 Current CIT

The current tax payable is based on taxable profit for the year. The taxable profit of the Group for the period differs from the profit as reported in the interim consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted at the interim consolidated balance sheet date.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

25. CORPORATE INCOME TAX (continued)

25.1 Current CIT (continued)

A reconciliation between profit before tax in the interim consolidated income statement and estimated taxable profit is presented below:

| | <i>For the three-month period ended 30 September 2014</i> | <i>For the three-month period ended 30 September 2013 (not reviewed)</i> | <i>For the nine-month period ended 30 September 2014</i> | <i>VND For the nine-month period ended 30 September 2013 (not reviewed)</i> |
|---|---|--|--|---|
| Profit before tax | 227,287,844,187 | 110,842,209,213 | 627,551,657,763 | 198,329,571,027 |
| Adjustments | | | | |
| Non-deductible expenses | 1,030,474,062 | 858,911,652 | 4,020,751,061 | 2,483,598,211 |
| Goodwill allocation | 3,060,578,213 | 19,400,914 | 5,585,151,268 | 58,202,742 |
| Provision for inventories | (2,313,120,726) | 4,529,891,883 | 32,438,970,702 | (4,084,178,676) |
| Loss of subsidiaries | - | (274,342,578) | - | - |
| Adjusted net profit before loss carried forward and tax | 229,065,775,736 | 115,976,071,084 | 669,596,530,794 | 196,787,193,304 |
| Tax loss carried forward | - | - | - | (32,556,435) |
| Estimated current taxable profit | 229,065,775,736 | 115,976,071,084 | 669,596,530,794 | 196,754,636,869 |
| Estimated current CIT | 50,394,470,662 | 28,994,017,772 | 147,311,236,775 | 49,188,659,217 |
| Adjustment for under accrual of tax from prior periods | 14,687,556 | 869,082,843 | (707,259,623) | 869,082,843 |
| CIT expense | 50,409,158,218 | 29,863,100,615 | 146,603,977,152 | 50,057,742,060 |
| CIT payables at beginning of period | 50,566,342,675 | 12,512,376,558 | 73,948,568,576 | 27,486,901,094 |
| Additional CIT on gain from re-issuance of treasury shares of subsidiary offset against share premium | - | - | - | 12,029,701,929 |
| CIT paid during the period | (36,980,810,534) | (815,367,754) | (156,557,855,369) | (48,014,235,664) |
| CIT payable at end of period | 63,994,690,359 | 41,560,109,419 | 63,994,690,359 | 41,560,109,419 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

25. CORPORATE INCOME TAX (continued)

25.2 Deferred income tax

The following are the deferred tax assets recognized by the Group, and the movements thereon, during the current and previous periods:

| | <i>Interim consolidated balance sheet</i> | | <i>(Charge) credit to interim consolidated income statement</i> | | <i>(Charge) credit to interim consolidated income statement</i> | | VND |
|--|---|-----------------------------|---|--|--|---|-----|
| | <i>30 September 2014</i> | <i>31 December 2013</i> | <i>For the three-month period ended 30 September 2014</i> | <i>For the three-month period ended 30 September 2013 (not reviewed)</i> | <i>For the nine-month period ended 30 September 2014</i> | <i>For the nine-month period ended 30 September 2013 (not reviewed)</i> | |
| Provision for obsolete inventories | 10,596,895,385 | 3,460,321,830 | (508,886,559) | 996,576,214 | 7,136,573,555 | (1,287,021,191) | |
| Deferred tax asset | 10,596,895,385 | 3,460,321,830 | | | | | |
| Net deferred income tax (expense) benefit | | | (508,886,559) | 996,576,214 | 7,136,573,555 | (1,287,021,191) | |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

26. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

| | <i>For the three-month period ended 30 September 2014</i> | <i>For the three-month period ended 30 September 2013 (not reviewed)</i> | <i>For the nine-month period ended 30 September 2014</i> | <i>For the nine-month period ended 30 September 2013 (not reviewed)</i> |
|--|---|--|--|---|
| Net profit attributable to ordinary shareholders of the Company (VND) | 175,231,381,483 | 80,969,219,823 | 483,628,163,756 | 145,419,007,469 |
| Weighted average number of ordinary shares (*) | 62,719,888 | 61,584,022 | 62,531,863 | 61,542,443 |
| Adjusted weighted average number of potential shares from Employees Share Option Program | 5,331,190 | - | 5,331,190 | - |
| Weighted average number of ordinary shares adjusted for the effect of dilution | 68,051,078 | 61,584,022 | 67,863,053 | 61,542,443 |
| Basic earnings per share (VND per share) | 2,794 | 1,315 | 7,734 | 2,363 |
| Diluted earnings per share (VND per share) | 2,575 | - | 7,127 | - |

(*) The weighted average number of ordinary shares for the three-month and nine-month periods ended 30 September 2013 has been retrospectively adjusted for the bonus shares and dividend shares issued in April 2014.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

27. TRANSACTIONS WITH RELATED PARTIES

Remuneration to members of the Board of Directors and Management

| | <i>For the three-month period ended 30 September 2014</i> | <i>For the three-month period ended 30 September 2013 (not reviewed)</i> | <i>For the nine-month period ended 30 September 2014</i> | <i>VND For the nine-month period ended 30 September 2013 (not reviewed)</i> |
|--------------------|---|--|--|---|
| Salaries and bonus | <u>2,176,119,280</u> | <u>1,520,564,371</u> | <u>7,444,784,832</u> | <u>5,355,782,030</u> |

28. OPERATING LEASE COMMITMENTS

The Group leases its office premises and distribution centres under operating lease agreements. The minimum lease commitments as at 30 September 2014 under the operating lease agreements are as follows:

| | <i>30 September 2014</i> | <i>31 December 2013</i> |
|------------------------|-------------------------------|-------------------------------|
| Less than one year | 188,912,770,392 | 171,482,297,576 |
| From one to five years | 423,009,920,565 | 424,162,071,473 |
| More than five years | <u>204,965,347,296</u> | <u>39,678,563,873</u> |
| TOTAL | <u>816,888,038,253</u> | <u>635,322,932,922</u> |

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group does not hold or issue derivative financial instruments.

The Group is exposed to credit risk and liquidity risk.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, and foreign exchange transactions.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Trade receivables

Customer credit risk is managed by the Group based on its established policy, procedures and control relating to customer credit risk management.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Group seeks to maintain strict control over its outstanding receivables.

Bank deposits

The Group's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. The Group's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Note 4. The Group evaluates the concentration of credit risk in respect to bank deposit as low.

Management evaluates all financial assets are neither past due nor impaired as they related to recognized and creditworthy counterparties as at 30 September 2014.

Liquidity risk

The liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligation due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Group monitors its liquidity risk by maintaining a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

| | VND |
|-------------------------------------|---------------------------------|
| | <i>On demand</i> |
| 30 September 2014 | |
| Loans | 414,325,064,007 |
| Trade payables | 847,086,528,864 |
| Other payables and accrued expenses | 197,977,123,179 |
| | <u>1,459,388,716,050</u> |
| 31 December 2013 | |
| Loans | 513,188,993,447 |
| Trade payables | 693,539,029,504 |
| Other payables and accrued expenses | 107,223,531,409 |
| | <u>1,313,951,554,360</u> |

The Group assessed the liquidity risk is low.

Collaterals

The Group has pledged its inventory in order to fulfil the collateral requirements for the short-term loans (*Note 16*).

The Group did not hold collateral at 30 September 2014 and 31 December 2013.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

30. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the interim consolidated financial statements.

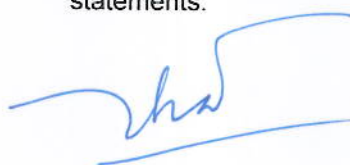
| | Carrying amount | | | | Fair value | |
|-------------------------------------|--------------------------|-----------|--------------------------|-----------|--------------------------|--------------------------|
| | 30 September 2014 | | 31 December 2013 | | 30 September 2014 | 31 December 2013 |
| | Cost | Provision | Cost | Provision | | |
| | | | | | | |
| Financial assets | | | | | | |
| Trade receivables | 31,909,056,036 | - | 47,767,842,810 | - | 31,909,056,036 | 47,767,842,810 |
| Other receivables | 154,210,095,001 | - | 161,597,269,060 | - | 154,210,095,001 | 161,597,269,060 |
| Cash and cash equivalent | 418,555,609,065 | - | 304,733,768,468 | - | 418,555,609,065 | 304,733,768,468 |
| TOTAL | 604,674,760,102 | - | 514,098,880,338 | - | 604,674,760,102 | 514,098,880,338 |
| Financial liabilities | | | | | | |
| Loans | 414,325,064,007 | - | 513,188,993,447 | - | 414,325,064,007 | 513,188,993,447 |
| Trade payables | 847,086,528,864 | - | 693,539,029,504 | - | 847,086,528,864 | 693,539,029,504 |
| Other payables and accrued expenses | 197,977,123,179 | - | 107,223,531,409 | - | 197,977,123,179 | 107,223,531,409 |
| TOTAL | 1,459,388,716,050 | - | 1,313,951,554,360 | - | 1,459,388,716,050 | 1,313,951,554,360 |

The fair values of the financial assets and financial liabilities had been assessed to approximate their carrying values as at 30 September 2014 given the short-term nature of these financial instruments.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the three-month and nine-month periods ended 30 September 2014

31. EVENTS AFTER THE BALANCE SHEET DATE

There have been no other significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the interim consolidated financial statements.



Vo Thi Phuong Thao
Preparer

28 October 2014



Vu Dang Linh
Finance Director



Nguyễn Đức Tài
General Director

