



DIGIWORLD

ANNUAL REPORT 2015



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MESSAGE FROM THE CHAIRMAN



The Company is also regarded by investors as a business with great potential for growth, profitability and business efficiency..

On the behalf of Digiworld, I would like to express my deepest gratitude towards our shareholders, partners and customers for your trusts and support

Mr Doan Hong Viet
Chairman cum. CEO
Digiworld Corporation

Digiworld – 18 years of trust...

Dear our sincere shareholders, clients, partners and colleagues,

Since its establishment in 1997, Digiworld has gradually asserted itself in the ICT industry to one of the three industry-leading companies from a small company with only 10 staff and USD25,000 charter capital. It has been challenging for the past 18 years yet a highly impressive journey of ours.

Digiworld is proud to be a trusted partner of more than 30 ICT global brands, many of which have held a paramount role in our success, such as Dell, HP, Acer, Asus, Toshiba and, etc. The Company has generated the largest distribution network in Vietnam with more than 6,000 points of sales across the country. Throughout its operation, Digiworld has been honored with a spectrum of prestigious awards and trophies granted by renowned local and international organizations. The Company is also regarded by investors as a business with great potential for growth, profitability and business efficiency.

It is a clear direction and a strong commitment on the basis of equality, reciprocity and mutual benefit between Digiworld and our consumers, partners, shareholders and staff that propels our business performance ahead of other competitors. Also, the long-lasting relationship with vendors and retailers, the trusts of shareholders, the dedication of staff, together with the leadership of management team and the support of the Board of Directors are a sound foundation for Digiworld's long-term development and success.

2015 was a year of turbulent occurrences and astounding events. The biggest one might come from Nokia/Microsoft with its sudden change in global strategies that generated tremendous impact on global mobile phone industry in general and Digiworld in specific. In order to confront with such challenge, Digiworld proactively reduced its dependence on Nokia/Microsoft through product diversification and revenue restructuring. As a result, Smartphones (other than Nokia/Microsoft) Division has achieved remarkable growth (up 518% over the same period last year), relieving the decline of total revenue to 13.76% only. In the next few years, we intend to further exploit this phenomenon with the aim of restoring our growth momentum.

In the context of optimistic economic outlook with boosting integration and exponential development, a range of regional and international trade agreements like the Trans-Pacific Partnership (TPP) or the Asean Economic Community (AEC) will further expose Vietnam to global market, making it a new destination for many renowned international brands. With the stance, Digiworld's long-term objective is not merely an ICT distributor but a Market Expansion Services (MES) provider wherein we would optimally utilize our expertise, workforce, infrastructure, network and financial capacity.

In the year of 2016, Digiworld's business plan targets are as follows:

- Total revenue rises by 28% to VND5,430 billion
- After-tax profit rises by 35% to VND139.84 billion
- In addition to the signed contracts with Apple, Wiko, Obi; Digiworld will widen its partnerships with many other smartphone vendors including Motorola, Infocus, Levono and Intex
- Upgrading infrastructure from 5 to 10 Service Centers, covering from 3 to 10 major cities of Vietnam.

Since the onset of our business, we have always recognized the importance of sustainable development and highlighted it in our intent, vision and mission. With high sense of responsibility and commitment, Digiworld will constantly endeavor to improve our business operations in order to consolidate sustainable values for the best interests of every stakeholder in terms of socio-economy and environment. We promise to channel our commitment into an invaluable asset for the development of Vietnam.

On the behalf of Digiworld, I would like to express my deepest gratitude towards our shareholders, partners and customers for your trusts and support. I believe that with a great team of professionals on the basis of 18-year experience in Vietnam market, Digiworld will accomplish all business goals in 2016, hereby creating a solid basis to become a "billion-dollar company" by 2020 and fulfill the mission of "Elevating Vietnam".



Đoàn Hồng Việt
Chairman cum. CEO

.... For us, it's just a beginning

COMPANY OVERVIEW

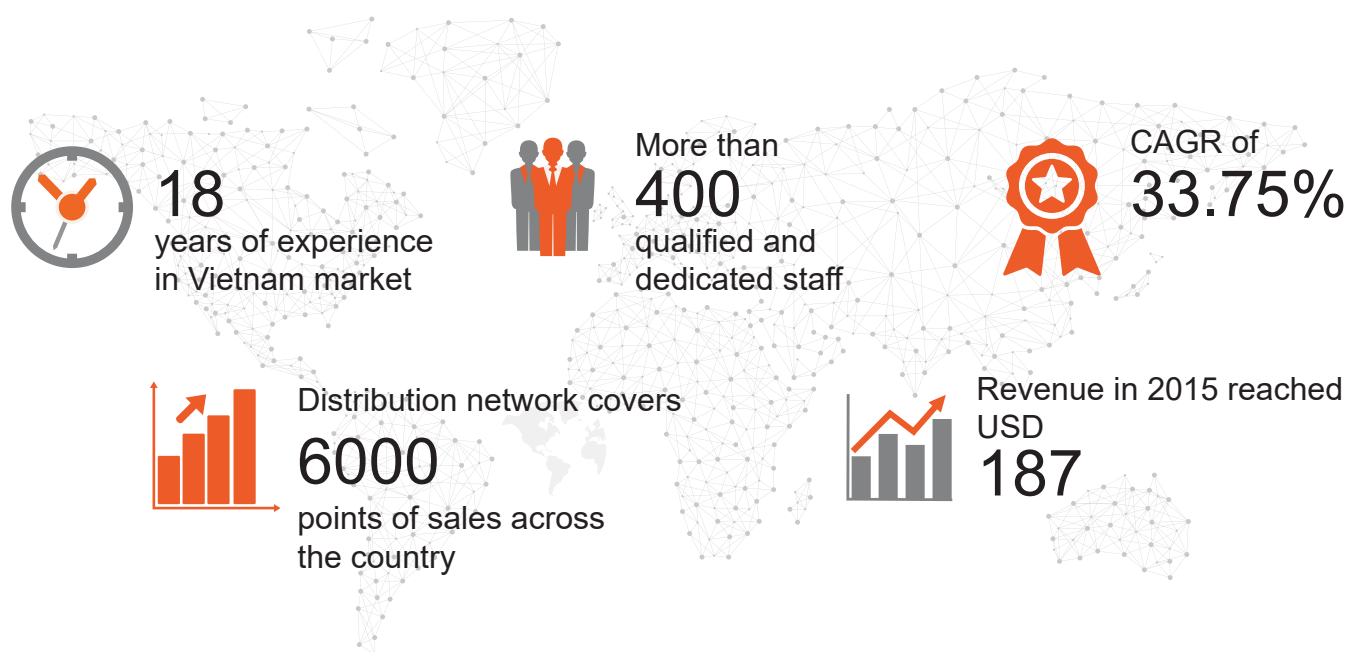


DIGIWORLD AT A GLANCE

OVERVIEW

Company	Digiworld Corporation
Ticker	DGW
Stock Exchange	Ho Chi Minh Stock Exchange
Charter Capital	VND 306 billion
The first trading day	3 August 2015
Number of shares listed	VND 30.6 million
Number of shares circulated	VND 30.46 million
Industry	Consumer goods
Workforce	414
Website	www.digiworld.com.vn
Audit company	Ernst & Young Vietnam Ltd. Co.

DIGIWORLD AT A GLANCE



INTENTION

Intent

"PEOPLE LIVING BIG LIVES"

Digiworld is a place for great talents to fulfill their desire for dedication, to challenge and discover their life purposes, dreams and passion and to live a big life

Vision 2020

"Digiworld is a billion-dollar company recognized for its role in the elevation of Vietnam wherein everyone is well-rewarded and fulfilling their life purpose."

The company's vision is to reach USD1 billion of total revenue by 2020 and is recognized as an outstanding enterprise for its role in elevating Vietnam's position and improving living standards through business activities orienting to development of knowledge, education and technologization. Specially, Digiworld is a big playground wherein the talents are given opportunities to optimize their expertise, to be well-rewarded and to fulfill their dreams of life.

Mission

ELEVATING VIETNAM

Nothing is impossible

Announcing a mission means that you have stepped into the process of shouldering and accomplishing it.

For Digiworld, the mission of "Elevating Vietnam" is expressed clearly and consistently in every of our business aspects with orientation to the development of knowledge, education and life quality of Vietnamese citizens. Digiworld hereby will not involve in any business that potentially causes negative effects to Vietnam's position in general and its citizens in specific. Digiworld promises to accomplish the mission of "Elevating Vietnam" by taking even such smallest actions as obeying the traffic rules, protecting environment, behaving politely and so on.

Core values

The core values of Digiworld are generated from people who have devoted themselves to the Company throughout 18 years of development. These values are the principle foundation for the sustainability and reputation of Digiworld today. Every member of Digiworld family is fully aware of their responsibilities in exercising, maintaining and improving such core values in order to step by step fulfill their own intentions and missions in balance with those of the Company. Five core values of Digiworld consists of:

1.Ownership

2.Alignment

3.Integrity

4.Confidence

5.Constant improvement

Commitment



WITH CUSTOMERS

In every interaction with our customers, we are committed to exceeding their expectations and leaving them delighted



WITH PARTNERS

We are committed to operating with integrity, creating a mutually beneficial and continually developing relationship with our partners



WITH EMPLOYEES

We are committed to creating a working environment in which our contributions are well-recognized and we are given freedom to express ourselves and live big lives



WITH OPERATIONS

To fulfill our mission, we are committed to working as a united entity with the principle “everything matters”.



WITH SHAREHOLDERS

We are committed to turning your investments into long-term and sustainable benefits for both you and the society.



WITH SOCIETY

We are committed to elevating the life quality of Vietnamese citizens by contributing to and fostering the educational development of Vietnam’s young generation.

CORPORATE MILESTONES

1997



- Established Hoang Phuong Company - the predecessor of Digiworld
- Focused on laptop accessories distribution (Mainboard Tomato, Triple D Screen Card)
- Charter capital of \$25 thousand
- Workforce: 10 staff

2003



- Capitalized into Digiworld Corporation
- Recognized as authorized distributor & authorized service provider (ASP) of Acer and Lexmark
- Awarded “Distributor of the year” by Acer
- Increased charter capital to \$100 thousand

2004



- Established Ha Noi branch
- Awarded “Marketing Excellence” and “Most Innovative Marketing Program” by Lexmark

2006



- Established Da Nang branch
- Recognized as authorized distributor & ASP of HP
- Voted “Best Notebook Distributor” and “Distributor of the year” by Acer
- Granted “Most Innovative Marketing Program Distributor”, “Highest Growth CPD Partner”, “Highest Growth in Laser Business”, “Highest Growth in Inkjet Business” by Lexmark

2007



- Recognized as authorized distributor & ASP of InFocus
- Honored in the Top 500 Biggest Companies of Vietnam (VNR500)
- Recognized “Trusted Brand”
- Listed in the “TOP ICT Vietnam”
- Voted “Fastest Growth Distributor” by Acer
- Received “Market Innovation Award” from InFocus
- Honored “Best Overall Distributor”, “Highest Growth PS&SD Hardware Distributor”, “Highest growth CPD Distributor”, “Highest Growth CPD Supplies Distributor” by Lexmark bullet point

2008



- Recognized as authorized distributor & ASP of Dell, Fujishu and Toshiba
- Received investment of \$5mn from Mekong Capital
- Continued to be listed in the “Top ICT Vietnam”

2009



- Recognized as authorized distributor & ASP of Logitech, Belkin, Schneider Electric
- Voted “Distributor of the year” by HP
- Received “Best year-on-year Growth Award” from Toshiba
- Continued to be listed in VNR500

2010



- Applied ERP in the management system, which later became a comparative advantage of the Ccompany
- Recognized as authorized distributor for Samsung & ASP for Genius
- Granted “Best Laptop Distributor” by HP
- Recognized as “Long Standing Partnership” by Toshiba
- Received “10% Market share Achievement Award” by Toshiba
- Honored in the “Top 500 Fastest Growing Enterprises of Vietnam” (Fast500)
- Honored in the “Top 1000 Enterprises of Tax Contribution” (V1000)
- Continued to be listed in VNR500

2012



- Recognized as authorized distributor & ASP of Asus
- Continued to be listed in the “Top ICT Vietnam”, VNR500, Fast500, V1000

2013



- Expanded business scale towards smartphone sector.
- Recognized as authorized distributor offer Nokia, Alcatel and Lenovo

2014



- Recognized as authorized distributor & ASP of Wiko, Ricoh, Fuji Xerox, Xiaomi, Philip
- Provided a full services package for Wiko to penetrate Vietnam market
- Continued to be listed in VNR500
- Honored in Fast500 for the 4th consecutive year

2015



- Official listed on HOSE under the stock ticker DGW
- Increased Charter capital to \$13.6 million and Market capital to \$44.6 million
- Recognized as authorized distributor & ASP of Obi, BenQ, Cink and Rapoo
- Succeeded in penetrating OBI Worldphone – a brand launched by Apple's former CEO John Scully into Vietnam market
- Honored in the “Top 100 Brand of Vietnam Gold Star Award”
- Recognized in the “Top 50 Vietnam Brands 2015” with brand value of \$19 million and business value of \$75 million
- Honored in VNR500 for the 8th consecutive year
- Workforce: 416 staff

BUSINESS INDUSTRY

Digiworld’s main business activities includes:



Distribution of Information and Communications Technology (ICT) products



Provision of value-added services: (1) Market analysis, (2) Marketing; (3) Sales; (4) Logistics; and (5) After-sales services

During the 18 years of development, Digiworld has always been known as one of the biggest ICT distributors in Vietnam. The achievement, however, is not based on distribution business merely but on a range of service offerings including market analysis, marketing, sales, distribution and logistics and after-sales services which are designed to best suit the needs of different partners.

Market Analysis	Marketing	Sales	Distribution & Logistics	After Sales Services
<ul style="list-style-type: none"> Market and competition analysis Scenario & market entry planning Regulation and market access 	<ul style="list-style-type: none"> Strategy and roadmap Product management Communication services Promotion Event / activation 	<ul style="list-style-type: none"> Account management Field force network High-tech management Multi-channel fulfillment 	<ul style="list-style-type: none"> Importing Warehousing Packaging Delivering COD High-tech inventory control 	<ul style="list-style-type: none"> Warranty Customer service Technical support

Market Analysis



Digiworld draws out the current market scenario and forecasts development direction in 3 – 18 months for relating departments, including detailed description of market segments, market capacity parameters, future movement, and price charts reflecting expected short-term fluctuations of competitors. Accordingly, optimal products and pricing strategies for short- and medium-term are designed in what way the market penetration of each brand will take place.

Marketing



With a team of dedicated and experienced professionals alongside the world-leading partnership in brand building, Digiworld helps business partners reach their targets in brand identity and brand interaction by providing tailored plans for brand positioning in Vietnam market; plans for brand development (in 12 – 36 months); new product launching, product management services; promotional activities; POSM production and so on, etc.

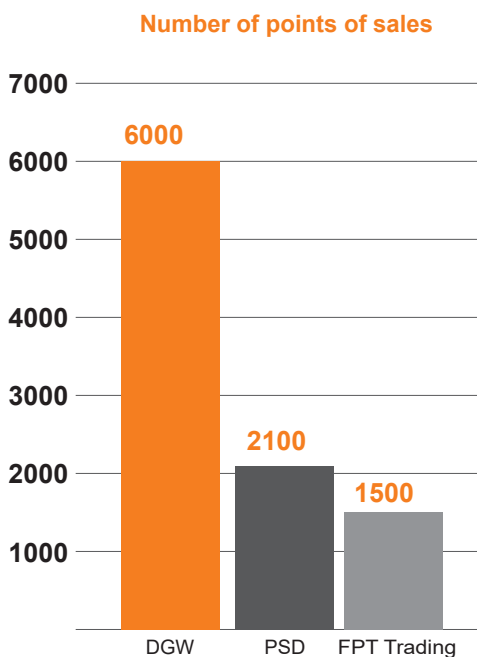
Besides, Digiworld assists partners in running product launching events; managing PR and digital agencies; organizing marketing campaigns (press conference, exhibition, in-store display); recruiting, training and supervising sales team, etc. in the way that with the aim to caters to particular industry uniqueness and brand objectives.

Sales



Digiworld differentiates itself from others by owning a dedicated and massive sales team nationwide. The sales services include three main groups:

- PSI (purchase – sales – inventory) planning team
- Sell-through: Digiworld provides a dedicated sales team for each brand. Depending on the real situation of the brand, sales team manages the sales activities by area or account. Each team includes veteran in relevant fields (IT, mobile product, accessories business...)
- Sell-out:
 - + Local Sales Team is in charge of fulfilling current stores, opening new stores, reporting market information, etc. and so on
 - + Store Staff Team includes the brand ambassadors at key stores
 - + Retail Merchandising Team is responsible for brand visibility at stores
 - + Promotion Team operates promotion programs or incentive schemes for retailers
 - + Training Team provides product information and trains selling skills for operation teams



(Source : DGW, PSD, FPT Trading)

For two decades of operations, Digiworld has built the largest distribution network which covers 63 provinces and cities of Vietnam with 6,000 point of sales.

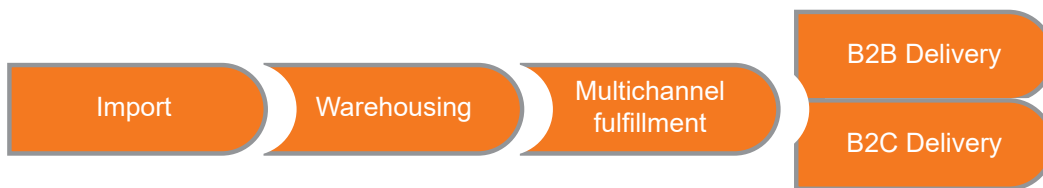
Logistics



By using a professional and standardized management with ERP-SAP system, Digiworld has created a smart logistics system which performs all tasks efficiently in comparative lead time:

- 4 hours in major cities
- 24 hours - 80% of Vietnam
- 48 hours the rest

In addition, the system with Real time feature does a lot of support in managing inventory level and status as well as tracking and tracing from order to goods delivery. Smart logistics system is apparently another bonus in our comparative advantages.



After Sales Services

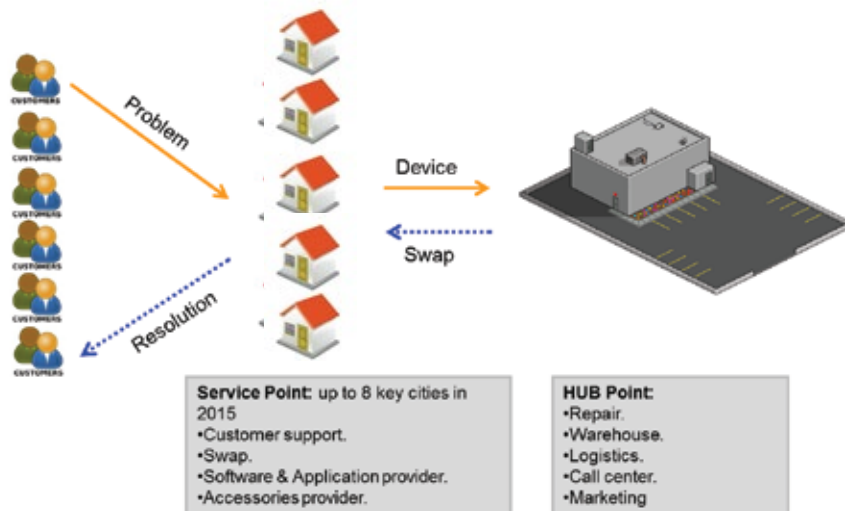


Throughout the 18 years of operations, Digiworld is proud to be the distributor providing the warranty up to level 3 for many globally well-known brands, such as HP, Acer, Toshiba, Wiko, Apple, Obi Worldphone and so on.

With the aim to provide the best warranty services for the customers, Digiworld has 3 Services Centers and 15 drop-off points with 95% of service cases can be closed within 3 days.

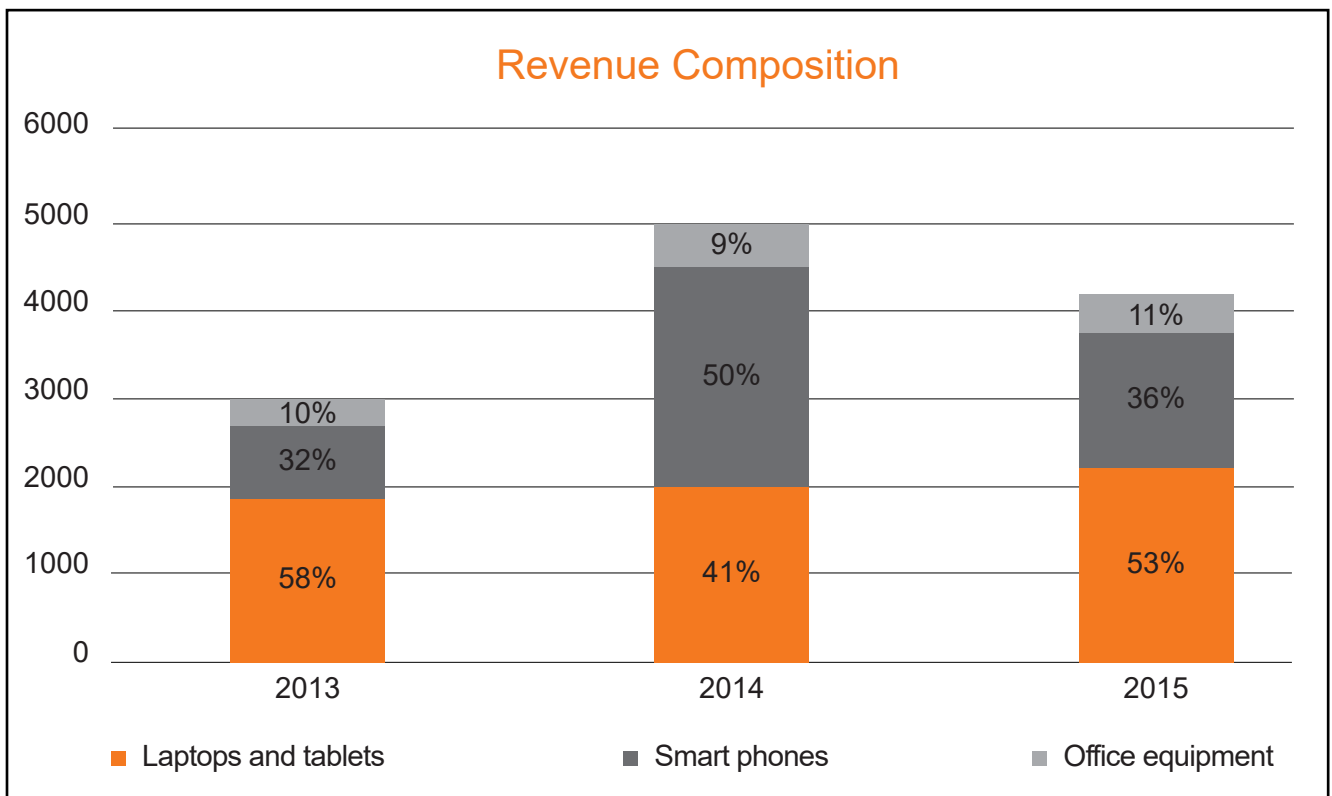


3 Service Centers & 15 drop-off points are available with 95% of service cases can closed in 3 working days.



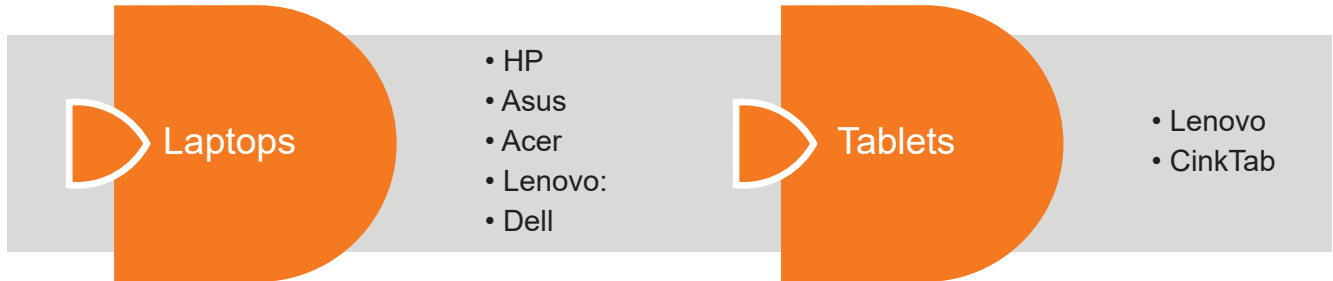
BUSINESS DIVISIONS

Digiworld operates as an importer, a distributor and a value-added service provider which connects manufacturers and consumers. The Company's business activities focus on three main divisions: (1) Laptops and Tablets; (2) Smartphones; and (3) Office equipment.



Laptops and tablets Division

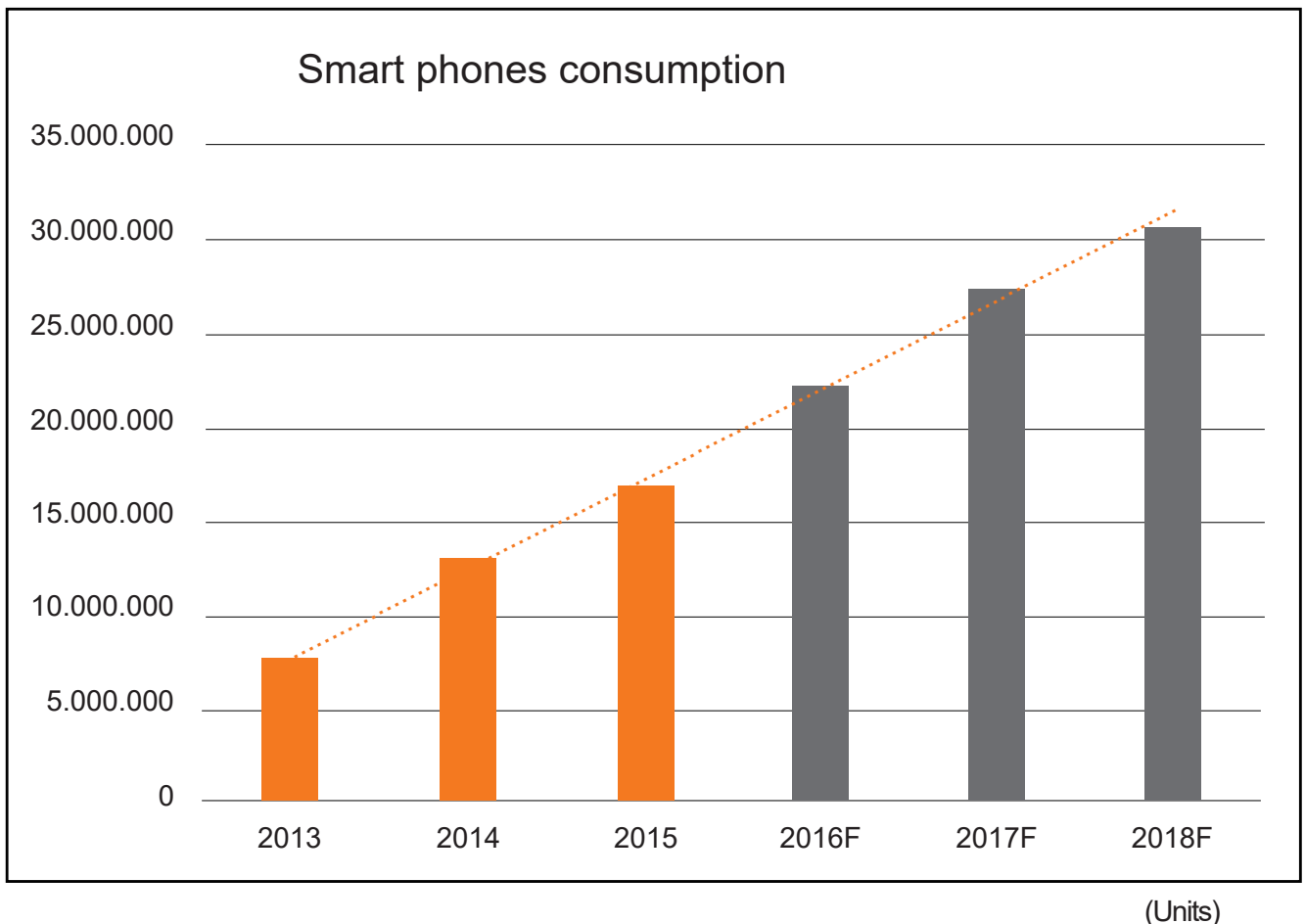
Laptops and tablets distribution is a traditional business of Digiworld since the first days of its onset. In 2015, Digiworld retained its lead in Vietnam’s laptops and tablets distribution market with a share of 25%. We are honored to be a strategic partner of ample ICT vendors including :



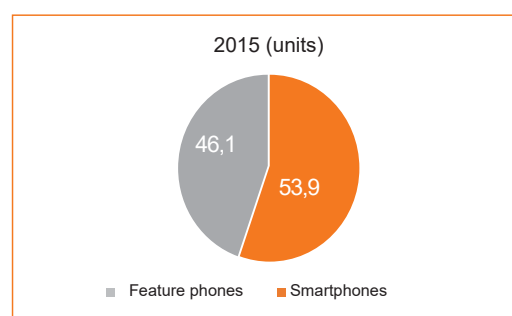
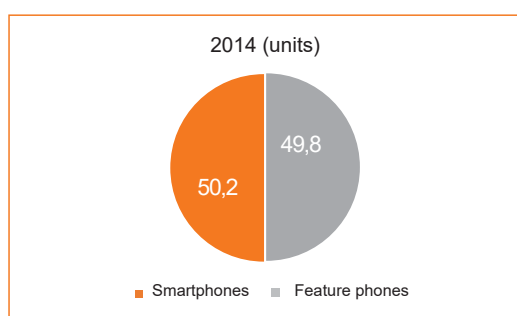
Laptops and tablets Division has made a steady contribution to the company’s revenue with year-on-year growth at 10% from VND1,759 billion in 2013 to VND1,996 billion in 2014 to VND2,226 billion in 2015

Smartphones Division








In the last three years, Smartphones has experienced a phase of expansion which is forecasted to be accelerating until 2018. With innovative features and affordable prices, consumer preferences will continuously shift from feature phones to smartphones.



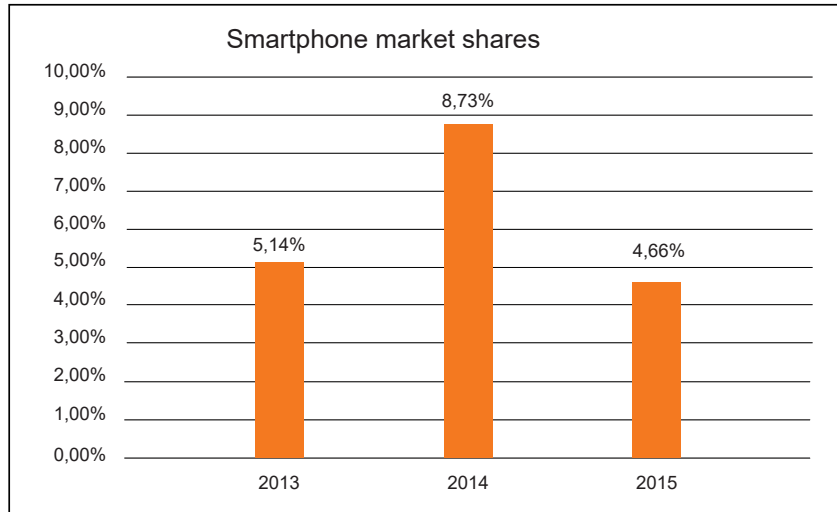
Smartphones Division (continued)



Portfolios of products and partners in Smartphones Division are diversely enriched to fulfill every market segment from low to high ends.

Partner	Commencement year	Exclusive Contract	Market segments	Services offerings
	2013		Low High	Sales – Distribution – Logistics
	2015	✓	Low Medium	Full package of 5 services
	2015		High	Import – Logistics – After-sales
	2015	✓	Low Medium	Full package of 5 services
	2016	✓	Low	Full package of 5 services
	2016		Low Medium	Distribution/ Logistics
	2016	✓		Full package of 5 services

Laptops and tablets Division

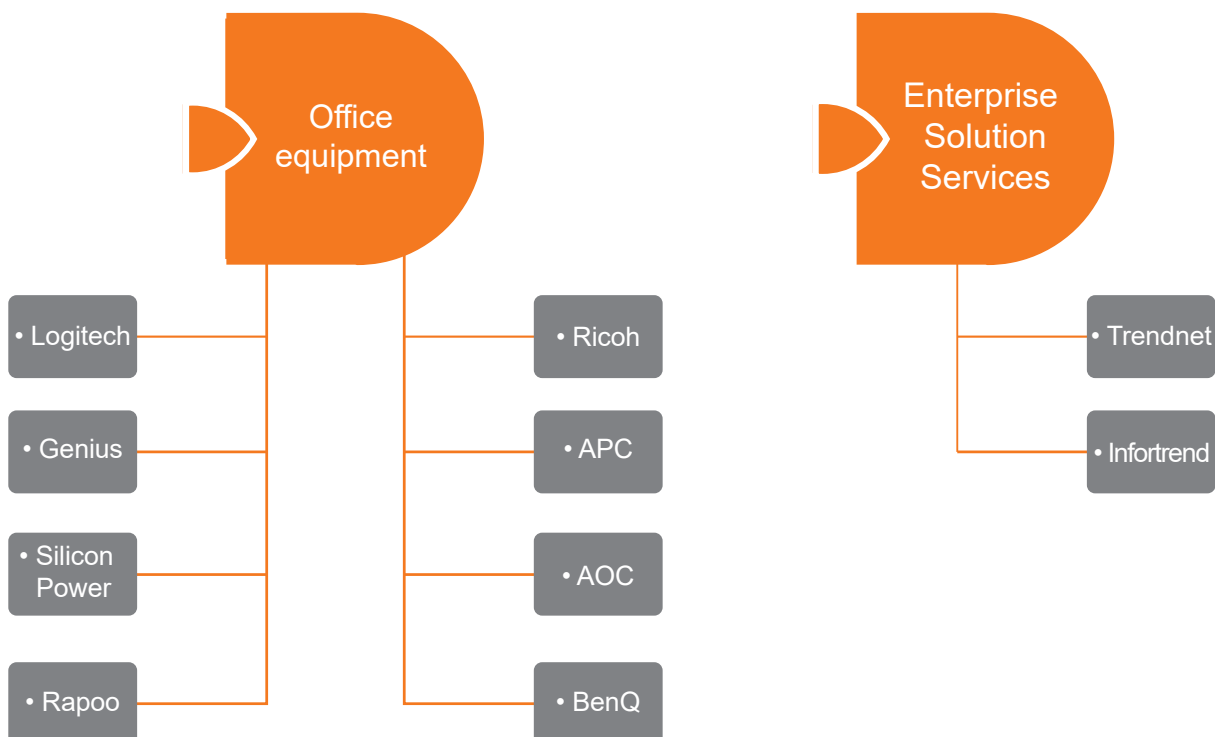


Digiworld’s share in Vietnam smartphone market in 2013 was 5.14%. One year later, the market share accelerated to 8.73% and the division contributed the most to the company’s profitability with 50.26% of total revenue (i.e VND2,450 billion). In 2015, although Smartphones Division witnessed a drop in its sales and market shares (down to VND1,534 billion with 4.66% of market share) due to negative impact of Nokia/Microsoft, its contribution to total revenue was still considerable with 36% thanks to effective product diversification and improving market access capabilities.

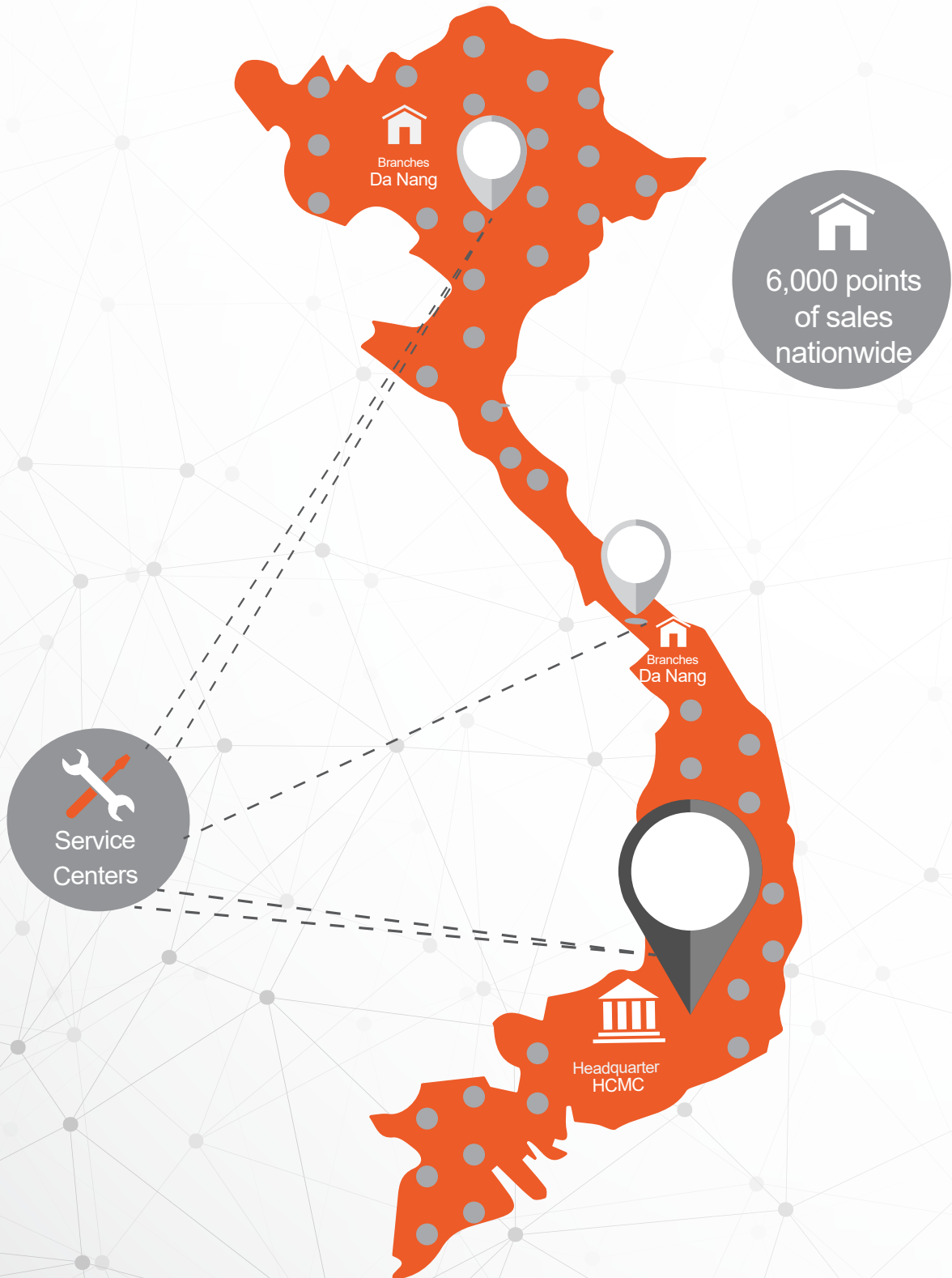
Office Equipment

In the context of economic recovery with positive micro and macro outlook, many domestic companies are undertaking easy expenditure policies and modernizing their office equipment in order to improve effectiveness and expand business scale. While the contribution of Office Equipment Division was relatively smaller than other divisions, its weight is expected to improve in a few years.

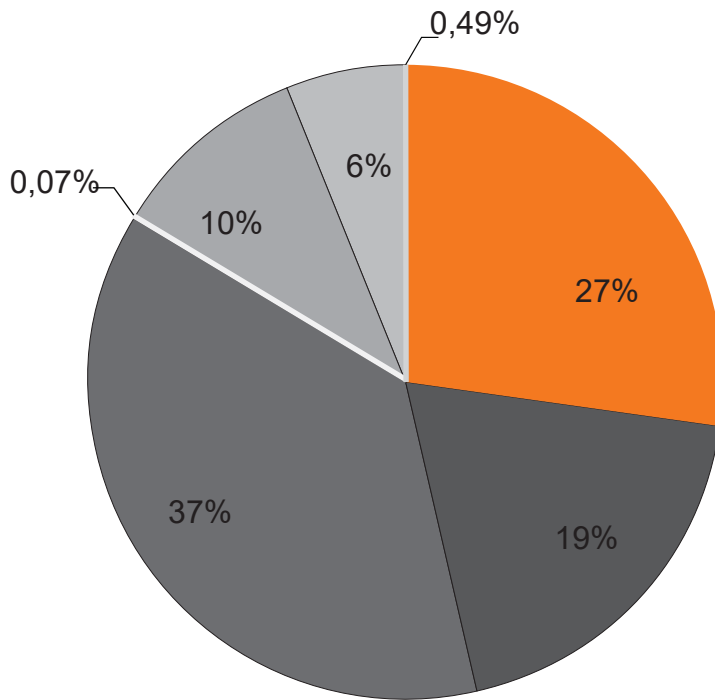
Digiworld focuses on diversifying product offerings by building up partnerships with various global vendors including:



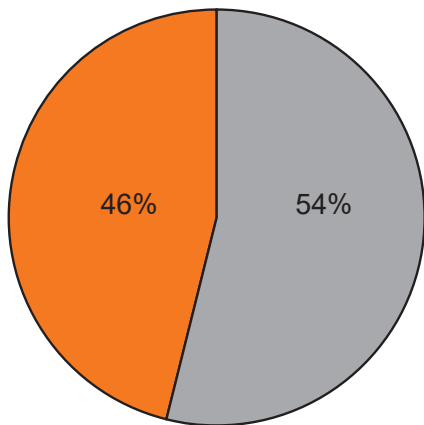
GEOGRAPHIC REACH



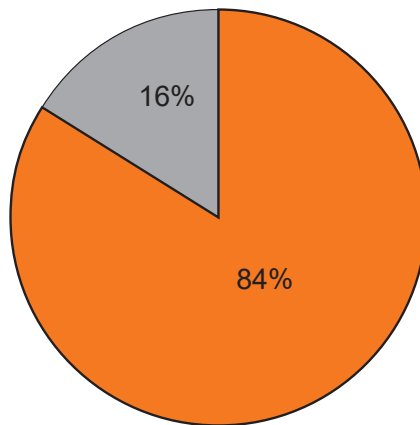
Shareholder information and Share capital



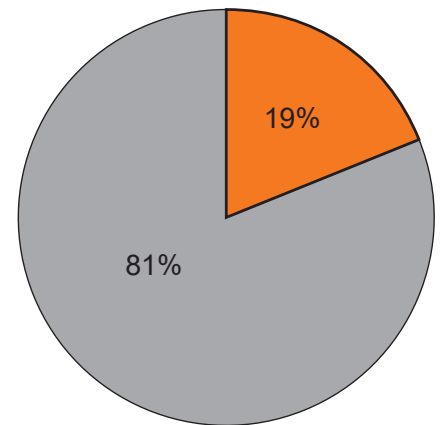
- Local individual shareholders
- Internal shareholders
- Local institutional shareholders
- Foreign individual shareholders
- PYN ELITE FUND (NON-UCITS)
- Other foreign institutional shareholders
- Treasure Shares



- Institutional shareholders
- Individual shareholders



- Local shareholders
- Foreign shareholders

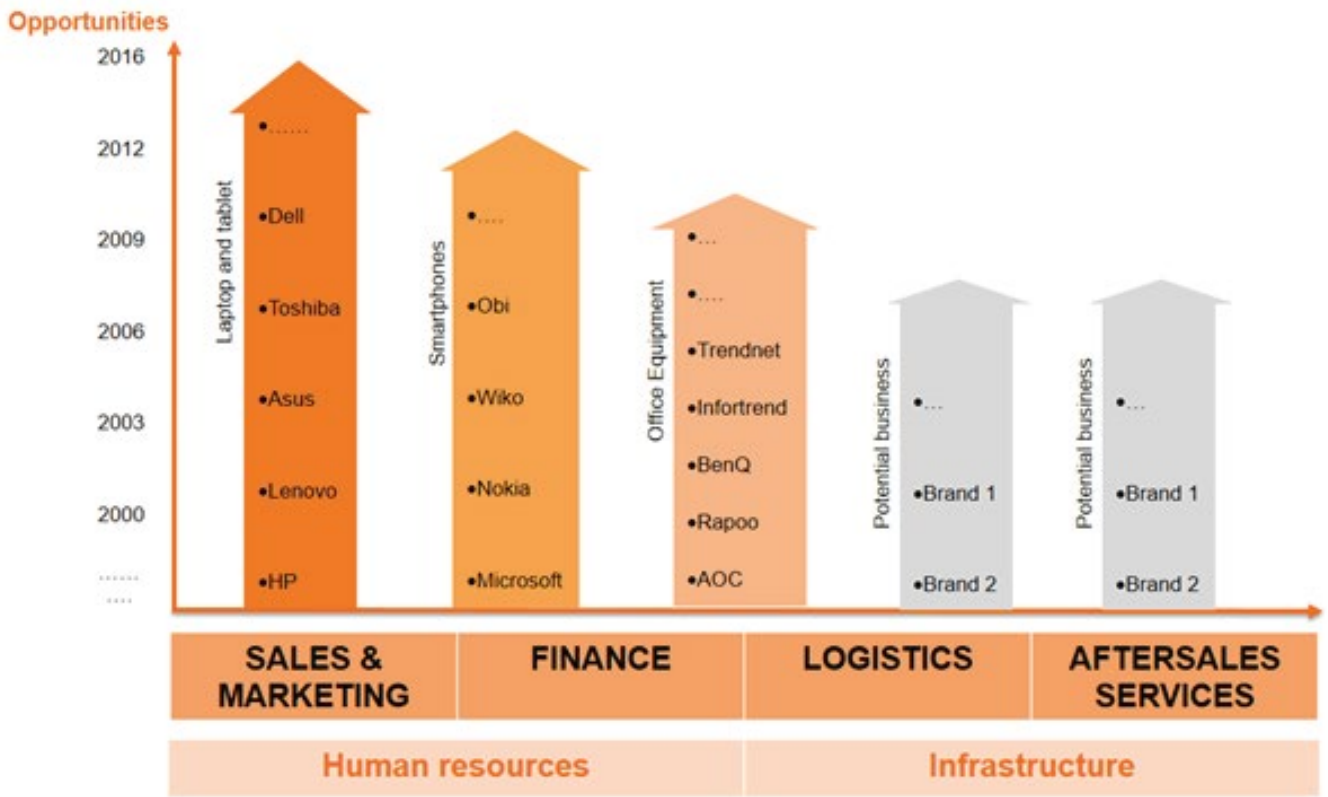


- Internal shareholders
- Khác

DEVELOPMENT DIRECTION



DEVELOPMENT DIRECTION



Strategic Objective: A billion-dollar company by 2020

RISING HIGHER

With the aim of sustainable development and risk management, Digiworld continues to emphasize the diversification of brands and products in every business division.

- Laptops and Tablets Division has covered a major part of the market by offering a full range of products from Dell, Toshiba, Asus, Lenovo and HP.
- Smartphones Division welcomes a new list of partners consisting of Wiko, Obi, Intex, Infocus and Lenovo. Every brand has its own strengths to cater for the preferences of different types of consumers.
- Office Equipment Division, besides improving its competitiveness in such traditional products as mouse, keyboard, monitor, portable battery chargers and etc., is now focusing more on enterprise solution services with a range of products including storage devices, security cameras, networking hardware and so on. This sub-division is expected to contribute considerably to the revenue of Office Equipment Division in the near future.

SPREADING FURTHER

Throughout the 18 years of operations, Digiworld has developed a solid foundation with a massive Sales team, an experienced Marketing department, a robust financial management system, a smart logistics system and an expansive after-sales network.

Among the three factors of Three C strategy “Cơ sở - Con người – Cơ hội” (Infrastructure – Human – Opportunity), infrastructure is regarded as the vital one for the Company’s success. Together with long-term human development and talent attraction programs, we are poised to grasp any opportunities allowing us to offer the partners one or some or even a full package of five services which cover all particular needs of theirs.

In addition, Digiworld searches and researches potential opportunities for M&A or joint ventures in order to expand business scale, improve business performance and minimize operating costs, from which a value chain in distribution and logistics industry will be generated accordingly.

CORPORATE
STRUCTURE

**DIGIWORLD
CORPORATION**

Information and Communication Technology Distribution

**DIGIWORLD
VENTURE Ltd.**

*Managment Consulting
(Except Finance and Accounting)*

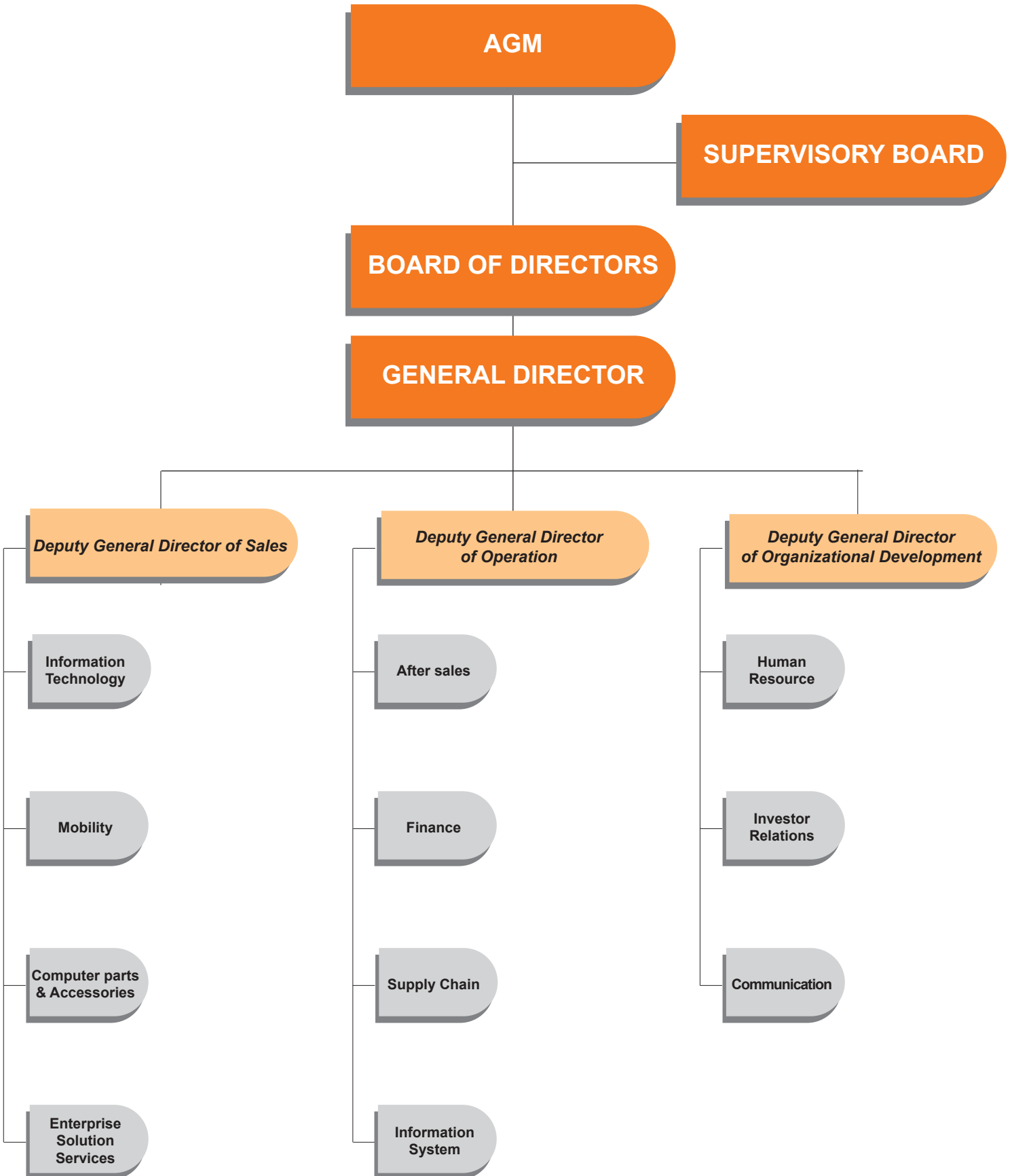
**1 DIGITAL
TECHNOLOGY Ltd.**

*Managment Consulting
(Except Finance and Accounting)*

WIKO VIETNAM Ltd.

*Electronics and telecommunication part
and accessory wholesaler*

ORGANIZATIONAL CHART



CORPORATE GOVERNANCE



BOARD OF DIRECTORS



Ms. DANG KIEN PHUONG

Year of birth: 1966

Title: BOD Member cum Deputy General Director of Finance.

As one of the co-founders, Ms. Dang Kien Phuong has identified herself with Digiworld for 17 years. In the role of Deputy General Director of Finance, Ms. Phuong holds the key to sustainable success of Digiworld thanks to her efficient financial control, which accordingly creates a strong back support for Digiworld's continuous development.



Mr. DOAN HONG VIET

Year of birth: 1970

Title: BOD Chairman cum General Director

After graduating from University of Economics Ho Chi Minh City in 1992, Mr. Doan Hong Viet worked for a foreign IT distribution company for 4 years. In 1997, Mr. Viet utilized his experience and enthusiasm to establish Hoang Phuong Limited Company, which was later capitalized to Digiworld Corporation. During 18 years of Digiworld's development, Mr. Viet, with his decisiveness and long-term vision, has been an enlightener leading the organization to conquer many challenges and achieve ample success.



Ms. TO HONG TRANG

Year of birth: 1975

Title: BOD Member cum Deputy General Director of Organizational Development

Joining Digiworld since 2000, Ms. To Hong Trang has been with the Company for 16 years as the Deputy General. In charge of Organizational Development in a fast-growing company like Digiworld, Ms. Trang has fulfilled her responsibilities of operating organizational structures, generating close alignments between departments and enabling staff to exercise their full capacity, accordingly developing standards to enhance the Company's professionalism.

BOARD OF DIRECTORS



Mr. TRAN BAO MINH

Year of birth: 1967

Title: Independent member of the Board of Directors

Position in other organizations: General Deputy of International Dairy Products JSC (IDP)

Besides being an independent member of the Board of Directors who is responsible for supervising and ensuring transparency in the Company's activities for the interests of shareholders, Mr. Minh further contributes to Digiworld by developing strategies for the Company's efficient development. With years of experience in corporate management and marketing, Mr. Minh was in charge of various important positions in many renowned organizations, some of which were the Marketing Director of PepsiCo, the Deputy General Director of Vinamilk and the General Director of TH Truemilk. Currently, Mr. Minh is holding the position of General Director at IDP JSC.



Mr. DOAN ANH QUAN

Year of birth: 1961

Title: Member of the Board of Directors

Graduating as a bachelor of Diplomatic Academy of Vietnam and a master of Public Administration School (France), Mr. Doan Anh Quan had worked for the Ministry of Foreign Affairs in a long time before joining Digiworld in 2008 as a non-executive member of the Board of Directors.

SUPERVISORY BOARD



Ms. PHAN NGOC BICH HANG
Year of birth: 1966
Title: Member of the Supervisory Board

Ms. Hang has more than 30 years of experience in Finance – Accounting industry in the role of Chief Accountant at numerous well-known corporations including Sakyno Corporation, Mercedes Benz Vietnam. T&C Limited Company, TTC Limited Company. Ms. Hang was also appointed as the Head of Finance of Digiworld Corporation from 2007 to 2009.



Mr. HOANG THONG
Year of birth: 1970
Title: Chairman of the Supervisory Board
Titles in other organizations: Founder and General Director of Stone International Chess Education
Founder and General Director of Superbrain Education Corporation

With years of experience in Auditing and Financial Investment, Mr. Hoang Thong is responsible for reviewing and assessing financial statements, ensuring corporate compliance with the Company's processes. Mr. Hoang Thong used to work in various prestigious audit companies, such as Ernst & Young, ATB Financial Corporation (Canada), Thanh Viet Investment Fund Management Corporation.



Mr. NGUYEN TUAN THANH
Year of birth: 1971
Title: Member of the Supervisory Board cum Manager of Service Center

As a bachelor of Electronics and Telecommunications, Mr. Thanh has profound experience in the field of technology, holding various positions such as the Chief Technology Officer of Digiland Limited Company (1997-2004), the Chief Technology Officer of DLK Limited Company and Manager of Service Center of Digiworld Corporation.

Remuneration for the Board of Directors and the Supervisory Board

Pursuant to Article 6 of FY2015 AGM Resolution, the Board of Directors has paid remuneration for its unpaid members and those of the Supervisory Board with details as below:

Remuneration for the BoD' members	VND10mn/person/month
Remuneration for the SB's members	VND5mn/person/month

BUSINESS OPERATIONS IN 2015



BUSINESS OPERATIONS IN 2015

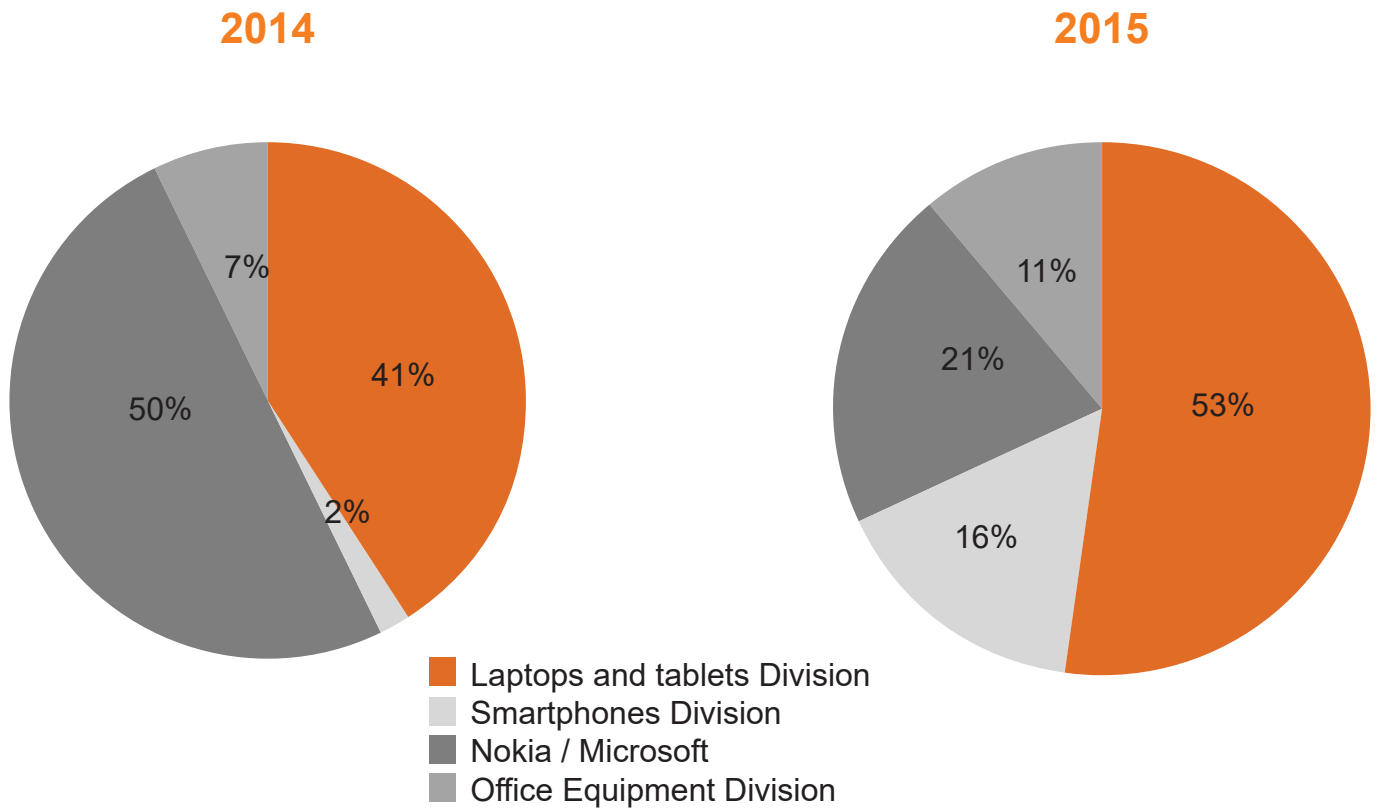
EVALUATION OF BUSINESS ACTIVITIES

Overview 2015 Whereas 2014 was a year of explosive growth which positioned Digiworld in the Top mobile phone distributors, 2015 was a year of international partnerships and product portfolio expansion. In this year, Nokia/Microsoft – our largest vendor – suddenly changed its global strategy to “software services” as shifting its focus from hardware development to software and cloud-computing development. This change widely affected the global mobile phone markets and so resulted in tremendous impact on Digiworld’s overall performance in 2015.

In contrast, other business divisions thrived impressively throughout the year. Smartphones (other than Nokia/Microsoft) Division experienced a dynamic growth at more than 500%, followed by Office Equipment Division at 32%, Laptops and tablets Division at 12%.

	2015	2014
Net revenue	4,203,355,744,564	4,876,564,739,275
GOGS	(3,938,889,355,570)	(4,589,220,627,225)
Gross profit	264,466,388,994	287,344,112,050
Finance Expenses	(40,204,938,068)	(42,672,207,786)
<i>In which: Interest expenses</i>	<i>(23,133,793,052)</i>	<i>(25,117,089,462)</i>
Selling expenses	(64,316,707,240)	(67,229,317,088)
General and administrative expenses	(45,438,871,817)	(38,939,839,997)
Finance income	14,114,044,450	10,737,904,224
Operating profit	128,619,916,319	149,240,651,403
Other profit	4,735,285,990	18,692,345,061
Profit before tax	133,355,202,309	167,932,996,464
Current corporate income tax expenses	(29,784,264,872)	(39,993,097,146)
Profit after tax	103,570,937,437	127,939,899,318

Revenue Structure



1. Laptops and tablets Division

As a traditional business of Digiworld, Laptops and tablets Division continuously proves its core competency on overall business performance. In 2015, the division accounted for more than half of total revenue (53%) with year-on-year growth of 12%.

The year 2015 witnessed a new trend in consumer behavior and product preferences. Vietnamese consumers seemingly prefer to use great-configurable and high-priced products for work while



only need a tablet for entertainment and other daily tasks. According to GFK, the consumption of laptop has remained unchanged since 2014 and is moving towards saturation level. Yet, the division overall still experienced positive performance thanks to the Company seizing the market trend promptly and coming up with appropriate strategic decisions.

Digiworld remained its first position in Vietnam's laptop market with 25% of market share by cooperating with 5 world-leading Laptop brands (Acer, Asus, Lenovo, HP and Dell). The company identifies itself as a trusted strategic partner of local retailers based on mutually beneficial relationships with competitive prices and effective logistics system.

2. Smartphones Division



Smartphone Division has recently been the main driver of Digiworld's profitability, especially in the year 2014 when it generated 52% of total revenue, fostering the year-on-year growth to 40%.

In 2015, the picture of Smartphones Division has been subject to intensive structural changes due to both objective and subjective reasons. Specifically, the contribution of Nokia/Microsoft to total revenue dropped dramatically from 96% in 2014 to 57% in 2015 while the rest came from brands other than Nokia/Microsoft. The sales generated from Nokia/Microsoft declined substantially by 64% compared with 2014, which can be explained by the brand's strategic changes as shifting from hardware-services to software-services. In addition, most of its products launched in this period seemingly targeted to promote Windows 10 OS only.

On the other hand, smartphone brands apart from Nokia/Microsoft enjoyed record growth rate (above 500%) where biggest contributor was Wiko – a market newcomer originated from

France. The remarkable growth of Smartphones Division was thanks to flexible risk management strategies through brand and product diversification, which not only raised revenue and profit but also mitigated the influence of unexpected events.

3. Office Equipment Division

Office Equipment Division also enjoyed a noticeable growth rate at 32%, accounting for 10% of total revenue. Associating with the recovery of Vietnam economy overall, office equipment market is experiencing a bullish movement wherein local businesses strive to renew their facilities to ensure the quality of goods and services after years implementing tight expenditure policies.

Activities in this division also made considerable progress in increasing the number of retailers by 30% compared with the previous period. Retailer relations function was raised to a new level in the way that utilized the company's flexibility and reputation. Besides, Digiworld highly coordinated with its retailers so that the efficiency of importation, warehouse and distribution was enhanced to the utmost.



Financial performance

Indicators	2014	2015	Change
Total asset	1,292,721,545,629	1,255,508,372,989	-2.88%
Net profit	4,876,564,739,275	4,203,355,744,564	-13.80%
Operating profit	149,240,651,403	128,619,916,319	-13.82%
Other profit	18,692,345,061	4,735,285,990	-74.67%
Pre-tax profit	167,932,996,464	133,355,202,309	-20.59%
After-tax profit	127,939,899,318	103,570,937,437	-19.05%

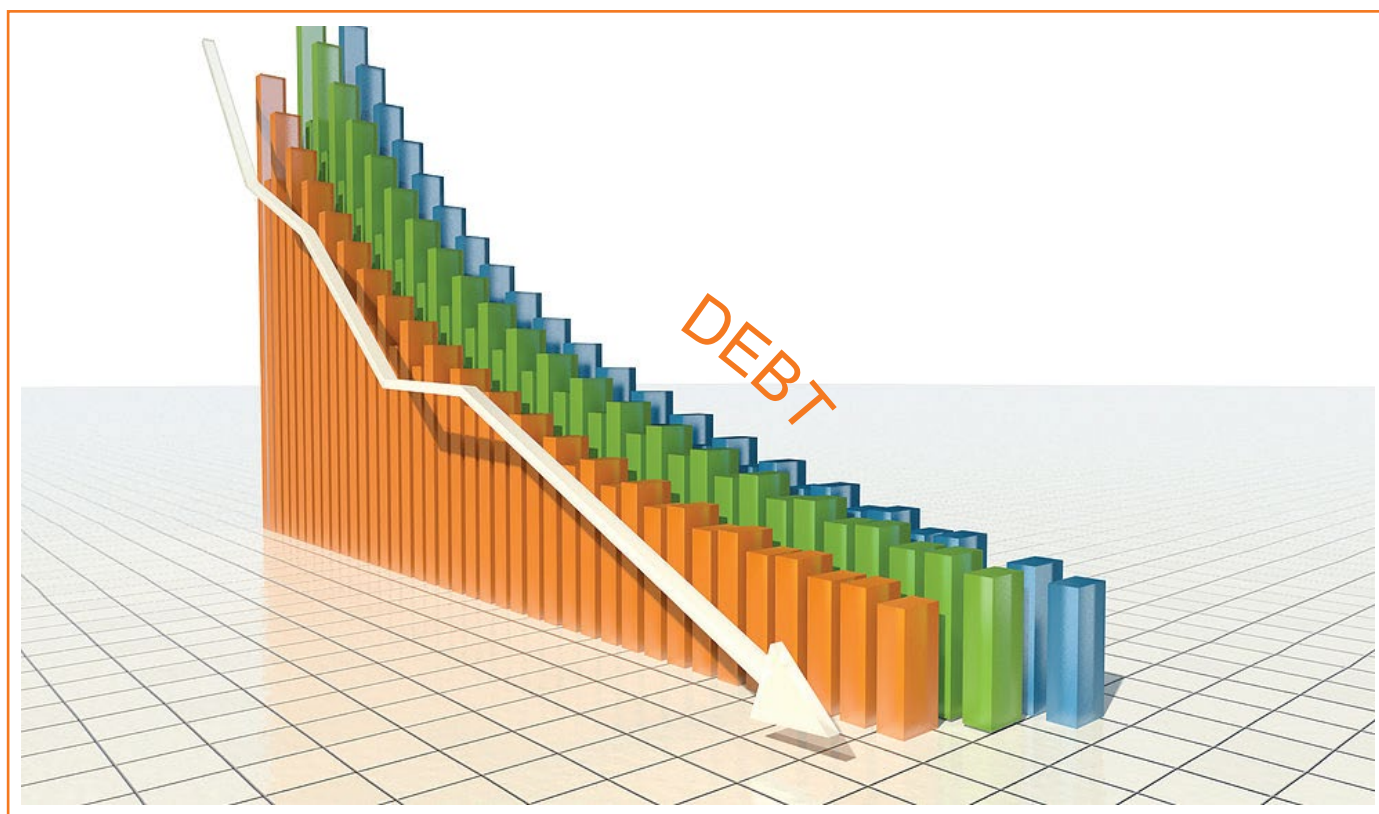
Key financial indicators

Liquidity ratios experienced a year-on-year improvement with an increase in current ratio and quick ratio by 0.58 times and 0.3 times respectively. Solvency ratios also witnessed a healthy financial status with lower debt-to-equity and debt-to-assets ratios (0.51 and 1.06 times) compared with the previous year. The reason for this lies in the fact that the company deducted a great deal of short-term and long-term liabilities from VND957,962,429,143 in 2014 to VND646,964,119,066 in 2015.

Indicators	2014	2015	Change
1. Liquidity Ratios			
Quick ratio	1.30	1.88	0.58
Current ratio	0.51	0.81	0.30
2. Solvency Ratios			
Total Debt / Total Assets	0.74	0.51	-0.23
Total Debt / Total Equity	2.86	1.06	-1.80
3. Turnover Ratios			
Inventory Turnover	6.83	5.62	-1.21
Asset Turnover	3.13	3.35	0.22
4. Profitability Ratios			
Profit margin	0.03	0.02	-0.01
ROE	0.21	0.17	-0.04
ROA	0.1	0.08	-0.02
Operating Profit Margin	0.03	0.03	0.00

Turnover ratios, however, experienced a slight fall in which inventory turnover was only 5.62 times, reducing 2.59 times from the previous year. Besides, profitability ratios including profit margin, operating profit margin, ROE, ROA also declined due to a year-on-year decrease of after-tax profit by 19.05%.

Assessment on liabilities



The amount of liabilities owed by Digiworld declined substantially by 32.6% compared to the year-beginning, from VND958 billion to VND646 billion. This was because the company decided to repay a part of its short-term debt from VND603 billion to VND423 billion in order to mitigate finance costs. 2015 was regarded as a “hinged year” wherein the company’s objectives were to restructure revenue compositions, reduce dependence on Nokia/Microsoft, diversify product portfolio to raise revenue and mitigate potential risks. Hereby, liability structure was maintained in security level as total debt to equity ratio was 1.06:1, which was consistent with current organizational situation. Moreover, in order to ensure financial autonomy and stability, the company generated additional owners’ equity through the transfer of treasury shares to financial investors.

Personnel Structures and Organization

2015

With the milestones of officially being a listed company on stock exchange, Digiworld aimed to strengthen its personnel structures and organization with specific objectives as follows:




- Improving the efficiency of corporate governance through the division and separation of power to ensure transparency, coordination and flexibility in problem solving.
- Intensifying communication activities, especially investor relations to timely provide and effectively spread information to shareholders and potential investors. Gradually professionalizing investor relations activities in order to attract more investing channels and elevate Digiworld's values and position, contributively generating a positive image of DGW stock in terms of investor friendliness and information transparency.
- Developing a team of communications professionals to enhance brand identity and maximize product coverage, which contributes positively to Digiworld's brand positioning in the market.
- Maintain and upgrade technology system serving business operations and management to improve productivity, efficiency, cost-effectiveness as well as risk management.

Improvement of training and human resources management Salary policy

- Human resource management: Researching and applying international practices in HR management and training activities. Recruiting and restructuring personnel in accordance to job requirements and professional capacity.

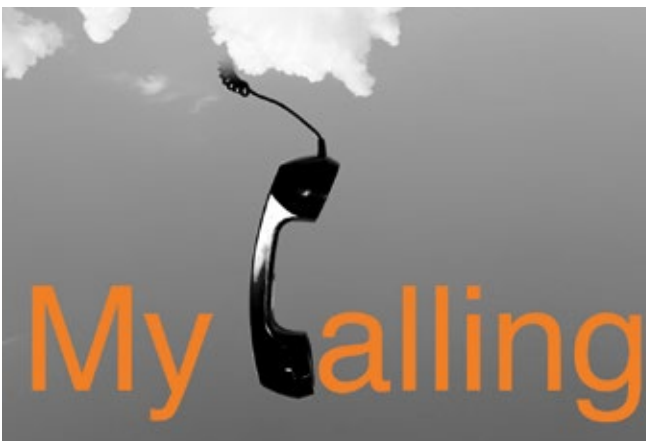
- Training: Periodically and continuously organizing workshops including:

- Orientation workshops for new staff to have a thorough grasp of organizational processes, intention and vision of the Company and so quickly adapt to new working environment.



- Soft-skills workshops to equip staff necessary skills for work and management.

- Professional training workshops to provide fundamental knowledge for different job positions.



Besides, the Company's code of conduct was developed to which the staff would follow accordingly in consistency with the Company's intention and commitments, consequently building an efficient, coherent and professional organizational culture.

- Construct multiple competitive criteria to encourage the devotion of staff in several form of recognition in order to ensure the compatibility between competence and reward.

- Construct training policies for next generation with the orientation to become new leaders of Digiworld in the future.

2016

plan for organizational development
will be realized with details as below:

- Enhancing the application of technology in every aspect of the Company with the goals of safety, security and cost-effectiveness.



- Improving organizational structure in accordance to the Company's business operations, ensuring to maximize the Company's strengths and human resources.

- Standardizing HRM activities: professionalization, autonomy optimization, responsibility recognition with respect to specific job requirements. Maintaining and improving the evaluation of staff performance on the basis of KPI scale.



- Upholding training and personnel development activities: construction of training plan for 2016 on occupational hierarchy basis (high/medium management, employees); design of a development roadmap for core team to improve and develop their leadership capabilities; maintenance of adequate policies to encourage their commitment and dedication for the Company's success.



- Improving salary policy on the basis of competency in order to attract qualified talents as well as enhance their satisfaction and loyalty.



Changes in
Owners' Equity



VND306 billion

November 2015

VND235.8 billion

June 2015

VND108 billion

January 2015

HIGHLIGHT ACHIEVEMENTS



TOP 500 BIGGEST COMPANIES OF VIETNAM 2007 – 2015

VNR500 is an economic prize symbolizing an excellent business which meets many groups of criteria such as: the minimum operating capital of 10 billion VND, good products, the best services, rapid growth, technology innovation and so on.



TOP 500 FASTEST GROWING OF VIETNAM 2010 – 2015

Fast500 list is built based on the data from VNR Biz Database with more than 200.000 businesses in Vietnam Report, V1000, updated data in 4 nearest years and compound annual growth rate (CAGR) of 4 nearest years as well as some indices about total asset, revenue and human resource.



**Vietnam
50
2015**

The Brand Finance Top 50 Vietnam Brands 2015
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TOP 50 VIETNAM BRANDS 2015

Digiworld Corporation was honored to be in the Top 50 Vietnam Brands 2015, evaluated by Brand Finance – the number one organization specialized in strategy consultation and brand evaluation in England. This award is based on brand power index, sales forecast and credit rating which express the influence of that brand in its current industry, the trust from customers and investment decision. According to Brand Finance, Digiworld brand is valued of \$19 million; the business value is \$75 million with A+ credit rating.



TOP 100 BRAND OF VIETNAM GOLD STAR AWARD

Top 100 brand of Vietnam Gold Star Award is held by Vietnam Young Entrepreneurs Association to recognize outstanding businesses that have taken the lead in production, business, and international economic integration. Besides such criteria as brand building, competition ability, Vietnam Gold Star Award features the sustainable development of a business through its high responsibility with society, community and employees.

REPORT OF THE BOARD OF DIRECTORS ON ORGANIZATIONAL OPERATIONS

PART 1: REPORT ON THE BOARD OF DIRECTORS' ACTIVITIES

In the year 2015, the Board of Directors has fully carried out our duties assigned at FY2015 AGM with details as below.

1. Execution of business plan 2015

Throughout the year, the Board of Directors have fulfilled our duties relating to the direction, management and supervision of organizational operations. The Board also contributed to resolve problems timely and effectively. In 2015, Digiworld's business results were as below:

No.	Business Division	2014	2015	Up/Down
1	Laptops and Tablets	1,980	2,226	12%
2	Smartphones (other than Microsoft/Nokia)	106	655	518%
3	Microsoft/Nokia	2,451	879	-64%
4	Office Equipment	338	444	31%
	Revenue	4,875	4,204	-14%
	Pre-tax profit	168	133	-21%
	After-tax profit	128	103,5	-19%
	Basic EPS (VND/share)	5.107	3.577	-30%

2. Arrangement of meetings with respect to:

- Bonus shares issuance under employee stock ownership program (ESOP)
- Proposals of trading treasury shares
- Dismissal of the Board's members
- Approval on organization and agenda of FY2015 AGM
- Increase in charter capital from VND 108 billion to VND 235.8 billion
- Approval on the issues related to stock registration and listing, information disclosure policy and internal control policies
- Approval on the establishment of Digiworld Venture One Member Limited Company and the appointment of a representative to manage the contributed capital
- Dismissal of Ms. Phan Ngoc Bich Hang from BOD secretary position
- Agreement on listing price
- Approval on stock and cash dividends payment to existing shareholders taken from FY2014 net profit
- Close of shareholder book for FY2014 dividends
- Increase in charter capital from VND235.8 billion to VND306 billion.

3. Appropriation of FY2014 profit:

The Board of Director assigned the Board of Management to proceed the appropriation of FY2014 profit in accordance with FY2015 AGM Resolutions as below.

- 10% in cash (VND1,000 per share)
- 30% by shares (3 new shares for every 10 existing shares)

4. Remuneration for BOD and the Supervisory Board in 2015

Persuant to Article 6 of the FY2015 AGM Resolution, the Board of Directors decided to pay remuneration for unpaid members of the Board of Directors and the Supervisory Board as below:

- Remuneration for the Board of Directors' members: VND10mn/person/month
- Remuneration for the Supervisory Board's members: VND5mn/person/month

5. Listing Digiworld's stock on Ho Chi Minh Stock Exchange

The Board of Director cooperated with the Board of Management to list Digiworld's stock on Ho Chi Minh Stock Exchange (HOSE), with details as below.

5.1 Initial Public Offering

Ticker	DGW
Type of stock	Common stock
Par value	10,000/share
Listing price	52,000/share
Number of shares issued	23,583,669 shares
Charter capital	VND235,836,690,000

5.2 Listing additional shares after paying dividends to existing shareholders with the ratio of 30% in 2014:

Type of stock	Common stock
Par value	VND10,000/share
Number of additional shares issued	7,029,660 shares
Additional listing value	VND70,296,600
New charter capital	VND306,133,290,000

6. Selection of external audit company for Financial Statement 2015:

As being authorized under Article 7 of FY2015 AGM Resolutions concerning the selection of audit company, and based on the suggestion of Supervisory Board, the Board of Directors chose Ernst & Young Vietnam Ltd. among three companies approved at FY2015 AGM as the auditors for Financial Statements 2015.

7. Employees stock ownership plan 2015 (ESOP 2015)

Business plan under FY2015 AGM Resolutions was not met. Therefore, the Board of Directors and Board of Management did not issue bonus shares for employees under ESOP 2015.

8. Other duties and responsibilities

The Board of Directors empowered the Board of Management to amend the Company Charter approved at FY2015 AGM in compliance with relevant laws and regulations.

ASSESSMENT OF THE BOARD OF DIRECTORS' PERFORMANCE

In the year 2015, the Board of Directors fully carried out responsibilities assigned at FY2015 AGM with details as below:

In 2015, the global economy experienced a tumultuous period of critical events and perspective-changing occurrences around the world, yet was still in slow recovery. In the context of Vietnam economy moving towards a tendency to improve, the Board of Directors frequently supervised the performance of the Board of Management in organizational operations and provided strategic solutions to seek new opportunities.

The Board of Directors highly appreciated the effort of the Board of Management to fulfill their responsibilities in all activities. With the assistance from Supervisory Board, the Board of Management has greatly contributed to the Company's development in business operation and corporate governance. Quarterly, the Board of Directors organized meetings to review and evaluate operational activities in order to timely provide practical solutions where applicable.

“ This was mainly due to the dramatic decline in sales of Nokia by approximately VND1,542 billion, equivalent to a year-on-year decrease of 64%. ”

In 2015, the company has failed to complete its business plan approved at FY2015 AGM. This was mainly due to the dramatic decline in sales of Nokia by approximately VND1,542 billion, equivalent to a year-on-year decrease of 64%.

In order to mitigate the negative impact resulting from the vendors' changing policies, the Board of Management closely followed the real situations, predicted market trends and implemented corrective actions through business strategy development and distribution network diversification, including:

- New brands attempted to penetrate into Vietnam market (OBI, WIKO)
- The right of authorized importer of iPhone in Vietnam high-end market.

Smartphones (other than Microsoft/Nokia) Division rising

518%

against the same period last year

By actively applying the aforementioned, most of our business divisions have achieved noteworthy growth in 2015, especially Smartphones (other than Microsoft/Nokia) Division rising by more than 5 times against the same period last year. The restructuring, along with sustainable growth of Office Equipment, Laptops & tablets Divisions, are expected to continue in upcoming years so that the Company would be able to exceed the milestones 2014 and target towards higher goals.

Over the year, the Board of Directors ensured to comply with the laws and regulations of corporate governance. All the resolutions and decisions proposed by the Board of Directors were reached a high consensus from members. Every member of the Board of Directors constantly endeavoured to accomplish their duties in a proper direction for the best interests of the company and the shareholders.

ASSESSMENT OF THE BOARD OF DIRECTORS' PERFORMANCE

PART 2: BUSSINES PLAN OF 2016

In 206, the global economy is forecasted to continue suffering from negative impact of oil price fluctuation. In case of Vietnam, the economy would likely benefit from the commencement of regional and international free trade arrangements. Local businesses, however, might confront with a range of potential risks, including high competition from foreign companies, low domestic purchasing power and global economic fluctuations.

In this context, the Board of Directors has determined business plan for FY2016 as follows:

1. Plan for Consolidated business operations in 2016

No.	Business Division	2015	2016	Up/Down
1	Laptops and Tablets	2.226	2.316	4%
2	Smartphones (other than Microsoft/Nokia)	655	2.337	256.8%
3	Microsoft/Nokia	879	0	(100%)
4	Office equipment	444	737	66%
5	Subsidiary Digiworld Venture	0	40	100%
	Total revenue	4.204	5.430	29%
	Pre-tax profit	133	175.3	31.8%
	After-tax profit	103.5	139.84	35%

2. Plan for Market Expansion

On the basis of business plan 2016, the Board of Directors cooperates with the Board of Management to develop a detailed execution plan. At the same time, the Board of Directors also assigns the Board of Management to research on potential opportunities for business expansion and submit a feasibility report on the business opportunities of new product lines to the Board within Q4/2016

3. Management, supervision and assessment of the Board of Directors

- Intensifying supervision and providing guidance to the Board of Management for the implementation of FY2016 AGM Resolutions.

- Improving corporate governance and enhancing transparency in business operations in order to ensure consistency and efficiency in all process, also fully comply with international practices and procedures.

- Continuing to restructure organization so as to build a smooth and effective operational system.



4. Practical solutions

- Maintaining financial control and forecasting capabilities, ensuring adequate and secured corporate finance.
- Tightly controlling and monitoring operating costs.
- Enhancing risk management, especially in debt and inventory.
- Adhering current market shares, focusing on utilizing comparative advantages, enhancing brand reputation, which all together will lay a solid foundation for business expansion towards new industries.
- Emphasizing human resources management through training, planning, appointment in order to build a professional workforce.

REPORT OF SUPERVISORY BOARD

PART I: RESULTS OF SUPERVISION IN 2015

I. ACTIVITIES OF THE SUPERVISORY BOARD

In accordance with the duties and liabilities of the Supervisory Board stipulated in Article 165 of Law on Enterprise; the Company Charter; as well as the Supervisory Board's Mission plan approved at FY2015 AGM, the Supervisory Board is honored to report on our activities in 2015 as follows:

- Examining the adherence to the Company Charter and other relevant law. Supervising the process of business plan fulfillment and the implementation of AGM Resolutions.
- Supervising the issuing process of resolutions/decisions of the Board of Directors.
- Examining the reasonableness, lawfulness, trustworthiness and diligence of recording the accounting books and financial statements. Reviewing the 2015 interim financial statements and FY2015 Financial Statements (consolidated and separate) audited by Ernst & Young Vietnam Ltd.
- Analyzing and evaluating the financial situation, the abilities to preserve and increase company's capital.

In 2015, the Supervisory Board organized separate and joint meetings with the Board of Directors concerning the supervision and examination of current status, effective operation, corporate governance and operational management of the company. The purposes are to timely detect and resolve the shortcomings in management, operation and internal control systems.

II. RESULTS OF SUPERVISION

1. Business results of 2015

No.	Business indicators	2015 Plan	2015 Actual	Compared with the 2015 Plan
1	Revenue	6,000	4,204	70.13%
2	Pre-tax profit	205	133	64.9%
3	After-tax profit	160	103.5	64.7%
4	Dividends	40%		

2. Dividends payment and the implementation of other AGM's resolutions

The company paid FY204 dividends for existing shareholders according to FY2015 AGM Resolutions with the following ratio:

- 10% in cash (VND1000 per share)
- 30% by shares (3 new shares for every 10 existing shares)

Other contents were executed in compliance with FY2015 AGM Resolutions.

3. Assessment on Financial Statements 2015

- Financial Statements 2015 honestly and accurately reflected the company's financial situation by December 31, 2015 as well as its business operations throughout the year.
- The records of accounting books and the classification of business indicators ensure the credibility in accordance with general standards issued by the Finance Ministry.
- The company reported and disclosed information to Vietnam State Securities Commission and Ho Chi Minh Stock Exchange in compliance with disclosure standards and requirements regulated by the Finance Ministry.
- Financial ratios in 2015 indicated that the company has experienced a healthy financial status with guaranteed liquidity, lower Total debt to total equity and Total debt to total assets compared to 2014.
- Financial Statement 2015 was audited by Ernst and Young Vietnam in compliance with the Charter of the Company and FY2015 AMS Resolution.

4. Supervision results concerning management and execution obligations of the Board of

- All decisions and resolutions of the Board of Directors were in compliance with the Company Charter and AGM Resolutions, which were accordingly be executed by the Board of Management.

- Board of Management implemented appropriate capital preservation measures, such as purchasing property and commodity insurance, paying attention to account receivables recovery, collecting credit, minimizing bad debt and so on. Digiworld strictly complied with Cash – Inventories – Liabilities regulations to mitigate potential risks.

- The Board of Management played an active role in rotating employees, improving organizational structure to ensure consistency in management & execution, and stepping up decentralization in business operations.

- The recruitment, appointment and rotation processes were reasonable, ensuring the efficiency in business operations. The payment of salaries, remunerations and bonuses to employees as well as the use of company funds were conducted with fairness and transparency adherence to internal regulations. The Board of Management actively executed labor policies as stipulated by the Law.

- The company fully complied with the regulations of disclosure on Stock Exchange disclosure.

5. Report on the co-operation between Supervisory Board, Board of Directors and Board of Management

- Supervisory Board, Board of Directors and Board of Managements always co-operated closely. Supervisory Board received great support from Board of Management and Board of Directors in providing information, data and human resources to complete assigned tasks.
- Supervisory Board was invited to most of meetings or work-in-process briefings of the Board of Directors wherein the Supervisory Board contributed opinions in order to ensure the relevancy of organizational activities.
- Supervisory Board reviewed the financial statements before submitting to Board of Directors and at AGM. The Supervisory Board submitted supervision reports to the Board of Management and the Board of Directors quarterly.

6. External investment activities

In 2015, Digiworld invested VND100 billion for the establishment of a new subsidiary. Since then, the company has always monitored the subsidiary's operations and submitted detailed subsidiary report to the Board of Directors and Supervisory Board at periodical meetings.

7. Remuneration for the Board of Directors and Supervisory Board

In 2015, Digiworld paid remuneration for unpaid members of the Board of Directors and the Supervisory Board as follows:

- Remuneration for the Board of Directors' members: VND10mn/person/month
- Remuneration for the Supervisory Board's members: VND5mn/person/month

Total amount paid: VND324,000,000 million

III. CONCLUSION AND RECOMMENDATION

All the company's activities, including disclosure, are always in compliance with the provisions of the Law on Enterprise, the Law on Securities, the Company Charter, the FY2015 AGM Resolutions and other relevant regulations applicable to listed companies.



PART II: PLAN FOR 2016

In 2016, the Supervisory Board continues implementing the responsibilities to guarantee legitimate interests of the company and its shareholders as detailed:



- Supervising the implementation of 2016 AGM Resolutions, Company Charter and other internal regulations.
- Examining the execution process of business plan 2016
- Co-operating with the Board of Directors, the Board of Management, and all departments in the supervision and examination of management activities.
- Monitoring, assessing and supervising the implementation of invested projects.

- Reviewing business reports, financial statements, the Board of Directors' corporate governance report of 2016. Analyzing and evaluating the Company's financial status, management & usage of fund, business effectiveness and solvency ability.
- Supervising the management of owner's equity and the capital invested in other companies.
- Supervising the dividend payments under the provisions of AGM Resolutions.

RISK MANAGEMENT REPORT



RISK MANAGEMENT REPORT

Economic Risk

Change of basic macroeconomic objectives such as GDP growth, restrained inflation, foreign exchange stabilization, or politic objectives and lawful regulations, as well as changes in economic, monetary and fiscal policies may be sources of economic risks to the Company. All of the above may have an impact on lowering operation efficiency, revenues and profits.

Mitigation Measures

Risk mitigation measures: By diversifying industry and product portfolios in each business, fulfilling every market segment from low to high ends, economic risk will be minimized when purchasing power shifts from higher segments to lower ones.

Legal Risk

Digiworld is governed by the Law on Enterprise, Law on Securities and other related instructive documents. As the laws and sub-law documents in these fields are under improvement process, amendments may be possible to occur. Besides, changes in Accounting – Auditing Standards, regulations on import – export and telecommunication more or less impact the Company's management and businesses.

Mitigation Measures

Risk mitigation measures: The Company always focuses on research, grasp legal frameworks as well as follow the Party's and State's guidelines and policies to plan development strategies accordingly.

FINANCIAL RISKS

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument (loans, investments, deposits) will fluctuate in accordance to changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk (eg equity price risk).

Mitigation Measures

Risk mitigation measures: The company sets limits to control risks for each category, analyzes the competitive situation in the market to set out a value benefiting the company purposes. Besides, to manage currency risk Digiworld always considers the current market situation and forecasts while setting up plans of purchase and sales in foreign currency in the future, except to increase the rate of hedging. The company also does not use any derivative financial instruments to hedge its foreign currency.

FINANCIAL RISKS

Credit Risk

The company has the credit risk from trading activities (mainly from customer receivables).

Mitigation Measures

Risk mitigation measures: Digiworld assesses the credibility and solvency of customers through policies, procedures and control processes of the Company. Changes in credit quality of each client under control, periodic review and regulations will be enhanced as necessary to respond to risks accordingly.

Digiworld's customers include many different objects, so credit risk does not significantly focus on a certain customer. The Board of Directors assessed that all financial assets are in due and not impaired because the financial assets are related to the reputed and solvent customers.

Liquidity Risk

Liquidity risk is the risk that the Company encounters difficulties when implementing financial obligations with capital shortages. Liquidity risk of the Company arises from maturity mismatch between financial assets and financial liabilities.

Mitigation Measures

Risk mitigation measures: The Board of Directors approves on maintenance of a certain amount of cash and cash equivalents as well as bank loans to meet the Company's operations and to minimize the impact of these variable dynamic cash flow. At the same time, the Company has the land use rights, short-term deposits at banks and a part of inventory and receivables as collaterals for bank loans.

Risk of Sector Specific

As an enterprise operating in wholesale distribution of IT products and mobility equipment, the company will bear typical risks of technology. Today, the development pace of information technology is increasing, leading to constant changes in technology and design of product lines. Thus, within a relatively short product life, competition is getting fiercer among manufacturers to meet the increasing demands of customers, leading to considerable risks in technology.

Mitigation Measures

Risk mitigation measures: Digiworld always looks for new opportunities, seize market demand timely and sufficiently from time to time to come up with appropriate business solution in order to stimulate domestic consumption in all 3 distribution businesses of notebooks, mobile phones and office equipment. On the other hand, owning ERP management system and staff experience in the industry will support the company in the context of short product life cycles and high competition.

Inventory Risk	Mitigation Measures
<p>Inventory accounts for a large part of business assets, usually, the proportion of large inventory is always more or less concern for investors due to storage costs, costs of liquidation and additional costs incurred. Digiworld is a wholesale distribution company therefore inventory management is always a challenge.</p>	<p><i>Risk mitigation measures: Digiworld has gradually improved its operational processes through ERP – SAP system allowing management of each dealer’s inventory quickly and accurately. Accordingly, detailed plan to import products matching demand is set. In addition, inventory is managed in the series and managed by age, which helps minimize inventory status and improve efficiency not only for Digiworld but also for dealers of the Company.</i></p>

Competition Risk	Mitigation Measures
<p>Along with the general development trend of the industry recently, the market of information technology products and mobile devices distribution are also relatively competitive.</p> <p>Currently the majority of enterprises are concentrated mainly in retails, only a few large enterprises with many years of experience invest in wholesale distribution business, typically Petroleum General Distribution Services JSC (PSD), FPT Trading Co., Sieu Thanh JSC., Telecommunication Industry Electronics JSC (TIE). According to GFK, there are 10,000 points of sales nationwide in which Digiworld accounts for 60% market share (ie 6,000 points of sales), so the competitive pressure on Digiworld is relatively low.</p>	<p><i>Risk mitigation measures: Digiworld has always been working in the search for new opportunities and capture market promptly from time to time to get most appropriate business solution to stimulate domestic consumption in all 3 businesses of laptops, mobile phones and office equipment, which will assist the company in the context of fierce competition.</i></p>

Exchange Rate Risk	Solution
<p>Main business of Digiworld is distribution of ICT products from foreign manufacturers, most transactions are hereby conducted with the USD. Since 2013 the Company has short-term loans in USD, thus is exposed to exchange risk when there is a change in USD/VND forex relating to the Company’s business transactions.</p>	<p><i>Risk mitigation measures: In terms of foreign exchange loans, the Company ensures prompt payments in accordance with banks’ regulations. For business operations, the Company applies the rules of importation and distribution at the same forex rate.</i></p>

Stock Price Risk	Mitigation Measures
<p>Stock prices on the market are determined by supply and demand. This demand-supply relationship depends on many factors including: the operations of the company, the domestic and international political and social-economic situations, as well as changes in laws and regulations on the stock market. In addition, stock prices will depend on investors' sentiment in the market. Therefore, the fluctuation of the Company's stock price will be an unforeseen risk. Price volatility risk of stock price after listing is unavoidable.</p>	<p><i>Risk mitigation measures: Digiworld has established an Investor relations committee, in charge of communication to investors and shareholders quickly, promptly and accurately to ensure the highest transparency. Thereby avoiding the risks of general market volatility and limit the effects of untrue rumors which could affect the company's stock price.</i></p>

OTHER RISKS
<p>In addition to the risks mentioned above which are considered to be directly related to the operation of Digiworld, there are some unforeseeable and unavoidable risks such as extreme nature events (droughts, floods, earthquakes, etc.), war or serious diseases on a large scale. These are less common risks in practice but often cause huge material and spiritual losses, to staff of the Company. Therefore, the company has regularly participated in buying insurance for employees as well as property, goods, production to reduce these risks.</p>

INVESTOR RELATIONS REPORT



Investor Relations Report

Overview

As a listed company on the stock exchange, Digiworld is fully aware of the importance of investor relations in the Company's overall development strategy. After listing, the Investor Relations department has been built with a dedicated team in order to provide information to investors and shareholders of the Company ensuring transparency, timeliness and accuracy.



Information disclosure

With the concept "do things right before doing well", Digiworld always discloses information timely in full in accordance to regulations set by the State Securities Commission and Ho Chi Minh Stock Exchange. Information on the Board of Directors' and Board of Management's activities as well as business and financial conditions are published on the website of Ho Chi Minh Stock Exchange, Company's websites and media.

Publicity and transparency: the most important quality of information that Digiworld made to ensure shareholders' benefits, in particular:

- The financial information has always been fully disclosed, including the opinions of independent auditors for shareholders understanding financial situation of the Company
- Information on share transactions of internal shareholders (Members of the Board, Supervisory Board and related persons) has been made publicly.
- Information on corporate governance activities are reported fully and clearly



Timeliness: In business activities, there are unusual events as defined by the authorities impacting directly shareholders’ interests. Digiworld always proactively discloses information in a timely manner for shareholders to grasp the situation through various information channels. So shareholders continue to support the Company’s strategic development and the Board’s governance.

Efficiency: Guarantee of openness, transparency and timeliness of information has brought good results for information disclosure activities. In particular, Digiworld always perceives disclosure associated with the interests of shareholders as well as the opportunity for the Company to reach potential investors, empower business and stock value, ensure shareholders' investments being profitable, thus creating coherence and attracting more investors interested in Digiworld shares.

Information Channel

To meet the different needs of shareholders and investors and to add in the information published according to the provisions, Digiworld initiates to share more deeply about financial situation and plans for the future. Information is conveyed through many different channels of communication:



1. Quarterly Meeting: Digiworld organizes quarterly meetings announcing quarter business results with the participation of shareholders, investors, securities companies and journalists. Also during this meeting, the guests have the opportunity to interact directly with the Board of Directors of the Company and to discuss common concerns and directions for the next quarters of the year.

2. Company websites: Digiworld dedicated a specialized investor relations page on the websites to continuously update activity news, information disclosure, management reports, financial statements, annual reports, documents for shareholders and live updates on DGW stock.

Private meetings: Digiworld also tries the best to arrange time for private meeting with investors as proposed by Securities Companies, onshore and offshore asset management companies.





3. Monthly Newsletter: Newsletter emailed to shareholders, investors and securities companies simultaneously updated business results, featured events, new products and IR activities during the month.

2016 activities

In 2016, Investor Relations department continues to promote Digiworld's strengths of Corporate Governance platform built during the 18 years of operation and development, constantly innovates and diversifies to meet the highest requirements for information from shareholders, individual and institutional investors and analysts.

Specifically, English version of the homepage www.digiworld.com.vn allows foreign investors to access to the entire content of the Company, activities, documents and financial reports published as in Vietnamese. Especially this website is optimized for mobile devices allowing shareholders and investors to update information anytime, anywhere.

In addition to quarterly result announcement, Digiworld will actively participate in investor conferences, international events which are held by one or more market members with the aim of sharing information, enhancing image of the company as well as contributing to elevate Vietnam stock market.

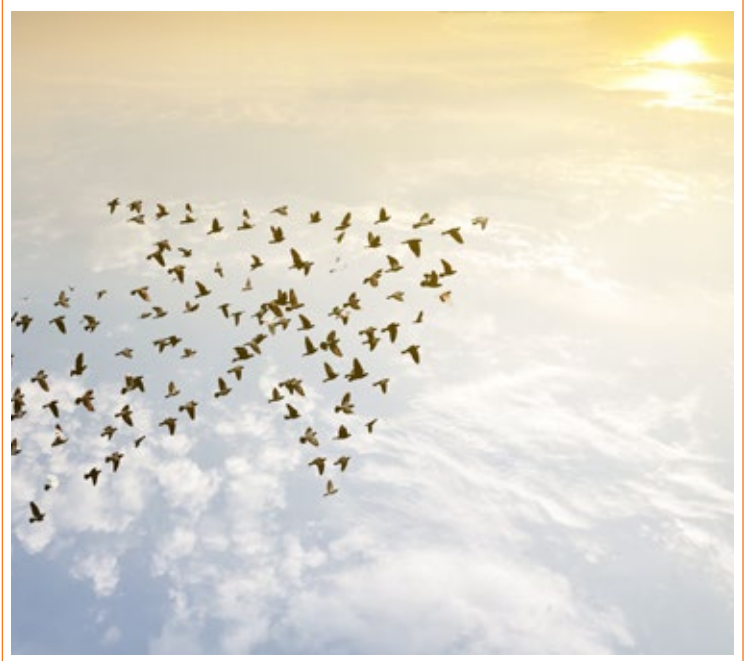
SUSTAINABILITY REPORT



OUT LINE OF SUSTAINABILITY REPORT

Introduction

Sustainability is one of critical priorities of large companies in general and listed companies in specific. The concept of “sustainability” not merely ensures the long-term business benefits but also extends towards the responsibilities for stakeholders in the sense of fulfilling obligations for ensuring sustainability in business activities, logistics and investment decisions. Digiworld fully understands its responsibilities in connecting the mission of “Elevating Vietnam” with sustainable development direction, aiming to constantly improve the corporate governance



with respect to environment and society. Also, the Company strengthens the relationship with stakeholders to achieve sustainable development in the context of globalization.

Scope of report

The Sustainability Report is conducted within the Company’s scope of activities in Vietnam, including 1 headquarter and 2 branches in 3 major cities (HCM, Hanoi, Danang), 5 Service Centers and 6000 points of sales nationwide.

This report is an inseparable part of the Company’s Annual Report 2015. The report was developed in adherence to the “In accordance – Core” criteria set out in Global Reporting Initiative’s G4 Sustainability Reporting Guidelines (GRI-G4).

Contact:

Ms. Nguyen Phuong Lam – PR Manager

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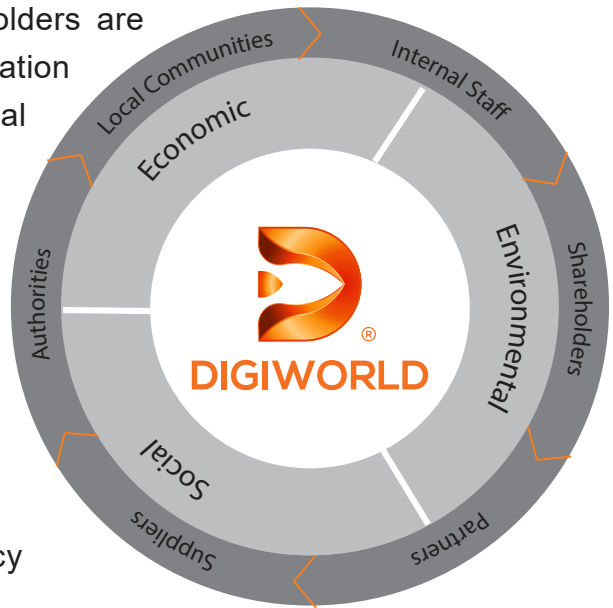
Mr. Nguyen Hai Khoi – Senior Associate – IR Department

☎ 0936 377 177 | ✉ haikhoi@dgw.com.vn

I. Selection basis and identification of stakeholders



Digiworld’s main criteria to determine the stakeholders are based on 3 aspects affecting the Company’s operation including economic, environmental and social aspects. Every aspect involving the stakeholders that affects the interests and activities of the enterprise shall include objects inside and outside the company.

In particular, the economic aspect includes Employees, Shareholders, Partners/ Suppliers and Press. Social aspect includes: Government bodies, Local communities. Environmental aspect is about the government’s recycling policy on electronic suppliers.



Digiworld constantly interacts, shares with and connects to its stakeholders to ensure balanced and harmonious stakeholders’ interests and thus approaching sustainable development.

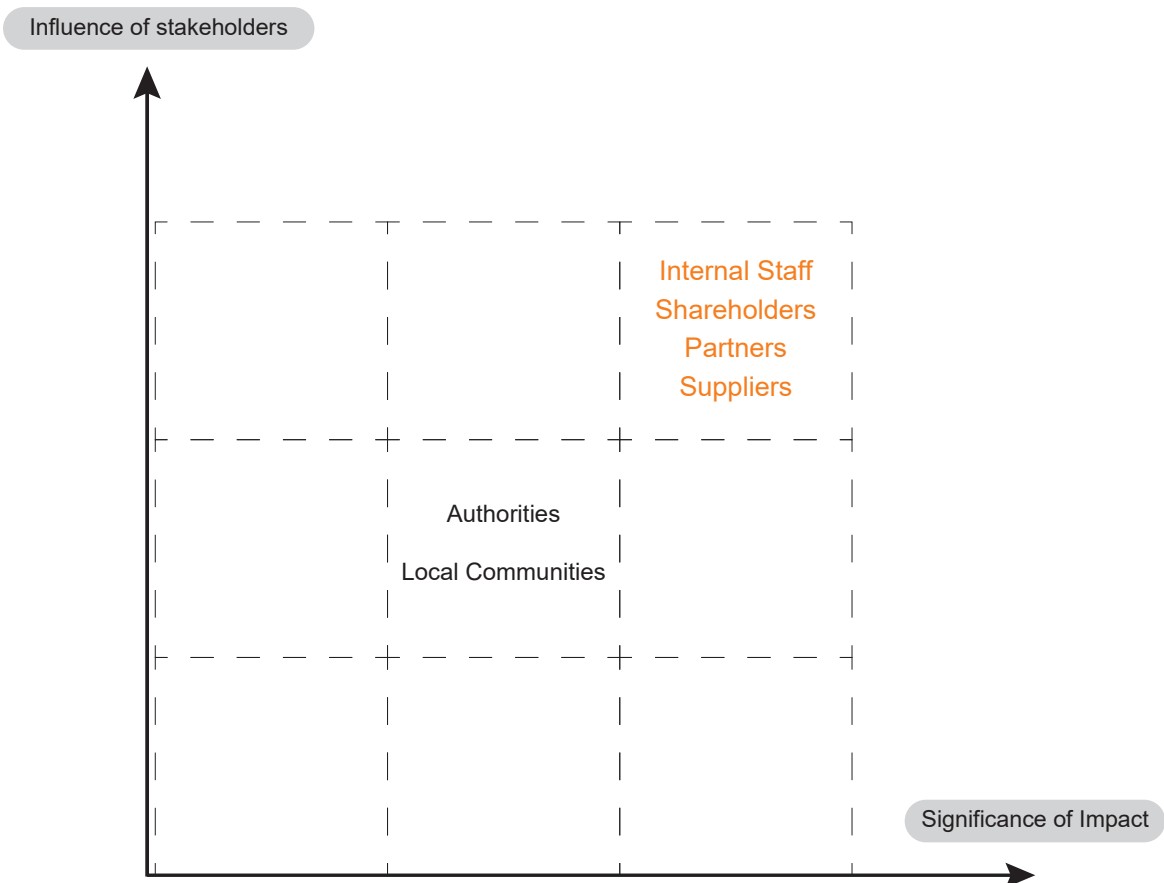
 <p>Internal Staff</p>	<ul style="list-style-type: none"> - Regular conference briefings, yearly and quarterly reviews. - Training programs ranging from orientation for freshmen to intensive training programs. - Group activities, launching ceremonies, corporate team building for all three regions.
 <p>Shareholders</p>	<ul style="list-style-type: none"> - Annual and Quarterly Shareholder Meeting to inform and discuss on the business results. - Monthly newsletter updating the company's financial and operational status. - Private meetings, teleconferences and emails with investor relations.
 <p>Partners</p>	<ul style="list-style-type: none"> - Organizing annual and quarterly dealer conferences - Launching promotions, thereby boosting sales and dealer appraisal programs - Supporting dealers through sales activities at points of sales
 <p>Suppliers</p>	<ul style="list-style-type: none"> - Goods trading

 <p>Authorities</p>	<ul style="list-style-type: none"> - Disclosing information publicly through press conferences - Stricly complying with authorities, government and State's regulations - Participating in authorities' forums and training programs.
 <p>Local communities</p>	<ul style="list-style-type: none"> - Participating in social activities, helping the elderly temples and young children in schools of love - Giving laptops as gifts for top college students - Participating in building houses improving life for the disadvantaged

To obtain the report content of highly practical perspective, we have conducted stakeholder consultations to determine the extent of impacts on our business through the following means:

- Discussions, direct interviews with stakeholders such as employees, shareholders and partners.
- Email contacting for remote units such as business partners abroad, suppliers, shareholders, local authorities, government agencies at state levels.

The selection of stakeholders involved in the report is based on the objects that Digiworld has influence, connection and interaction during business activities. Accordingly, we decide the stakeholders' degree of influence on Digiworld from high to low.



II. Sustainability Direction

Digiworld's sustainability direction is inseparable from our vision of "Digiworld is a billion-dollar company recognized for its role in the elevation of Vietnam and where everyone in the company is well rewarded and fulfilling their life purposes". This vision is consistent with the mission of "Elevating Vietnam" and intention of " People living big lives". In those lives, the collective Digiworld is not only working to ensure revenues for the Company, partners or to improve the quality of life for each individual, but also finding our life purposes in relations to social communities and practical activities to efficiently carry out the mission "Elevating Vietnam". It is a sacred mission expressed clearly and consistently in the Company's field of business and community projects aiming to develop knowledge and environment protection.

Digiworld implements sustainability direction for each stakeholder as follows:

1. To employees:

Besides basic obligations as prescribed by law for employees such as the social welfare policy, safe working environment, best support and equipment for all employees in every department, Digiworld offers a dynamic and transparent environment where each employee's contribution is well recognized. Employees are free to express themselves and live big lives.

Basic Stability



SALARY

Clear and transparent wages policies, competitive salary



BONUS

Unlimited Performance Bonus



WELFARE

Ensure benefits of statutory insurance and regular health care schemes for staff



SUPPORT

Ready to support employee to overcome hardship and incidents

SPIRITUAL CARE



RECOGNITION

Any contribution is appreciated and recognized



LISTEN

All comments are heard



F.O.C EDUCATION

At Digiworld, everyone may accumulate unlimited knowledge and experience without any cost as being taught by colleagues who always hold your hand to move forward.

LIVING BIG LIVES



TO FIND LIFE PURPOSE

We support you in the journey of finding life purpose - heading in the right direction to realize your dreams.



SELF-DEVELOPMENT

We help you find your life purpose - to help you in the right direction and ambition implementation.



PROMOTION

Professional development opportunity is in your hands, higher positions and of course better income. We always encourage such employees.



EVERYONE AT DIGIWORLD IS A LEADER

We promote leadership, dared to dream, dare to act, because we trust and create favorable conditions for people to change the world.

As shown by the figures below:

- Salary fund increased by 60% corresponding to 50% increase in the number of employees
- Total social welfare budget: VND3,745,138,007
- Statistics of managers and employees by gender

- Total Managerial personels

TOTAL	MALE	FEMALE
33	21	12

- Statistics of employees by region and gender

	2014			2015		
	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE
HO CHI MINH	174	211	53	247	167	80
HA NOI	78	54	24	105	75	30
DA NANG	24	16	8	30	22	8
TOTAL	276			382		

Our intention is specified through the following contents:

- Big dreams realization

We support our staff to realize and pursue their real life purposes and dreams; accompany them to make goals and dreams come true through a range of awareness, skill and expertise training programs. At Digiworld, every member is a leader who dares to dream, dares to act and is given the best conditions to accomplish those plans.



- Career development roadmap

At Digiworld, each member has a clear career roadmap with continuously advanced professional and leadership training courses, team building and group activities accompanying them on that road. Every staff is encouraged to promoted himself or herself to a higher position with a better income and remuneration based on what they have proved themselves by KPI scorecard and workload.



- Fair reward system

At Digiworld, salary policy is published with competitive salary level. Reward system is based on employees' performance as proved by their own abilities. Assessment mechanism is based on a clear KPIs system. Digiworld ensures that all staff are entitled to sufficient social security level in compliance with the law, regardless of their status or or position.

- Firm Material, Spiritual Warmth

Digiworld is like a second home to Digiworld's staff with lots of sharing and mutual supports for them to help each other in work and life. At Digiworld, every opinion is well heard; every contribution is well recognized and every achievement is well rewarded. Each fellow is a guide to another, dedicated to the career development roadmap and thus realize dreams together. They are members of a family who are willing to share and support in any case of difficulties.



2. To retailers:

Digiworld maintain good relationships with retailers by commitment of promotion discount, speed of delivery, distribution channel support through sales and marketing activities, facilitating fast end user accessment.

Digiworld organizes annual dealers' conference and rewards dealers with outstanding business achievements. We also offer many emulation and promotion programs for store staff who work at retailers as opportunities to show their capabilities or to participate in field trips, group activities and additional professional trainings aiming for greater strides in the work.

3. To partners:

Digiworld always accompanies partners right from the start of operations in Vietnam; understands their difficulties while penetrating Vietnam market in the context of shrinking market shares and fiercer competition. From that point, we offer our partners with specific plans and strategies to quickly obtain customer trust, and together



bring Vietnamese consumers the best products. Digiworld will not cooperate with suppliers/partners who provide harmful, defective products which may impact health, environment and position of Vietnam. In 2015, two products Obi Worldphone SF1 and Wiko Pure Highway distributed exclusively by Digiworld were in the top 10 mobile products granted by Tech Award, prestigious information technology awards by Sohoa, Vnexpress. These were examples of products distributed by Digiworld conquering not only consumers but also technology expert community.

4. To shareholders:

Digiworld is committed to maintaining long-term interest for shareholders through effective business development and sustainable growth direction. Additionally, investors put their faith in Digiworld not only because of the belief in the Company's prosperity but also of our joint efforts in carrying out the mission of "Elevating Vietnam".

Digiworld organizes Annual General Meeting and quarterly Investor Meeting to update on business and financial performance as well as to discuss on investment proposals, new strategy and development direction.

We are committed to paying dividends in time and disclose information transparently, especially to shareholders who have put their trust to our prosperity during the past 18 years.

5. To Authorities:

People at Digiworld are committed to complying with the regulations and decrees issued by the Government and the authorities in the field of business, macroeconomic policies and even in daily life from the smallest things like complying with traffic rules.

Over the years, Digiworld has been closely working with the tax authorities to fulfill the obligations to the State tax policies, regulations and requests. The Company organizes an apparatus for tracking taxes obligation incurred, actively contributing to local economic and social development. According to 2014 statistics, Digiworld has contributed to the state budget totaling VND538 billion. Digiworld was honored with the awards for great achievements in tax obligation granted by District 3 Tax Agency in April 9/2015.

We adhere to stringent social obligations through timely taxes payment and social responsibility in the role of an enterprise solidifying the sustainable development of the national economy.

6. To Society:

Digiworld is well aware of its importance to society by taking seriously the mission of "Elevating Vietnam" through activities of education development, community sharing and environmental protection.

Laptop awards to valedictorians

From 2008 to 2011, for 5 years, Digiworld collaborated with Thanh Nien News giving laptops as awards to college valedictorians, most of whom are students overcoming poverty. Before each event, Digiworld always arranged meetings with previous year valedictorians in recognition of progress, their achievements during the learning process at college.



Some of them reached outstanding achievements at school, some others won scholarships to study in the UK, US ...

Internship

Internship program is one of the Digiworld's favourite. This is an opportunity for fresh graduates to learn in a real working environment with the seniors, to express themselves as well as to become Digiworld's full-time contract employees.

Trainees are trained at Digiworld just like an official employee in term of expertise, skills and awareness through continuing training courses within 4 months. It is a perfect stepping stone for them to be working as a full time employee, trying in a professional environment accumulating adequate soft skills and discipline standard of a professional. At Digiworld, we consider salary for each trainee as scholarships for their work efforts, the desire to learn in preparation for their career paths.

Only after a year, Digiworld's internship program has achieved positive results with 24 trainees continuing to work with Digiworld in new positions and new roles. They have demonstrated dynamic, significant changes after four months studying and working in Digiworld.

Through the internship program, Digiworld would like to incubate future talents, helping them to find directions and creating job opportunities; simultaneously, find and train a new workforce generation of continuity of Digiworld's tradition, culture in future strategies and development. The more time we work with the trainees, the more we realize the importance of the mission "Elevating Vietnam". Besides, we have also learned from the trainees the youthful, energetic, desire to challenge themselves thereby offering innovative solutions for our jobs.

Activities towards community



Besides stimulating education, there are many other activities towards the community, upholding the spirit of solidarity since establishment. During 18 years of operation, Digiworld in collaboration with Thanh Nien News has built proper concrete bridges in remote communes of Nhon Trach District, Dong Nai in expectation of building bridges linking knowledge, improving living conditions for the villagers. Digiworld also participated in elderly caring programs, donated books and computers to underprivileged schools.

Environment protection



Along with education development and public outreach activities, under the impacts of globalization and economic development, the environment is being destroyed every day. Therefore, Digiworld keeps on protecting the environment through actions such as saving energy (water, electricity) and recycling items around the workplace.

Digiworld carries out retrieval of no-longer-useable electrical and electronic products in compliance with the Decision 50/2013/ QD-TTg dated 08/09/2013 of the Prime Minister's on recovery and disposal and waste products in accordance to Circular /2014/TT-BTNMT issued by Natural Resources and Environment Ministry and guidelines for implementation of decision 50/2013/ QD-TTg.

Digiworld performs retrieval and recycle activities at the after-sales service points nationwide DGCare with product portfolio including computers, mobile phones, tablets and components.

GRI CONTENT INDEX FOR “IN ACCORDANCE” CORE

GENERAL STANDARD DISCLOSURE

Strategy and Analysis				
Item	Description	Reference/Answer	Reason for omission	Page
G4-1	Statement from the most senior decision-maker of the organization	AR - Message from the Chairman		04 - 05
G4-2	A description of key impacts, risks and opportunities	AR - Risk Management Report		54 - 57
G4-3	Name of the organization	AR – Digiworld at a glance		07
G4-4	Primary brands, products and services	AR – Digiworld at a glance		07
G4-5	Location of organization's headquarters	AR – Digiworld at a glance		07
G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Digiworld is now operating in 63 cities and provinces of Vietnam		
G4-7	The nature of ownership and legal form	AR – Organization Chart		25 - 26
G4-8	The market served (including geographic breakdown, sectors served, and types of customers)	Vietnamese consumers AR - Business Industry and Geography Reach		13 - 15 20
G4-9	The scale of the organization	AR – Digiworld at a glance		07
G4-10	The organization's workforce statistics	SR - Sustainable Development Direction to Employees		66 - 67
	a. Total number of employees by employment contract and gender			
	b. Total number of permanent employees by employment type and gender			
	c. Total workforce by employees and supervised workers and by gender			
	d. Total workforce by region and gender			
	e. Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors		No	
f. Any significant variations in employment numbers	No			
G4-11	The percentage of total employees covered by collective bargaining agreements	100%		
G4-12	A description of the organization's supply chain	AR – Business Industry		13
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	There is no change		

G4-14	Whether and how the precautionary approach or principle is addressed by the organization		Due to the nature of ICT industry, Digiworld has a minor impact on the environment. The Company has not involved or invested in any business that possibly causes harm to the environment. Digiworld, however, still actively encourages its staff to participate in environmental protection activities.	
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives which the organization subscribes or endorsed	SR – Sustainability Direction		66 - 71
G4-16	List membership of associations		No	
Identified material aspects and boundaries				
G4-17	List all entities included in the organization's consolidated financial documents or equivalent documents		The subsidiary has not operated yet	25 - 26
	Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	AR – Organization Chart		
G4-18	Explain the process for finding the report content and the boundaries Explain how the organization has implemented the reporting principles for defining report content	SR - Selection Basis and Identification of Stakeholders		25 - 26
G4-19	List all the material aspects identified in the process for defining report content	SR - Selection Basis and Identification of Stakeholders		64 - 65
G4-20	For each material aspect, report the Aspect Boundary within the organization	SR - Selection Basis and Identification of Stakeholders		64 - 65
G4-21	For each material aspect, report the Aspect Boundary outside the organization	SR - Selection Basis and Identification of Stakeholders		64 - 65
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements		There are no restatements	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries		This is the first year Digiworld has prepared the report	
Stakeholder Engagement				
G4-24	A list of stakeholder groups engaged by the organization	SR - Selection Basis and Identification of Stakeholders		64 - 65
G4-25	The basis for identification and selection of stakeholders with whom to engage	SR - Selection Basis and Identification of Stakeholders		64 - 65
G4-26	The organization's approach to stakeholder engagement	SR - Selection Basis and Identification of Stakeholders		64 - 65
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns (including through its reporting)	SR - Selection Basis and Identification of Stakeholders		64 - 65

Report Profile				
G4-28	Reporting period	SR - Outline of Sustainability Report		63
G4-29	Date of most recent previous report		This is the first year Digiworld has prepared the report	
G4-30	Reporting cycle	SR - Outline of Sustainability Report		63
G4-31	Contact point for questions	SR - Outline of Sustainability Report	-	63
GRI Content Index				
G-32	The reporting option the organization has chosen	SR - Selection Basis and Identification of Stakeholders		64 - 65
Assurance				
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	SR - Selection Basis and Identification of Stakeholders		64 - 65
Governance				
G4-34	Organizational including the highest governance body. Identify any committees responsible for decision on economic, environmental and social impacts	AR – Corporate Governance		28 - 30
Ethics and Integrity				
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and code of ethics	AR - Company Intention	This is the first year Digiworld has prepared the report	8
II. SPECIFIC CONTENT				
1. Economic impacts				
1.1 Economic performance				
G4-EC1	Direct economic value generated and distributed	SR - Sustainability Direction to Partners and Shareholders		68 - 69
G4-EC3	Coverage of the organization's defined benefit plan obligations	SR - Sustainability Direction to Employees		66 - 67
2. Social impacts				
2.1 Labor practices and decent work				
2.1.1 Employment				
G4-LA1	Total number and rate of new employee hires and employee turnover by age group, gender and region	SR - Sustainability Direction to Employees		66 - 67
2.1.2 Training and education				
GA-LA10	Programs for skill management and lifelong learning that support the continued employability of employees and assist them in managing career endings	SR - Sustainability Direction to Employees		66 - 67
GA-LA11	Percentage of employees receiving performance and career development reviews periodically, by gender and by employee category	SR - Sustainability Direction to Employees		66 - 67
2.2 Society - Local communities				
GA-SO1	Percentage of operations with implemented local community engagement, impact assessment, and development programs	SR - Sustainability Direction to Society		70 - 71
2.3 Product responsibility - Product and service labeling				
G4-PR3	Type of product and service information required by the organization's procedures, and percentage of significant product and service categories subject to such information requirements	SR - Sustainability Direction to Society		70 - 71

CONSOLIDATED FINANCIAL STATEMENTS



GENERAL INFORMATION

THE COMPANY

Digiworld Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 4103001456 issued by the Department of Planning and Investment of Ho Chi Minh City on 13 February 2003, as amended.

The current principal activities of the Company are trading technological software products, computers and accessories, and electronic accessories; trading telephones, switchboard and air conditioners; transferring information technology and automatic controls; and providing goods consignment agency services.

The Company’s registered office is located at Floor 8, Nam A Bank Tower, 201 – 203 Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City, Vietnam. In addition, the Company also has its branches in Hanoi, Da Nang and Ho Chi Minh City, Vietnam.

BOARD OF DIRECTORS

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

Mr Doan Hong Viet	Chairman	
Mrs Dang Kien Phuong	Member	
Mrs To Hong Trang	Member	
Mr Doan Anh Quan	Member	
Mr Hoang Tung	Member	resigned on 9 April 2015
Mr Tran Bao Minh	Member	

BOARD OF SUPERVISION

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

Mr Hoang Thong	Head	
Mr Nguyen Tuan Thanh	Member	
Mrs Phan Ngoc Bich Hang	Member	

MANAGEMENT

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

Mr Doan Hong Viet	General Director	
Mrs Dang Kien Phuong	Deputy General Director	
Mrs To Hong Trang	Deputy General Director	

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Doan Hong Viet.

AUDITORS

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

REPORT OF MANAGEMENT

Management of Digiworld Corporation (“the Company”) is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (“the Group”) for the year ended 31 December 2015.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those 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 consolidated financial statements; and
- ▶ Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the 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 consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2015 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of management:



General Director

21 March 2016

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Digiworld Corporation

We have audited the accompanying consolidated financial statements of Digiworld Corporation ("the Company") and its subsidiaries ("the Group") as prepared on 21 March 2016 and set out on pages 5 to 32, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Company as at 31 December 2015, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.



Le Vu Truong
Deputy General Director
Audit Practicing Registration Certificate
No. 1588-2013-004-1



A blue ink signature of Nguyen Thanh Sang, written in a cursive style.

Nguyen Thanh Sang
Auditor
Audit Practicing Registration Certificate
No. 1541-2013-004-1

Ho Chi Minh City, Vietnam
21 March 2016

CONSOLIDATED BALANCE SHEET

as at 31 December 2015

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,171,265,320,514	1,207,162,476,422
110	I. Cash		31,668,848,074	68,267,019,973
111	1. Cash	4	31,668,848,074	68,267,019,973
120	II. Short-term investment		4,900,000,000	4,900,000,000
123	1. Held-to-maturity investment	5	4,900,000,000	4,900,000,000
130	III. Current accounts receivable		348,987,791,367	314,509,823,282
131	1. Short-term trade receivables	6.1	317,246,505,287	291,606,496,058
132	2. Short-term advances to suppliers	6.2	18,087,773,476	21,853,671,093
136	3. Other short-term receivables	7	22,340,055,496	7,105,758,209
137	4. Provision for doubtful short-term receivables	6.1	(8,690,849,291)	(6,060,407,804)
139	5. Shortage of assets waiting for resolution		4,306,399	4,305,726
140	IV. Inventories	8	669,576,016,876	731,942,945,461
141	1. Inventories		669,576,016,876	731,942,945,461
150	V. Other current assets		116,132,664,197	87,542,687,706
151	1. Short-term prepaid expenses	9	16,334,943,484	1,573,082,052
152	2. Value-added tax deductible		99,797,720,713	85,919,866,413
153	3. Tax and other receivables from the State		-	49,739,241
200	B. NON-CURRENT ASSETS		84,243,052,475	85,559,069,207
210	I. Long-term receivable		2,324,220,000	1,704,580,480
216	1. Other long-term receivables	7	2,324,220,000	1,704,580,480
220	II. Fixed assets		81,294,875,482	83,374,408,181
221	1. Tangible fixed assets	10	24,258,940,592	26,028,463,429
222	Cost		42,176,019,795	41,003,876,635
223	Accumulated depreciation		(17,917,079,203)	(14,975,413,206)
227	2. Intangible assets	11	57,035,934,890	57,345,944,752
228	Cost		58,509,622,898	58,509,622,898
229	Accumulated amortisation		(1,473,688,008)	(1,163,678,146)
260	III. Other long-term asset		623,956,993	480,080,546
261	1. Long-term prepaid expenses		623,956,993	480,080,546
270	TOTAL ASSETS		1,255,508,372,989	1,292,721,545,629

CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2015

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		646,964,119,066	957,962,429,143
310	I. Current liabilities		619,269,346,188	928,031,999,264
311	1. Short-term trade payables	12.1	153,198,530,675	206,572,357,994
312	2. Short-term advances from customers	12.2	3,962,290,337	66,230,225,141
313	3. Statutory obligations	13	5,872,403,433	12,176,188,353
314	4. Payables to employees		15,787,426,704	13,350,964,228
315	5. Short-term accrued expenses	14	1,871,363,656	12,903,691,338
319	6. Other short-term payables	15	15,670,346,860	13,694,065,819
320	7. Short-term loans	16	422,906,984,523	603,104,506,391
330	II. Non-current liabilities		27,694,772,878	29,930,429,879
337	1. Other long-term liabilities	15	4,794,772,878	1,430,429,879
338	2. Long-term loan	16	22,900,000,000	28,500,000,000
400	B. OWNERS' EQUITY		608,544,253,923	334,759,116,486
410	I. Capital	17.1	608,544,253,923	334,759,116,486
411	1. Share capital		306,133,290,000	108,024,690,000
411a	Shares with voting rights		306,133,290,000	108,024,690,000
412	2. Share premium		152,617,941,416	35,549,217,650
415	3. Treasury shares		(6,272,937,166)	(82,850,613,400)
418	4. Investment and development fund		400,000,000	400,000,000
421	5. Undistributed earnings		155,665,959,673	273,635,822,236
421a	Undistributed earnings up to prior year-end		52,095,022,236	145,695,922,918
421b	Undistributed earnings of current year		103,570,937,437	127,939,899,318
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,255,508,372,989	1,292,721,545,629



Vu Thi Mai Han
Preparer



Vo Xuan Huy
Chief Accountant



Doan Hong Viet
General Director

21 March 2016

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2015

VND

Code	ITEMS	Notes	Current year	Previous year
1	1. Revenue from sale of goods and rendering of services	18.1	4,246,389,580,916	4,956,069,869,743
2	2. Deductions	18.1	(43,033,836,352)	(79,505,130,468)
10	3. Net revenue from sale of goods and rendering of services	18.1	4,203,355,744,564	4,876,564,739,275
11	4. Cost of goods sold and services rendered	19	(3,938,889,355,570)	(4,589,220,627,225)
20	5. Gross profit from sale of goods		264,466,388,994	287,344,112,050
21	6. Finance income	18.2	14,114,044,450	10,737,904,224
22	7. Finance expenses	21	(40,204,938,068)	(42,672,207,786)
23	- In which: Interest expense	21	(23,133,793,052)	(25,117,089,462)
25	8. Selling expenses	20	(64,316,707,240)	(67,229,317,088)
26	9. General and administrative expenses	20	(45,438,871,817)	(38,939,839,997)
30	10. Operating profit		128,619,916,319	149,240,651,403
31	11. Other income	22	6,038,138,573	19,820,408,517
32	12. Other expenses	22	(1,302,852,583)	(1,128,063,456)
40	13. Other profit	22	4,735,285,990	18,692,345,061
50	14. Accounting profit before tax		133,355,202,309	167,932,996,464
51	15. Current corporate income tax expense	24	(29,784,264,872)	(39,993,097,146)
60	16. Profit after tax		103,570,937,437	127,939,899,318
70	17. Basic earnings per share	26	3,539	5,107
71	18. Diluted earnings per share	26	3,539	5,107



Vu Thi Mai Han
Preparer



Vo Xuan Huy
Chief Accountant



Doan Hong Viet
General Director

21 March 2016

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2015

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
1	Accounting profit before tax		133,355,202,309	167,932,996,464
	<i>Adjustments for:</i>			
2	Depreciation and amortisation	10.11	3,251,675,859	2,954,082,262
3	Provision		2,630,441,487	1,047,358,704
4	Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency	18.2	(209,967,963)	(334,685,327)
5	Profit from investing activities		-	(4,853,554,971)
6	Interest expense	21	23,133,793,052	25,117,089,462
8	Operating profit before changes in working capital		162,161,144,744	191,863,286,594
9	Increase in receivables		(51,556,164,151)	(61,710,219,351)
10	Decrease (increase) in inventories		62,366,928,585	(346,127,399,000)
11	(Decrease) increase in payables		(127,023,101,157)	91,598,075,765
12	(Increase) decrease in prepaid expenses		(14,905,737,879)	1,141,265,075
14	Interest paid		(23,689,981,675)	(23,446,795,544)
15	Corporate income tax paid	24	(36,205,763,301)	(40,452,411,909)
20	Net cash flows used in operating activities		(28,852,674,834)	(187,134,198,370)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets		(1,172,143,160)	(6,231,918,707)
23	Payments for purchase of equity instruments of other entities		-	(10,000,891,870)
24	Proceeds from sale of equity instruments of other entities		-	11,721,190,000
26	Proceeds from sale of investment in other entity		-	5,100,000,000
27	Interest received		-	2,160,524,868
30	Net cash flows (used in) from investing activities		(1,172,143,160)	2,748,904,291
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Re-issuance of treasury shares		193,646,400,000	519,000,000

CONSOLIDATED CASH FLOW STATEMENT (continued)

for the year ended 31 December 2015

VND

33	Drawdown of borrowings		3,142,464,939,859	3,803,641,645,601
34	Repayment of borrowings		(3,328,262,461,727)	(3,659,320,403,951)
36	Dividends paid	17.3	(14,632,200,000)	(43,750,000,000)
40	Net cash flows (used in) from financing activities		(6,783,321,868)	101,090,241,650
50	Net decrease in cash		(36,808,139,862)	(83,295,052,429)
60	Cash at beginning of year		68,267,019,973	151,491,929,805
61	Impact of exchange rate fluctuation	17.3	209,967,963	70,142,597
70	Cash at end of year		31,668,848,074	68,267,019,973

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

1. CORPORATE INFORMATION

Digiworld Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate (“BRC”) No. 4103001456 issued by the Department of Planning and Investment of Ho Chi Minh City on 13 February 2003, as amended.

The current principal activities of the Company are trading technological software products, computers and accessories, and electronic accessories; trading telephones, switchboard and air conditioners; transferring information technology and automatic controls; and providing goods consignment agency services.

The Company’s registered office is located at Floor 8, Nam A Bank Tower, 201 – 203 Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City, Vietnam. In addition, the Company also has its branches in Hanoi, Da Nang and Ho Chi Minh City, Vietnam.

The number of the Company’s employees as at 31 December 2015 was 344 (31 December 2014: 276).

Corporate structure

The Company’s corporate structure includes three subsidiaries, in which:

- Digiworld Venture Co., Ltd. (“DV”)

DV is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313309149 issued by the Department of Planning and Investment of Ho Chi Minh City on 16 June 2015. The head office of DV is located at Floor 8, Nam A Bank Tower, 201 – 203 Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City, Vietnam.

- 1 Digital Technology Company Limited (“DT”)

DT is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313318520 issued by the Department of Planning and Investment of Ho Chi Minh City on 23 June 2015. The head office of DT is located at Floor 8, Nam A Bank Tower, 201 – 203 Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City, Vietnam.

- Wiko Viet Nam Company Limited (“WK”)

WK is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313331063 issued by the Department of Planning and Investment of Ho Chi Minh City on 6 July 2015. The head office of WK is located at Floor 10, Nam A Bank Tower, 201 – 203 Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City, Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

2. BASIS OF PREPARATION

2.1 Applied accounting standards and system

The consolidated financial statements of the Company, expressed in Vietnam dong (“VND”), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- 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 consolidated financial statements, 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 financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 Applied accounting documentation system

The Group’s applied accounting documentation system is the General Journal 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 consolidated financial statements are prepared in VND which is also the Group’s accounting currency.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries for the year ended 31 December 2015.

The financial statements of subsidiaries are prepared for the same reporting year as the parent 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.

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

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Group in preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014 except for the changes in the accounting policies in relation to the following.

3.1.1 Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system

On 22 December 2014, the Ministry of Finance issued the Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system ("Circular 200") replacing Decision No. 15/2006/QĐ-BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance. Circular 200 is effective for the financial year beginning on or after 1 January 2015.

The effects of the change in accounting policies in accordance with Circular 200 to the Group are applied on a prospective basis as Circular 200 does not required for restropective application. The Group also reclassifies certain corresponding figures of prior year following the presentation of the current year's consolidated financial statements in accordance with Circular 200 as disclosed in Note 28.

3.1.2 Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements

On 22 December 2014, the Ministry of Finance issued the Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements ("Circular 202") replacing section XIII of Circular No. 161/2007/TT-BTC dated 31 December 2007. Circular 202 is effective for the preparation and presentation of consolidated financial statements for the financial years beginning on or after 1 January 2015.

The effects of the change in accounting treatment in accordance with Circular 202 are applied on a prospective as this Circular does not require for retrospective application.

3.2 Cash

Cash comprises cash on hand and cash in banks.

3.3 Inventories

Inventories are stated at the lower of cost 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 (mainly merchandise goods), which are valued at cost of purchase on a weighted average basis.

Provision for obsolete inventories

An inventory 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 balance sheet date.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Receivables

Receivables are presented in the 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 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 consolidated income statement.

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 consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

3.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible 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 consolidated income statement as incurred.

When intangible assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

Land use right

Land use right is recorded as an intangible asset on the consolidated balance sheet when the Group obtained the land use right certificates. The costs of land use right comprise all directly attributable costs of bringing the land to the condition available for intended use and is not amortised when having indefinite useful life.

3.7 Depreciation and amortisation

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

Buildings and structures	21 - 25 years
Machinery and equipment	2 - 5 years
Means of transportation	3 - 6 years
Office equipment	2 - 3 years
Accounting software	6 years

3.8 Borrowing costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Prepaid expenses

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

3.10 Held-to-maturity investment

Held-to-maturity investment is stated at their acquisition costs. After initial recognition, held-to-maturity investment is measured at recoverable amount. Any impairment loss incurred is recognised as expense in the consolidated financial statements and deducted against the value of such investments.

3.11 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.

3.12 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting year for all employees who have been in service for more than 12 months up to the balance sheet date 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. The average monthly salary used in this calculation is revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Increases and decreases to the accrued amount other than actual payment to employee will be taken to the 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.

3.13 Foreign currency transactions

Transactions in currencies other than the Group's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection; and
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Group conduct transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conduct transactions regularly.

All realised and foreign exchange differences arising from revaluation of monetary accounts denominated in foreign currency are taken to the consolidated income statement.

3.14 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Appropriation of net profits

Net profit after tax (excluding unrealised exchange gains as at the balance sheet date) is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

Investment and development fund

This fund is set aside for use in the Group's expansion of its operation or in-depth investments.

Bonus and welfare funds

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

3.16 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 recognised upon the completion of the services provided.

Interest income

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

3.17 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years 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 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 set off current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation (continued)

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, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.

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, except where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

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. 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 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 off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity; 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 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 mainly derived from the business activity of trading technological software products, computers and accessories while other sources of revenue are not material as a whole, management accordingly believes that the Group operates in a sole business segment only. In addition, management also defines the Company's geographical segment to be based on the location of the Group's assets which is in Ho Chi Minh City, Vietnam.

4. CASH

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	983,783,096	211,058,530
Cash in banks	30,685,064,978	68,055,961,443
TOTAL	31,668,848,074	68,267,019,973

5. SHORT-TERM INVESTMENT

This represents one-year term deposit at HSBC Bank (Vietnam) Ltd., and earns interest at the rate of 6% p.a. As disclosed in Note 16, the Company has pledged this bank deposit to secure the bank loan facilities.

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1. Short-term trade receivables

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
The Gioi Di Dong Joint Stock Company	54,205,289,525	36,287,058,437
Vien Thong A Import Export Trading Production Corporation	42,380,556,897	8,414,265,477
Nguyen Kim Trading Joint Stock Company	8,814,798,145	43,537,669,941
Others	211,845,860,720	203,367,502,203
TOTAL	317,246,505,287	291,606,496,058
Provision for doubtful receivables	(8,690,849,291)	(6,060,407,804)
NET	308,555,655,996	285,546,088,254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

6.2 Short-term advances to suppliers

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Invesia International Limited	11,319,444,647	10,071,550,715
Nokia Sales International Oy	-	10,358,222,917
Others	6,768,328,829	1,423,897,461
TOTAL	18,087,773,476	21,853,671,093

7. OTHERS RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Vietnam Telecom Services Company	21,063,313,377	-
Advances to employees	411,802,147	6,864,301,398
Others	864,939,972	241,456,811
	22,340,055,496	7,105,758,209
Long-term		
Deposit	2,324,220,000	1,704,580,480
<i>In which:</i>		
<i>Receivables from third parties</i>	<i>24,664,275,496</i>	<i>8,508,405,356</i>
<i>Receivables from related party (Note 25)</i>	<i>-</i>	<i>301,933,333</i>

8. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Merchandises	614,963,940,334	605,472,785,089
Goods in transit	38,895,751,176	109,930,857,727
Goods on consignment	15,098,173,821	12,475,474,899
Work-in-progress	618,151,545	4,063,827,746
TOTAL	669,576,016,876	731,942,945,461

As disclosed in Note 16, the Company has pledged a portion of its inventories to secure the bank loan facilities.

9. SHORT-TERM PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Operating expenses	14,848,940,279	1,284,603,146
Tools and equipment	1,486,003,205	288,478,906
TOTAL	16,334,943,484	1,573,082,052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

10. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Total
Cost:					
Beginning balance	21,183,180,735	1,092,473,365	15,994,938,106	2,733,284,429	41,003,876,635
New purchase	-	1,053,443,160	65,000,000	53,700,000	1,172,143,160
Ending balance	21,183,180,735	2,145,916,525	16,059,938,106	2,786,984,429	42,176,019,795
<i>In which:</i>					
<i>Pledged as loan security (Note 16)</i>	21,183,180,735	-	-	-	21,183,180,735
<i>Fully depreciated</i>	-	261,401,632	5,534,279,971	2,577,521,753	8,373,203,356
Accumulated depreciation:					
Beginning balance	(4,534,451,228)	(468,626,498)	(7,328,209,038)	(2,644,126,442)	(14,975,413,206)
Depreciation for the year	(853,605,092)	(258,971,118)	(1,754,602,620)	(74,487,167)	(2,941,665,997)
Ending balance	(5,388,056,320)	(727,597,616)	(9,082,811,658)	(2,718,613,609)	(17,917,079,203)
Net carrying amount:					
Beginning balance	16,648,729,507	623,846,867	8,666,729,068	89,157,987	26,028,463,429
Ending balance	15,795,124,415	1,418,318,909	6,977,126,448	68,370,820	24,258,940,592

VND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

11. INTANGIBLE ASSETS

	Land use right	Accounting software	Total
VND			
Cost:			
Beginning and ending balances	56,550,000,000	1,959,622,898	58,509,622,898
<i>In which:</i>			
<i>Pledged as loan security (Note 16)</i>	56,550,000,000	-	56,550,000,000
<i>Fully amortised</i>	-	219,127,200	219,127,200
Accumulated amortisation:			
Beginning balance	-	(1,163,678,146)	(1,163,678,146)
Charges for the year	-	(310,009,862)	(310,009,862)
Ending balance	-	(1,473,688,008)	(1,473,688,008)
Net carrying amount:			
Beginning balance	56,550,000,000	795,944,752	57,345,944,752
Ending balance	56,550,000,000	485,934,890	57,035,934,890

12. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

12.1 Short-term trade payables

	Ending balance	Beginning balance
VND		
Lenovo (Singapore) Pte. Ltd.	43,288,643,718	34,635,548,835
Asus Global Pte. Ltd.	30,185,973,198	63,446,177,318
Dell Global B.V (Singapore Branch)	21,831,158,500	55,601,281,400
Others	57,892,755,259	52,889,350,441
TOTAL	153,198,530,675	206,572,357,994

12.2 Short-term advances from customers

	Ending balance	Beginning balance
VND		
The Gioi Di Dong Joint Stock Co.	-	65,687,701,843
Others	3,962,290,337	542,523,298
TOTAL	3,962,290,337	66,230,225,141

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

13. STATUTORY OBLIGATIONS

VND

	Beginning balance	Increase in year	Payment in year	Ending balance
Corporation income tax (Note 24)	11,881,823,497	29,784,264,872	(36,205,763,301)	5,460,325,068
Personal income tax	294,364,856	4,804,165,505	(4,789,174,288)	309,356,073
Value-added tax	-	102,722,292	-	102,722,292
TOTAL	12,176,188,353	34,691,152,669	(40,994,937,589)	5,872,403,433

14. SHORT-TERM ACCRUED EXPENSES

VND

			Ending balance	Beginning balance
Interest expense			876,964,979	1,433,153,602
Trade discount			714,517,936	5,706,976,228
Operating expenses			279,880,741	5,154,963,045
Others			-	608,598,463
TOTAL			1,871,363,656	12,903,691,338

15. OTHER PAYABLES

VND

			Ending balance	Beginning balance
Short-term				
Dividends payables (Note 25)			8,800,000,000	-
Payment on behalf			5,911,338,983	13,080,711,058
Payables to Department of Social Insurance			840,826,059	566,554,761
Others			118,181,818	46,800,000
			15,670,346,860	13,694,065,819
Long-term				
Deposits received			4,034,342,999	670,000,000
Others			760,429,879	760,429,879
			4,794,772,878	1,430,429,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

16. LOANS

	VND			
	Beginning balance	Increase in year	Decrease in year	Ending balance
Short-term				
Loans from banks	598,304,506,391	3,136,864,939,859	(3,317,862,461,727)	417,306,984,523
Current portion of long term loan	4,800,000,000	5,600,000,000	(4,800,000,000)	5,600,000,000
	603,104,506,391	3,142,464,939,859	(3,322,662,461,727)	422,906,984,523
Long-term				
Loan from a bank	28,500,000,000	-	(5,600,000,000)	22,900,000,000
TOTAL	631,604,506,391	3,142,464,939,859	(3,328,262,461,727)	445,806,984,523

16.1 Short-term loans

Details of the short-term loans are as follows:

	VND			
Banks	Ending balance	Maturity date	Interest rates ^u at	Description of collateral
	VND		%/ p.a.	
Military Commercial Joint Stock Bank – Saigon Branch	140,399,395,873	From 19 February 2016 to 25 March 2016	From 4.6 to 5.4	Certain inventories and trade receivables
Vietnam Joint Stock Commercial Bank For Industry and Trade – Branch 1	131,393,164,612	From 18 January 2016 to 28 February 2016	4.8	Certain inventories and trade receivables
ANZ Bank (Vietnam) Limited – Hochiminh Branch	88,500,000,000	From 26 January 2016 to 18 February 2016	From 4.9 to 5.9	Personal assets of the Group' shareholders, certain inventories and trade receivables
HSBC Bank (Vietnam) Ltd.,	57,014,424,038	From 12 January 2016 to 28 February 2016	From 4.2 to 5.9	Personal assets of the Group' shareholders, certain cash in bank and short-term investment
	417,306,984,523			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

16. LOANS (continued)

16.2 Long-term loan

Details of the long-term loan are as follows:

VND

Name of bank	Ending balance	Term and maturity	Interest rate	Description of collateral
	VND		%/ p.a.	
Vietnam Joint Stock Commercial Bank For Industry and Trade – Branch 1	28,500,000,000	Repayment in 20 quarterly instalments up to 25 December 2019	8.0	Land used rights and attached assets located on 284A & 282 Nguyen Dinh Chieu Street, Ward 6, District 3, Ho Chi Minh City
<i>In which:</i>				
<i>Long-term loan</i>	22,900,000,000			
<i>Current portion</i>	5,600,000,000			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

as at and for the year ended 31 December 2015

17. OWNERS' EQUITY

17.1 Movement in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Previous year						
Beginning balance	108,024,690,000	37,179,604,250	(85,000,000,000)	400,000,000	189,445,922,918	250,050,217,168
Re-issuance of treasury shares (*)	-	(1,630,386,600)	2,149,386,600	-	-	519,000,000
Net profit for the year	-	-	-	-	127,939,899,318	127,939,899,318
Dividends declared	-	-	-	-	(43,750,000,000)	(43,750,000,000)
Ending balance	108,024,690,000	35,549,217,650	(82,850,613,400)	400,000,000	273,635,822,236	334,759,116,486

(*) During the year, the Company has re-issued 51,900 treasury shares under employee stock ownership plan in accordance with the Extraordinary Shareholders' Resolution No. 10/2014/NQ-DHDCD/DGW dated 15 October 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

as at and for the year ended 31 December 2015

17. OWNERS' EQUITY (continued)

17.1 Movement in owners' equity (continued)

VND

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Current year						
Beginning balance	108,024,690,000	35,549,217,650	(82,850,613,400)	400,000,000	273,635,822,236	334,759,116,486
Re-issuance of treasury shares (*)	-	117,068,723,766	76,577,676,234	-	-	193,646,400,000
Issuance of bonus shares (**)	127,812,000,000	-	-	-	(127,812,000,000)	-
Dividends paid by issuance of shares (***)	70,296,600,000	-	-	-	(70,296,600,000)	-
Dividends paid	-	-	-	-	(23,432,200,000)	(23,432,200,000)
Net profit for the year	-	-	-	-	103,570,937,437	103,570,937,437
Ending balance	306,133,290,000	152,617,941,416	(6,272,937,166)	400,000,000	155,665,959,673	608,544,253,923

(*) On 20 April 2015, the Company re-issued 1,793,000 treasury shares at value of VND 110,000 per share to the investors and 56,100 treasury shares at par value of VND 10,000 per share to the employees under employee stock ownership plan in accordance with Extraordinary Shareholders' Resolution No. 10/2014/NQ-DHDCD/DGW date 15 October 2014.

(**) On 25 May 2015, according to Extraordinary Shareholders' Resolution No. 10/2014/NQ-DHDCD/DGW dated 15 October 2014 and the Board of Directors' Resolution No. 18-2014/NQ-HDQT dated 7 November 2014, the Company issued 12,781,200 bonus shares with the value of VND 127,812,000,000 to its existing shareholders at the ratio of 10:12 (12 new share for every 10 shares held) which was sourced from undistributed earnings. On 12 June 2015, the Company received the amended BRC (16th amendment) issued by the Department of Planning and Investment of Ho Chi Minh City approving the increase in the Company's share capital to VND 235,836,690,000.

(***) On 20 October 2015, according to Resolution of Annual Shareholders Meeting 2015 No. 02/05-2015/HDCD-DGW dated 22 May 2015 and the Board of Directors' Resolution No. 02/09-2015/HDQT-DGW dated 16 September 2015, the Company issued 7,029,660 ordinary shares to pay dividends to existing shareholders at the ratio of 10:3 (3 new share for every 10 shares held). On 2 November 2015, the Company received the amended BRC (17th amendment) issued by the Department of Planning and Investment of Ho Chi Minh City approving the increase in the Company's share capital to VND 306,133,290,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

17. OWNERS' EQUITY (continued)

17.2 Details of contributed share capital:

	Ending balance		Beginning balance	
	VND	%	VND	%
Created Future Co., Ltd	114,400,000,000	37.56	50,000,000,000	56.81
PYN Fund Management Ltd	30,626,310,000	10.05	-	0.00
Mrs Dang Kien Phuong	17,327,050,000	5.69	5,896,000,000	6.70
Mr Doan Anh Quan	14,071,200,000	4.62	4,920,000,000	5.59
Mr Doan Hong Viet	13,977,730,000	4.59	4,631,000,000	5.26
Mrs To Hong Trang	10,586,290,000	3.48	3,659,000,000	4.16
Others	103,630,020,000	34.01	18,913,000,000	21.48
Treasury shares	1,514,690,000		20,005,690,000	
TOTAL	306,133,290,000	100.00	108,024,690,000	100.00

17.3 Dividends

			Current year	Previous year
Dividends paid during the year				
<i>Dividends on ordinary shares</i>				
Dividends paid by issuance of shares			70,296,600,000	-
Dividends paid by cash			14,632,200,000	43,750,000,000
Dividends declared after closing date of reporting period and not yet recognized as liability as at 31 December 2015				
<i>Dividends on ordinary shares</i>			45,692,790,000	-

17.4 Shares

	Number of shares	
	Ending balance	Beginning balance
Authorised shares	30,613,329	10,802,469
Issued and fully paid shares	30,613,329	10,802,469
<i>Ordinary shares</i>	<i>30,613,329</i>	<i>10,802,469</i>
Treasury shares	-151,469	(2,000,569)
<i>Ordinary shares</i>	<i>-151,469</i>	<i>(2,000,569)</i>
Shares in circulation	30,461,860	8,801,900
<i>Ordinary shares</i>	<i>30,461,860</i>	<i>8,801,900</i>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

18. REVENUES

18.1 Revenue from sale of goods and rendering of services

VND

	<i>Current year</i>	<i>Previous year</i>
Gross revenue:	4,246,389,580,916	4,956,069,869,743
<i>In which:</i>		
Sale of goods	4,225,296,647,274	4,930,911,950,135
Rendering of services	21,092,933,642	25,157,919,608
Less:	(43,033,836,352)	(79,505,130,468)
Sales returns	(36,005,539,829)	(72,543,208,632)
Trade discounts	(7,028,296,523)	(6,961,921,836)
NET REVENUE	4,203,355,744,564	4,876,564,739,275
<i>In which:</i>		
Sale of goods	4,182,262,810,922	4,851,406,819,667
Rendering of services	21,092,933,642	25,157,919,608

18.2 Finance income

VND

	<i>Current year</i>	<i>Previous year</i>
Foreign exchange gains	9,600,967,512	3,030,388,598
Payment discounts	3,880,010,046	2,519,275,328
Interest income	423,098,929	3,133,256,841
Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency	209,967,963	334,685,327
Gains from investments in marketable securities	-	1,720,298,130
TỔNG CỘNG	14,114,044,450	10,737,904,224

19. COST OF GOODS SOLD AND SERVICES RENDERED

VND

	<i>Current year</i>	<i>Previous year</i>
Cost of goods sold	3,922,406,143,877	4,564,808,267,332
Cost of services rendered	16,483,211,693	24,412,359,893
TOTAL	3,938,889,355,570	4,589,220,627,225

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

20. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Selling expenses	64,316,707,240	67,229,317,088
Labour costs	36,612,092,495	25,762,285,775
Expenses of external services	14,468,311,047	14,146,381,170
Others	13,236,303,698	27,320,650,143
General and administrative expenses	45,438,871,817	38,939,839,997
Labour costs	23,179,698,990	18,111,037,481
Expenses of external services	9,512,643,184	7,900,086,520
Others	12,746,529,643	12,928,715,996
TOTAL	109,755,579,057	106,169,157,085

21. FINANCE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
<i>Interest expense</i>	23,133,793,052	25,117,089,462
Foreign exchange losses	10,366,817,004	3,163,475,470
Payment discounts	6,704,328,012	14,373,451,235
Others	-	18,191,619
TOTAL	40,204,938,068	42,672,207,786

22. OTHER INCOME AND EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Other income	6,038,138,573	19,820,408,517
Supporting income from suppliers	3,543,439,135	13,213,406,790
Compensation from insurance	-	6,407,118,290
Others	2,494,699,438	199,883,437
Other expenses	(1,302,852,583)	(1,128,063,456)
NET OTHER PROFIT	4,735,285,990	18,692,345,061

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

23. OPERATING COSTS

	VND	
	<i>Current year</i>	<i>Previous year</i>
Cost of goods	3,947,691,544,180	4,592,122,284,721
Labour costs	59,872,524,635	31,910,685,821
Expenses of external services	23,722,740,756	56,021,182,157
Depreciation and amortisation (Notes 10 and 11)	3,251,675,859	2,954,082,262
Others	15,117,693,665	67,409,697,352
TOTAL	4,049,656,179,095	4,750,417,932,313

24. CORPORATE INCOME TAX

The Group has the obligation to pay corporate income tax ("CIT") at the rate of 22% of taxable profits.

The tax returns filed by Group are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

The current tax payable is based on taxable profit for the year. Taxable profit of the Group for the year differs from accounting profit as reported in the 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 balance sheet date.

A reconciliation between the accounting profit before tax and taxable profit is presented below:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Accounting profit before tax	133,355,202,309	167,932,996,464
<i>Adjustment:</i>		
Revenue taxed in prior year	(3,543,439,135)	-
Non-deductible expenses	1,781,749,726	13,853,808,747
Loss of subsidiaries	252,315,451	-
Estimated current taxable profit	131,845,828,351	181,786,805,211
Estimated current CIT	29,004,585,535	39,993,097,146
Adjustment for CIT under accrual from prior year	779,679,337	-
Estimated current CIT expense	29,784,264,872	39,993,097,146
CIT payable at beginning of year	11,881,823,497	12,341,138,260
CIT paid during the year	(36,205,763,301)	(40,452,411,909)
CIT payable at end of year	5,460,325,068	11,881,823,497

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

25. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties during the year were as follows:

VND

Related parties	Relationship	Transactions	Current year	Previous year
Created Future Co., Ltd	Investor	Purchase of goods	182,150,427,205	-
Mr Doan Hong Viet	General Director	Advances	-	69,708,296,908
		Interest income	-	1,004,580,429
		Interest expense	-	691,200,000
Mr Doan Anh Quan	Member of the Board of Directors	Advances	-	1,643,862,654
		income	-	338,101,654
Mrs Dang Kien Phuong	Member of the Board of Directors	Borrowing	-	2,273,605,400

Amounts due from and due to related parties at the balance sheet date were as follows:

VND

Related parties	Relationship	Transactions	Ending balance	Beginning balance
Other short-term receivable				
Mr Doan Anh Quan	Member of the Board of Directors	Advance	-	301,933,333
Other short-term payable				
Created Future Co., Ltd	Investor	Dividends payable	8,800,000,000	-

Remuneration of management and Board of Directors and Board of Supervision are as follows:

VND

			Current year	Previous year
Salary and bonus			3,664,331,904	4,214,936,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

26. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Group (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) 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.

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	103,570,937,437	127,939,899,318
Weighted average number of ordinary shares (*)	29,263,216	25,049,987
Basic and diluted earnings per share (VND)	3,539	5,107

(*)The weighted average number of ordinary shares for the previous year has been retrospectively adjusted for the issuance of ordinary shares to its existing shareholders in May and October 2015.

There have been no dilutive potential ordinary shares during the year and up to the date of these consolidated financial statements.

27. COMMITMENTS

The Group leases office premises under operating lease arrangements. The minimum lease commitments as at the balance sheet date under the operating lease agreements is as follows:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	3,157,929,876	4,711,758,598
From 1 to 5 years	3,744,000,000	2,663,541,918
TOTAL	6,901,929,876	7,375,300,516

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2015

28. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain corresponding figures on the consolidated financial statements for the year ended 31 December 2014 have been reclassified to reflect the presentation of the current year's consolidated financial statements in accordance with Circular 200. Details are as follows:

VND

	Beginning balance (previously presented)	Reclassifications	Beginning balance (reclassified)
BALANCE SHEET			
Other short-term receivables	594,055,451	6,511,702,758	7,105,758,209
Shortage of assets waiting for resolution	-	4,305,726	4,305,726
Other current assets	6,516,008,484	(6,516,008,484)	-
Other long-term receivables	-	1,704,580,480	1,704,580,480
Other long-term assets	1,704,580,480	(1,704,580,480)	-

VND

	Previous year (previously presented)	Reclassifications	Previous year (reclassified)
CASHFLOW STATEMENT			
Increase in receivables	(61,136,189,611)	(574,029,740)	(61,710,219,351)
Increase in payables	87,304,003,501	4,294,072,264	91,598,075,765
Other cash inflows from operating activities	4,294,072,264	(4,294,072,264)	-
Other cash outflows from operating activities	(574,029,740)	574,029,740	-

29. EVENTS AFTER THE BALANCE SHEET DATE

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



Vu Thi Mai Han
Preparer



Vo Xuan Huy
Chief Accountant



Doan Hong Viet
General Director

21 March 2016