



**Tran Anh Digital World Joint Stock
Company**

Financial Statements for the year ended
31 December 2014



**Tran Anh Digital World Joint Stock Company (“the Company”)
Corporate Information**

Business Registration

| | | |
|------------------------|--------------------------------------|------------------|
| Certificate No. | 0102004703 | 11 March 2002 |
| | 0102004703, 1st revision | 27 October 2003 |
| | 0102004703, 2 nd revision | 27 February 2006 |
| | 0102004703, 3 rd revision | 03 August 2007 |
| | 0103018927 | 08 August 2007 |
| | 0103018927, 1 st revision | 20 August 2009 |
| | 0103018927, 2 nd revision | 23 October 2009 |
| | 0101217009, 3 rd revision | 25 May 2010 |
| | 0101217009, 4 th revision | 21 June 2010 |

Enterprise Registration

| | | |
|------------------------|---------------------------------------|-------------------|
| Certificate No. | 0101217009, 5 th revision | 04 November 2010 |
| | 0101217009, 6 th revision | 04 March 2011 |
| | 0101217009, 7 th revision | 16 March 2011 |
| | 0101217009, 8 th revision | 21 June 2011 |
| | 0101217009, 9 th revision | 7 November 2011 |
| | 0101217009, 10 th revision | 03 May 2012 |
| | 0101217009, 11 th revision | 01 August 2012 |
| | 0101217009, 12 th revision | 11 April 2013 |
| | 0101217009, 13 th revision | 30 May 2013 |
| | 0101217009, 14 th revision | 13 September 2013 |
| | 0101217009, 15 th revision | 15 November 2013 |
| | 0101217009, 16 th revision | 24 January 2014 |
| | 0101217009, 17 th revision | 11 March 2014 |
| | 0101217009, 18 th revision | 20 May 2014 |
| | 0101217009, 19 th revision | 15 July 2014 |
| | 0101217009, 20 th revision | 18 August 2014 |
| | 0101217009, 21 st revision | 3 September 2014 |
| | 0101217009, 22 nd revision | 14 October 2014 |
| | 0101217009, 23 rd revision | 29 October 2014 |
| | 0101217009, 24 th revision | 26 November 2014 |
| | 0101217009, 25 th revision | 18 December 2014 |
| | 0101217009, 26 th revision | 8 January 2015 |

The above Registration Certificate and updates were issued by Hanoi Planning and Investment Department.

**Tran Anh Digital World Joint Stock Company
Corporate Information (continued)**

| | | |
|----------------------------|---|---|
| Board of Management | Tran Xuan Kien Do Thi Thu Huong Srisant Chitvaranund Nghiem Xuan Thang Do Thi Kim Lien Hoang Anh Tuan Bui Xuan Hung Nukumori Hajime Kanetaka Hideki | Chairman Member Member Member Member Member Member Member <i>(from 27 June 2014)</i> Member <i>(until 27 June 2014)</i> |
| Board of Directors | Tran Xuan Kien Do Thi Thu Huong Nghiem Xuan Thang Nguyen Tin Nhiem | General Director Deputy General Director Deputy General Director Deputy General Director |
| Registered Office | 1174 Lang Street, Lang Thuong Ward Dong Da District Hanoi, Vietnam | |

Tran Anh Digital World Joint Stock Company
Corporate Information (continued)

Branches

Ninh Binh Branch
1 Le Hong Phong Street, Van Giang Ward
Ninh Binh City
Ninh Binh Province, Vietnam

Nam Dinh Branch
107 Highway No. 10, Loc Hoa Commune
Nam Dinh City
Nam Dinh Province, Vietnam

Bac Ninh Branch
33 Ly Thai To Street, Ninh Xa Ward
Bac Ninh City
Bac Ninh Province, Vietnam

Phu Tho Branch
1606A Hung Vuong Street, Gia Cam Ward
Viet Tri City
Phu Tho Province, Vietnam

Nghe An Branch
343 Le Duan Street, Trung Do Ward
Vinh City
Nghe An Province, Vietnam

Hai Duong Branch
Area 15, Nguyen Luong Bang Street, Pham Ngu Lao Ward
Hai Duong City
Hai Duong Province, Vietnam

Hai Phong Branch
279 Tran Nguyen Han Street, Nghia Xa Ward
Le Chan District
Hai Phong City, Vietnam

Bac Giang Branch
1 Hung Vuong Street, Hoang Van Thu Ward
Bac Giang City
Bac Giang Province, Vietnam

Auditors

KPMG Limited
Vietnam

**Tran Anh Digital World Joint Stock Company (“the Company”)
Statement of the Board of Directors**

Statement of the Board of Directors’ responsibility in respect of the financial statements

The Board of Directors is responsible for the financial statements, as set out on pages 7 to 34, which give a true and fair view of the financial position of the Company, its results of operations and its cash flows for the year ended 31 December 2014. In preparing the financial statements, the Board of Directors is required to:

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

The Board of Directors is also responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the Vietnamese Accounting System for enterprises. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms with the Board of Management and shareholders of the Company that they have complied with the above requirements in preparing the financial statements.

Approval of the financial statements

We hereby approve the accompanying financial statements. These financial statements give a true and fair view of the financial position of the Company as at 31 December 2014 and the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Directors



Tran Xuan Kien
General Director

Hanoi, 10 MAR 2015



KPMG Limited

46th Floor, Keangnam Hanoi Landmark Tower
72-Storey Building, Plot E6, Pham Hung Street
Me Tri, Tu Liem, Hanoi City
The Socialist Republic of Vietnam

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Internet www.kpmg.com.vn

INDEPENDENT AUDITORS' REPORT

To the Shareholders Tran Anh Digital World Joint Stock Company

We have audited the accompanying financial statements of Tran Anh Digital World Joint Stock Company ("the Company"), which comprise the balance sheet as at 31 December 2014, the statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 10 MAR 2015, as set out on pages 7 to 34.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

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

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

Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Tran Anh Digital World Joint Stock Company as at 31 December 2014 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited

Vietnam

Investment Certificate No. 011043000345

Audit Report No. 13-02-075-2014



Wang Toon Kim

Practicing Auditor Registration

Certificate No. 0557-2013-007-1

Deputy General Director

Hanoi, 10 MAR 2015

Nguyen Minh Hieu

Practicing Auditor Registration

Certificate No. 1572-2013-007-1

Tran Anh Digital World Joint Stock Company
Balance sheet as at 31 December 2014

Form B 01 – DN

| | Code | Note | 31/12/2014 VND | 31/12/2013 VND |
|---|------------|----------|------------------------|------------------------|
| ASSETS | | | | |
| Current assets (100 = 110 + 120 + 130 + 140 + 150) | 100 | | 547,942,002,583 | 436,930,225,148 |
| Cash and cash equivalents | 110 | 4 | 28,322,516,688 | 70,020,382,751 |
| Cash | 111 | | 24,322,516,688 | 26,680,685,984 |
| Cash equivalents | 112 | | 4,000,000,000 | 43,339,696,767 |
| Short-term investments | 120 | 5 | 19,530,666,666 | 11,000,000,000 |
| Short-term investments | 121 | | 19,530,666,666 | 11,000,000,000 |
| Accounts receivable – short-term | 130 | | 12,933,223,225 | 15,634,446,213 |
| Accounts receivable – trade | 131 | | 5,001,527,866 | 9,470,045,810 |
| Prepayments to suppliers | 132 | | 7,931,695,359 | 4,939,400,403 |
| Other receivables | 135 | | - | 2,450,000,000 |
| Allowance for doubtful debts | 139 | | - | (1,225,000,000) |
| Inventories | 140 | 6 | 413,150,595,489 | 248,650,296,131 |
| Inventories | 141 | | 417,377,629,276 | 251,877,329,918 |
| Allowance for inventories | 149 | | (4,227,033,787) | (3,227,033,787) |
| Other current assets | 150 | | 74,005,000,515 | 91,625,100,053 |
| Short-term prepayments | 151 | 7 | 15,926,574,347 | 18,568,636,821 |
| Deductible value added tax | 152 | | 32,640,784,823 | 18,104,880,659 |
| Taxes and other receivables from State Treasury | 154 | | 2,636,551,905 | 3,426,757,538 |
| Other current assets | 158 | 8 | 22,801,089,440 | 51,524,825,035 |
| Long-term assets (200 = 220 + 260) | 200 | | 119,990,914,912 | 94,584,547,444 |
| Fixed assets | 220 | | 50,352,159,515 | 29,551,417,226 |
| Tangible fixed assets | 221 | 9 | 34,723,303,462 | 18,374,940,878 |
| Cost | 222 | | 49,593,883,366 | 28,204,748,720 |
| Accumulated depreciation | 223 | | (14,870,579,904) | (9,829,807,842) |
| Intangible fixed assets | 227 | 10 | 2,402,698,347 | - |
| Cost | 228 | | 3,937,215,598 | 848,032,010 |
| Accumulated amortisation | 229 | | (1,534,517,251) | (848,032,010) |
| Construction in progress | 230 | 11 | 13,226,157,706 | 11,176,476,348 |
| Other long-term assets | 260 | | 69,638,755,397 | 65,033,130,218 |
| Long-term prepayments | 261 | 12 | 17,589,947,632 | 11,146,125,906 |
| Other long-term assets | 268 | 13 | 52,048,807,765 | 53,887,004,312 |
| TOTAL ASSETS (270 = 100 + 200) | 270 | | 667,932,917,495 | 531,514,772,592 |

The accompanying notes are an integral part of these financial statements

Tran Anh Digital World Joint Stock Company
Balance sheet as at 31 December 2014 (continued)

Form B 01 – DN

| | Code | Note | 31/12/2014 VND | 31/12/2013 VND |
|--|------------|-----------|------------------------|------------------------|
| RESOURCES | | | | |
| LIABILITIES (300 = 310) | 300 | | 394,949,872,705 | 242,472,885,818 |
| Current liabilities | 310 | | 394,949,872,705 | 242,472,885,818 |
| Short-term borrowings | 311 | 14 | 124,379,123,279 | 54,222,169,181 |
| Accounts payable – trade | 312 | | 223,897,274,910 | 167,228,535,821 |
| Advances from customers | 313 | | 4,684,882,322 | 4,267,496,376 |
| Taxes payable to State Treasury | 314 | | 5,296,000 | 6,100,000 |
| Payables to employees | 315 | | 8,979,642,679 | 9,089,831,221 |
| Accrued expenses | 316 | | 11,653,394,497 | 4,270,721,126 |
| Other payables | 319 | 15 | 21,274,630,407 | 2,034,733,758 |
| Bonus and welfare funds | 323 | 16 | 75,628,611 | 1,353,298,335 |
| EQUITY (400 = 410) | 400 | | 272,983,044,790 | 289,041,886,774 |
| Owners' equity | 410 | 17 | 272,983,044,790 | 289,041,886,774 |
| Share capital | 411 | 18 | 178,584,370,000 | 130,515,960,000 |
| Capital surplus | 412 | | 77,861,617,144 | 102,094,299,657 |
| Treasury shares | 414 | | (2,183,755,096) | (2,113,755,096) |
| Investment and development fund | 417 | 20 | 424,368,000 | 424,368,000 |
| Financial reserve | 418 | 20 | 9,658,562,218 | 9,658,562,218 |
| Retained profits | 420 | | 8,637,882,524 | 48,462,451,995 |
| TOTAL RESOURCES (440 = 300 + 400) | 440 | | 667,932,917,495 | 531,514,772,592 |

OFF BALANCE SHEET ITEMS

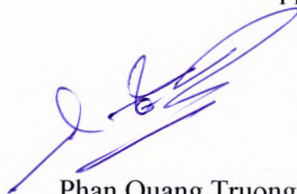
| | 31/12/2014 | 31/12/2013 |
|------------------------|------------|------------|
| Foreign currency (USD) | 1,315 | 27,445 |

Prepared by:



Do Ngoc Anh
Deputy Head of Accounting Department

Approved by:



Phan Quang Trung
Chief Accountant



Tran Xuan Kien
General Director

10 MAR 2015

The accompanying notes are an integral part of these financial statements

Tran Anh Digital World Joint Stock Company
Statement of income for the year ended 31 December 2014

Form B 02 – DN

| | Code | Note | 2014 VND | 2013 VND |
|--|-----------|-----------|--------------------------|--------------------------|
| Total revenue | 01 | 21 | 2,447,549,197,777 | 1,893,732,592,710 |
| Less revenue deductions | 02 | 21 | 32,563,194,215 | 26,681,449,730 |
| Net revenue (10 = 01 - 02) | 10 | 21 | 2,414,986,003,562 | 1,867,051,142,980 |
| Cost of sales | 11 | | 2,170,654,909,064 | 1,692,097,145,074 |
| Gross profit (20 = 10 - 11) | 20 | | 244,331,094,498 | 174,953,997,906 |
| Financial income | 21 | 22 | 4,180,777,610 | 6,038,582,733 |
| Financial expenses | 22 | | 1,721,894,307 | 369,035,200 |
| <i>In which: Interest expense</i> | 23 | | 1,721,894,307 | 369,035,200 |
| Selling expenses | 24 | | 216,282,045,179 | 162,235,935,054 |
| General and administration expenses | 25 | | 23,005,085,155 | 21,767,796,421 |
| Net operating profit/(loss) {30 = 20 + (21 - 22) - (24 + 25)} | 30 | | 7,502,847,467 | (3,380,186,036) |
| Other income | 31 | | 1,500,543,908 | 8,706,648,049 |
| Other expenses | 32 | | 3,945,184,220 | 3,444,388,457 |
| Results of other activities (40 = 31 - 32) | 40 | | (2,444,640,312) | 5,262,259,592 |
| Profit before tax (50 = 30 + 40) | 50 | | 5,058,207,155 | 1,882,073,556 |
| Income tax expense – current | 51 | 23 | 1,117,555,626 | 567,515,015 |
| Net profit after tax (60 = 50 - 51) | 60 | | 3,940,651,529 | 1,314,558,541 |
| Earnings per share | | 24 | | Restated |
| Basic earnings per share | 70 | | 222 | 79 |

Prepared by:



Do Ngoc Anh
Deputy Head of Accounting Department

Approved by:



Phan Quang Truong
Chief Accountant



Tran Xuan Kien
General Director

10 MAR 2015

The accompanying notes are an integral part of these financial statements

Tran Anh Digital World Joint Stock Company
Statement of cash flows for the year ended 31 December 2014
(Direct method)

Form B 03 – DN

| | Code | Note | 2014 VND | 2013 VND |
|---|-----------|------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | 01 | | 2,644,453,471,933 | 2,056,000,680,712 |
| Cash paid to suppliers | 02 | | (2,654,346,407,940) | (2,089,809,741,974) |
| Cash paid to employees | 03 | | (82,043,800,645) | (62,078,772,974) |
| Interest paid | 04 | | (1,849,698,515) | (206,029,970) |
| Income tax paid | 05 | | (327,349,993) | (5,988,763,553) |
| Other cash receipts | 06 | | 21,771,079,953 | 3,487,020,025 |
| Other cash payments | 07 | | (28,129,808,992) | (16,128,857,312) |
| Net cash flows from operating activities | 20 | | (100,472,514,199) | (114,724,465,046) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for additions to fixed assets and other long-term assets | 21 | | (36,002,545,941) | (32,617,835,087) |
| Proceeds from disposals of fixed assets and other long-term assets | 22 | | 800,000,000 | - |
| Placement of cash into time deposit with maturity more than 90 days | 23 | | (24,030,666,666) | (97,891,802,208) |
| Withdrawal from time deposit with maturity more than 90 days | 24 | | 15,500,000,000 | 183,521,689,600 |
| Interest received | 27 | | 2,372,139,698 | 6,798,569,167 |
| Net cash flows from investing activities | 30 | | (41,361,072,909) | 59,810,621,472 |

The accompanying notes are an integral part of these financial statements

Tran Anh Digital World Joint Stock Company
Statement of cash flows for the year ended 31 December 2014
(Direct method – continued)

Form B 03 – DN

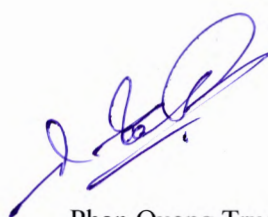
| | Code | Note | 2014 VND | 2013 VND |
|--|-----------|----------|-------------------------|-----------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from treasury shares sold | 31 | | 30,048,766,947 | 32,655,131,160 |
| Payments for treasury shares repurchased | 32 | | (70,000,000) | (20,707,294,420) |
| Proceeds from short-term borrowings | 33 | | 278,851,104,627 | 101,709,896,717 |
| Payments to settle loan principals | 34 | | (208,694,150,529) | (47,487,727,536) |
| Net cash flows from financing activities | 40 | | 100,135,721,045 | 66,170,005,921 |
| Net cash flows during the year (50 = 20 + 30 + 40) | 50 | | (41,697,866,063) | 11,256,162,347 |
| Cash and cash equivalents at the beginning of the year | 60 | | 70,020,382,751 | 58,764,220,404 |
| Cash and cash equivalents at the end of the year (70 = 50 + 60) | 70 | 4 | 28,322,516,688 | 70,020,382,751 |

Prepared by:



Do Ngoc Anh
Deputy Head of Accounting Department

Approved by:



Phan Quang Truong
Chief Accountant



Tran Xuan Kien
General Director

10 MAR 2015

The accompanying notes are an integral part of these financial statements

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

1. Reporting entity

Tran Anh Digital World Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam. The principal activities of the Company are to trade and provide maintenance services for computer, electronic, household appliances and telecommunication equipment.

As at 31 December 2014, the Company had 1,655 employees (31/12/2013: 1,116 employees).

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting currency

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

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

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

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

(b) Cash and cash equivalents

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

(c) Investments

Investments are stated at cost. An allowance is made for reductions in investment values if market value of the investment falls below cost or if the investee has suffered a loss. The allowance is reversed if the recoverable amount is subsequently increased after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(d) Accounts receivable

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

(e) Inventories

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

The Company applies the perpetual method of accounting for inventories.

(f) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

| | |
|---------------------------|--------------|
| ▪ building and structures | 5 - 10 years |
| ▪ store renovation | 3 years |
| ▪ motor vehicles | 6 - 8 years |
| ▪ office equipment | 3 years |

(g) Intangible fixed assets

Software

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

(h) Construction in progress

Construction in progress represents the costs of construction and equipment which have not been fully constructed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(i) Long-term prepayments

Tools and instruments

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets. Cost of tools and instruments are amortised on a straight-line basis over two years.

(j) Trade and other payables

Trade and other payables are stated at their cost.

(k) Provisions

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

(l) Classification of financial instruments

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

(i) *Financial assets*

Financial assets at fair value through profit or loss

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

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

Held-to-maturity investments

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

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

Loans and receivables

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

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

Available-for-sale financial assets

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

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

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities carried at amortised cost

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

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

(m) Taxation

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

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

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

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

(n) Revenue and other incomes

(i) Goods sold

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

(ii) Interest income

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

(o) Operating lease payments

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

(p) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

(q) Earnings per share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(r) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Management is of the opinion that the Company operates in one single business segment, which is the trade and provision of maintenance services for computer, electronic, household appliances and telecommunication equipment, and one single geographical segment, which is Vietnam.

(s) Related parties

Related parties include individuals who directly or indirectly have significant influence over the Company, key management personnel, their close family members and their subsidiaries and associates.

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the year ended 31 December 2014 (continued)

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4. Cash and cash equivalents

| | 31/12/2014 | 31/12/2013 |
|------------------|-------------------|-------------------|
| | VND | VND |
| Cash on hand | 8,535,567,915 | 5,918,769,931 |
| Cash in banks | 13,262,577,615 | 16,912,345,381 |
| Cash in transit | 2,524,371,158 | 3,849,570,672 |
| Cash equivalents | 4,000,000,000 | 43,339,696,767 |
| | <hr/> | <hr/> |
| | 28,322,516,688 | 70,020,382,751 |
| | <hr/> | <hr/> |

Cash equivalents at 31 December 2014 is subject to restriction in use according to secure terms for bank borrowings (Note 14) and guarantee terms with suppliers of the Company (31/12/2013: VND32,196 million).

5. Short-term investments

Short-term investments represented short-term deposits placed at banks with terms from 90 days to 365 days. Short-term investments at 31 December 2014 of VND13,500 million is subject to restriction in use according to guarantee terms with suppliers of the Company (31/12/2013: VND11,000 million).

6. Inventories

| | 31/12/2014 | 31/12/2013 |
|---------------------------|-------------------|-------------------|
| | VND | VND |
| Tools and supplies | 468,766,121 | 545,298,808 |
| Finished goods | 2,880,763,461 | 1,766,850,899 |
| Merchandise inventories | 414,028,099,694 | 249,565,180,211 |
| | <hr/> | <hr/> |
| | 417,377,629,276 | 251,877,329,918 |
| Allowance for inventories | (4,227,033,787) | (3,227,033,787) |
| | <hr/> | <hr/> |
| | 413,150,595,489 | 248,650,296,131 |
| | <hr/> | <hr/> |

Included in inventories at 31 December 2014 was VND76,792 million (31/12/2013: VND24,305 million) of finished goods and merchandise inventories carried at net realisable value.

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the year ended 31 December 2014 (continued)

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7. Short-term prepayments

| | 31/12/2014 | 31/12/2013 |
|--------------------|-------------------|-------------------|
| | VND | VND |
| Store rental | 13,041,294,425 | 13,697,945,713 |
| Tools and supplies | 904,239,460 | 3,081,737,302 |
| Others | 1,981,040,462 | 1,788,953,806 |
| | <hr/> | <hr/> |
| | 15,926,574,347 | 18,568,636,821 |
| | <hr/> <hr/> | <hr/> <hr/> |

8. Other current assets

| | 31/12/2014 | 31/12/2013 |
|--|-------------------|-------------------|
| | VND | VND |
| Sales of treasury shares | - | 32,196,339,460 |
| Receivable from suppliers for sale support | 19,018,590,799 | 10,547,594,911 |
| Penalty by other entity | - | 7,700,557,358 |
| Others | 3,782,498,641 | 1,080,333,306 |
| | <hr/> | <hr/> |
| | 22,801,089,440 | 51,524,825,035 |
| | <hr/> <hr/> | <hr/> <hr/> |

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the year ended 31 December 2014 (continued)

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9. Tangible fixed assets

| | Buildings and structures VND | Store renovation VND | Motor vehicles VND | Office equipment VND | Total VND |
|--|---|-------------------------------------|-----------------------------------|-------------------------------------|----------------------|
| Cost | | | | | |
| Opening balance | 8,872,402,701 | 3,367,156,179 | 6,180,661,353 | 9,784,528,487 | 28,204,748,720 |
| Additions | 685,948,182 | 573,636,363 | 3,894,883,636 | 1,675,888,683 | 6,830,356,864 |
| Transfer from construction in progress | 8,838,030,799 | 713,691,834 | 3,601,132,727 | 7,607,510,049 | 20,760,365,409 |
| Disposals | (2,296,156,621) | (286,017,008) | - | (2,000,207,146) | (4,582,380,775) |
| Written off | - | (1,516,776,752) | - | (102,430,100) | (1,619,206,852) |
| Closing balance | 16,100,225,061 | 2,851,690,616 | 13,676,677,716 | 16,965,289,973 | 49,593,883,366 |
| Accumulated depreciation | | | | | |
| Opening balance | 1,376,672,219 | 2,821,414,099 | 2,224,830,445 | 3,406,891,079 | 9,829,807,842 |
| Charge for the year | 3,097,569,222 | 488,982,228 | 1,158,507,830 | 3,279,290,494 | 8,024,349,774 |
| Disposals | (637,821,288) | (240,869,523) | - | (485,680,049) | (1,364,370,860) |
| Written off | - | (1,516,776,752) | - | (102,430,100) | (1,619,206,852) |
| Closing balance | 3,836,420,153 | 1,552,750,052 | 3,383,338,275 | 6,098,071,424 | 14,870,579,904 |
| Net book value | | | | | |
| Opening balance | 7,495,730,482 | 545,742,080 | 3,955,830,908 | 6,377,637,408 | 18,374,940,878 |
| Closing balance | 12,263,804,908 | 1,298,940,564 | 10,293,339,441 | 10,867,218,549 | 34,723,303,462 |

Included in tangible fixed assets were assets costing VND3,209 million which were fully depreciated as at 31 December 2014 (31/12/2013: VND3,485 million), but which are still in active use.

10. Intangible fixed assets

| | Software VND |
|--|-------------------------|
| Cost | |
| Opening balance | 848,032,010 |
| Transfer from construction in progress | 3,089,183,588 |
| | <hr/> |
| Closing balance | 3,937,215,598 |
| | <hr/> |
| Accumulated amortisation | |
| Opening balance | 848,032,010 |
| Charge for the year | 686,485,241 |
| | <hr/> |
| Closing balance | 1,534,517,251 |
| | <hr/> |
| Net book value | |
| Opening balance | - |
| Closing balance | 2,402,698,347 |
| | <hr/> <hr/> |

Included in intangible fixed assets were assets costing VND848 million which were fully depreciated as at 31 December 2014 (31/12/2013: VND848 million), but which are still in use.

11. Construction in progress

| | 2014 VND | 2013 VND |
|-------------------------------------|---------------------|---------------------|
| Opening balance | 11,176,476,348 | 4,402,012,282 |
| Additions during the year | 30,782,884,938 | 30,301,526,424 |
| Transfer to tangible fixed assets | (20,760,365,409) | (10,365,806,731) |
| Transfer to intangible fixed assets | (3,089,183,588) | - |
| Transfer to long-term prepayments | (4,154,229,632) | (8,112,100,879) |
| Transfer to short-term prepayments | (519,424,951) | (5,010,784,931) |
| Written off | (210,000,000) | (38,369,817) |
| | <hr/> | <hr/> |
| Closing balance | 13,226,157,706 | 11,176,476,348 |
| | <hr/> <hr/> | <hr/> <hr/> |

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the year ended 31 December 2014 (continued)

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Balance of construction in progress at the year end comprised:

| | 31/12/2014 | 31/12/2013 |
|---------------------------|-------------------|-------------------|
| | VND | VND |
| Store renovation works | 10,538,756,123 | 4,983,787,794 |
| Software development cost | 978,894,000 | 3,489,183,588 |
| Others | 1,708,507,583 | 2,703,504,966 |
| | <hr/> | <hr/> |
| | 13,226,157,706 | 11,176,476,348 |
| | <hr/> | <hr/> |

12. Long-term prepayments

| | Tools and instruments VND | Prepaid expenses VND | Total VND |
|--|--|---------------------------------|----------------------|
| Opening balance | 7,924,369,560 | 3,221,756,346 | 11,146,125,906 |
| Additions | 13,246,929,484 | 599,356,040 | 13,846,285,524 |
| Transferred from construction in progress | 2,326,117,385 | 1,828,112,247 | 4,154,229,632 |
| Amortisation for the year | (8,080,818,839) | (3,033,939,039) | (11,114,757,878) |
| Written off | (38,744,479) | (403,191,073) | (441,935,552) |
| | <hr/> | <hr/> | <hr/> |
| Closing balance | 15,377,853,111 | 2,212,094,521 | 17,589,947,632 |
| | <hr/> | <hr/> | <hr/> |

13. Other long-term assets

At 31 December 2014, other long-term assets represented rental deposits for stores of the Company.

14. Short-term borrowings

| | 2014 | 2013 |
|-----------------------|-----------------|----------------|
| | VND | VND |
| Short-term borrowings | 124,379,123,279 | 54,222,169,181 |
| | <hr/> | <hr/> |

These represent short-term borrowings from banks with the interest rate of 4.8% - 6% per annum (2013: 6.3% - 7% per annum) and secured over term deposits (in cash equivalents) (Note 4).

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the year ended 31 December 2014 (continued)

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15. Other payables

| | 31/12/2014 | 31/12/2013 |
|------------------------------|-------------------|-------------------|
| | VND | VND |
| Dividend payable | 17,857,260,577 | 75,339,577 |
| Short-term deposits received | 3,123,336,000 | 1,272,483,024 |
| Others | 294,033,830 | 686,911,157 |
| | <hr/> | <hr/> |
| | 21,274,630,407 | 2,034,733,758 |
| | <hr/> | <hr/> |

16. Bonus and welfare fund

This fund is established by appropriating from retained profits as approved by shareholders at shareholders' meeting. This fund is used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies.

Movements of bonus and welfare fund during the year were as follows:

| | 2014 | 2013 |
|-----------------|-----------------|-----------------|
| | VND | VND |
| Opening balance | 1,353,298,335 | 2,028,216,238 |
| Appropriation | - | 1,571,348,186 |
| Utilisation | (1,277,669,724) | (2,246,266,089) |
| | <hr/> | <hr/> |
| Closing balance | 75,628,611 | 1,353,298,335 |
| | <hr/> | <hr/> |

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the year ended 31 December 2014 (continued)

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17. Changes in owners' equity

| | Share capital VND | Share premium VND | Treasury shares VND | Investment and development fund VND | Financial reserve VND | Retained profit VND | Total VND |
|---|----------------------|----------------------|------------------------|---|-----------------------------|---------------------------|------------------|
| Balance at 1 January 2013 | 123,990,160,000 | 68,613,164,001 | (6,250,995,640) | 424,368,000 | 8,087,214,032 | 50,290,589,826 | 245,154,500,219 |
| Shares issued | 6,525,800,000 | 25,629,331,160 | - | - | - | - | 32,155,131,160 |
| Net profit for the year | - | - | - | - | - | 1,314,558,541 | 1,314,558,541 |
| Appropriation to equity funds | - | - | - | - | 1,571,348,186 | (1,571,348,186) | - |
| Appropriation to bonus and welfare fund | - | - | - | - | - | (1,571,348,186) | (1,571,348,186) |
| Treasury shares repurchased during the year | - | - | (20,707,294,420) | - | - | - | (20,707,294,420) |
| Treasury shares sold during the year | - | 7,851,804,496 | 24,844,534,964 | - | - | - | 32,696,339,460 |
| Balance at 1 January 2014 | 130,515,960,000 | 102,094,299,657 | (2,113,755,096) | 424,368,000 | 9,658,562,218 | 48,462,451,995 | 289,041,886,774 |
| Net profit for the year | - | - | - | - | - | 3,940,651,529 | 3,940,651,529 |
| Bonus shares issued from capital surplus (Note 18) | 22,085,110,000 | (22,085,110,000) | - | - | - | - | - |
| Dividends distribution in the form of shares (Note 19) | 25,983,300,000 | - | - | - | - | (25,983,300,000) | - |
| Treasury shares repurchased during the year | - | - | (70,000,000) | - | - | - | (70,000,000) |
| Interim dividends | - | - | - | - | - | (17,781,921,000) | (17,781,921,000) |
| Transaction fees for issuance of shares | - | (2,147,572,513) | - | - | - | - | (2,147,572,513) |
| Balance at 31 December 2014 | 178,584,370,000 | 77,861,617,144 | (2,183,755,096) | 424,368,000 | 9,658,562,218 | 8,637,882,524 | 272,983,044,790 |

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the year ended 31 December 2014 (continued)

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18. Share capital

The Company's authorised and issued share capital are:

| | 31/12/2014 | | 31/12/2013 | |
|---------------------------------|------------------|-----------------|------------------|-----------------|
| | Number of shares | VND | Number of shares | VND |
| Authorised share capital | 17,858,437 | 178,584,370,000 | 13,051,596 | 130,515,960,000 |
| Issued share capital | | | | |
| Ordinary shares | 17,858,437 | 178,584,370,000 | 13,051,596 | 130,515,960,000 |
| | 17,858,437 | 178,584,370,000 | 13,051,596 | 130,515,960,000 |
| Treasury shares | | | | |
| Ordinary shares | (76,516) | (765,160,000) | (59,775) | (597,750,000) |
| | (76,516) | (765,160,000) | (59,775) | (597,750,000) |
| Shares in circulation | | | | |
| Ordinary shares | 17,781,921 | 177,819,210,000 | 12,991,821 | 129,918,210,000 |
| | 17,781,921 | 177,819,210,000 | 12,991,821 | 129,918,210,000 |

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

Movements in share capital during the year were as follows:

| | 2014 | | 2013 | |
|--|------------------|-----------------|------------------|-----------------|
| | Number of shares | VND | Number of shares | VND |
| Balance at the beginning of the year | 12,991,821 | 129,918,210,000 | 12,161,761 | 121,617,610,000 |
| Shares issued during the year | - | - | 652,580 | 6,525,800,000 |
| Treasury shares repurchased during the year | (7,000) | (70,000,000) | - | - |
| Bonus shares withdrawn during the year | (9,741) | (97,410,000) | (525,100) | (5,251,000,000) |
| Bonus shares issued during the year (*) | 2,208,511 | 22,085,110,000 | 702,580 | 7,025,800,000 |
| Dividends distribution in the form of shares during the year (Note 19) | 2,598,330 | 25,983,300,000 | - | - |
| Balance at the end of the year | 17,781,921 | 177,819,210,000 | 12,991,821 | 129,918,210,000 |

(*) During the year, the Company issued additional shares in order to increase share capital with the ratio of 10 to 1.7 using the capital surplus. This issuance was approved by shareholders of the Company during Shareholder's General Meeting on 27 February 2014.

19. Dividends

The Resolution No. 01/2014/NQ-DHDCD dated 27 February 2014 of the Company's Shareholders resolved to pay the dividends for 2012 in the form of shares with ratio of 10 to 2 from retained earnings.

The Resolution No. 03/2014/NQ-DHDCD dated 22 December 2014 of the Company's Shareholders resolved to pay interim dividends for 2014 equivalent to 10% of par value of shares from retained earnings.

20. Equity funds

(a) Investment and development fund

This fund was established for the purpose of future business expansion.

(b) Financial reserve

In accordance with the Company's Charter and the approval of the General Meeting of Shareholders, the Company may transfer up to 5% of its annual profit after tax to the reserve account until the reserve is equal to 10% of the Company's share capital.

21. Total revenue

Total revenue represents the gross value of goods sold exclusive of value added tax.

Net sales comprised:

| | 2014 VND | 2013 VND |
|-----------------------|---------------------------|---------------------------|
| Total revenue | | |
| ▪ Sales | 2,447,549,197,777 | 1,893,732,592,710 |
| Less sales deductions | | |
| ▪ Sales returns | (32,563,194,215) | (26,681,449,730) |
| Net sales | 2,414,986,003,562 | 1,867,051,142,980 |

22. Financial income

| | 2014 VND | 2013 VND |
|---------------------------------|---------------------------|---------------------------|
| Interest income from deposits | 2,513,698,225 | 6,038,582,733 |
| Realised foreign exchange gains | 1,667,079,385 | - |
| | 4,180,777,610 | 6,038,582,733 |

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the year ended 31 December 2014 (continued)

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23. Income tax

(a) Recognised in the statement of income

| | 2014 VND | 2013 VND |
|--------------------------------|---------------------------|---------------------------|
| Current tax expense | | |
| Current year | 1,117,555,626 | 527,322,655 |
| Under provision in prior years | - | 40,192,360 |
| | <hr/> 1,117,555,626 | <hr/> 567,515,015 |

(b) Reconciliation of effective tax rate

| | 2014 VND | 2013 VND |
|--------------------------------|---------------------------|---------------------------|
| Profit before tax | 5,058,207,155 | 1,882,073,556 |
| Tax at the Company's tax rate | 1,112,805,574 | 470,518,389 |
| Non-deductible expenses | 4,750,052 | 56,804,266 |
| Under provision in prior years | - | 40,192,360 |
| | <hr/> 1,117,555,626 | <hr/> 567,515,015 |

(c) Applicable tax rates

Under the terms of its Business Registration Certificate and prevailing tax regulations, the Company has an obligation to pay the government income tax at the rate of 22% of taxable profits (2013: 25%).

The income tax rate applicable to the Company is reduced from 25% to 22% for 2014 and 2015, and will be reduced to 20% from 2016.

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the year ended 31 December 2014 (continued)

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24. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2014 was based on the profit attributable to ordinary shareholders of VND3,940,651,529 (2013: VND1,314,558,541) and a weighted average number of ordinary shares outstanding of 17,787,003 (2013: 16,695,145 – as restated), calculated as follows:

(i) Net profit attributable to ordinary shareholders

| | 2014 VND | 2013 VND |
|--|---------------|---------------|
| Net profit for the year | 3,940,651,529 | 1,314,558,541 |
| Net profit attributable to ordinary shareholders | 3,940,651,529 | 1,314,558,541 |

(ii) Weighted average number of ordinary shares

| | 2014 | 2013 |
|---|------------|------------|
| Issued ordinary shares at the beginning of the year | 12,991,821 | 12,161,761 |
| Effect of new ordinary shares issued during the year | - | 41,121 |
| Effect of treasury shares reissued during the year | - | 26,316 |
| Effect of treasury shares repurchased during the year | (1,918) | (331,153) |
| Effect of bonus shares issued from capital surplus during the year | 2,208,511 | - |
| Effect of bonus shares issued for dividends distribution during the year | 2,598,330 | - |
| Effect of bonus shares withdrawn during the year | (9,741) | - |
| Weighted average number of ordinary shares for the year ended 31 December | 17,787,003 | 11,898,045 |

(iii) Restatement of weighted average number of ordinary shares for the year ended 31 December 2013

| | Weighted average number of ordinary shares | Earnings per share VND |
|---|--|------------------------------|
| As previously reported | 11,898,045 | 110 |
| Restatement as a result of bonus shares issued from capital surplus | 2,208,511 | (17) |
| Restatement as a result of bonus shares issued for dividends distribution | 2,598,330 | (14) |
| Restatement as a result of bonus shares withdrawn during the year | (9,741) | - |
| As restated | 16,695,145 | 79 |

25. Financial instruments

(a) Financial risk management

(i) Overview

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

- credit risk;
- liquidity risk
- market risk

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

(ii) Risk management framework

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

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

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

(b) Credit risk

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

Exposure to credit risk

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

| | Note | 31/12/2014 VND | 31/12/2013 VND |
|---|-------|-------------------|-------------------|
| Cash and cash equivalents | (i) | 19,786,948,773 | 64,101,612,820 |
| Short-term investments | (ii) | 19,530,666,666 | 11,000,000,000 |
| Accounts receivable – trade and other receivables | (iii) | 5,001,527,866 | 10,695,045,810 |
| | | 44,319,143,305 | 85,796,658,630 |

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Notes to the financial statements for the year ended 31 December 2014 (continued)

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(i) Cash and cash equivalents

The cash and cash equivalents at bank of the Company are mainly held with big, well-known Vietnamese banks. Management does not foresee any significant credit risks from these deposits and does not expect that these banks may default and cause losses to the Company.

(ii) Short-term investments

The short-term investments of the Company represent term deposits placed at big, well-known Vietnamese banks. Management does not foresee any significant credit risks from these investments and does not expect that these banks may default and cause losses to the Company.

(iii) Trade and other receivables

As at 31 December 2014, the account receivables - short-term mainly consists of trade receivables from customers of the Company. As at the date of these financial statements, all of these amounts have been collected. The carrying amount of receivables represents the maximum credit risk pertaining to receivables. The majority of sales are made in cash.

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

| | 2014 VND | 2013 VND |
|---------------------------------------|---------------------------|---------------------------|
| Opening balance | 1,225,000,000 | - |
| Increase in allowance during the year | - | 1,225,000,000 |
| Written back | (1,225,000,000) | - |
| Closing balance | - | 1,225,000,000 |

(c) Liquidity risk

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

Tran Anh Digital World Joint Stock Company**Notes to the financial statements for the year ended 31 December 2014 (continued)**

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As at 31 December 2014, the financial liabilities with fixed or determinable payments have the following contractual maturities:

31/12/2014

| | Carrying amount VND | Contractual cash flows VND | Within 1 year VND |
|--------------------------|------------------------------------|---|----------------------------------|
| Short-term borrowings | 124,379,123,279 | 125,164,597,746 | 125,164,597,746 |
| Accounts payable - trade | 223,897,274,910 | 223,897,274,910 | 223,897,274,910 |
| Accrued expenses | 11,653,394,497 | 11,653,394,497 | 11,653,394,497 |
| Other payables | 21,274,630,407 | 21,274,630,407 | 21,274,630,407 |
| | 381,204,423,093 | 381,989,897,560 | 381,989,897,560 |

31/12/2013

| | Carrying amount VND | Contractual cash flows VND | Within 1 year VND |
|--------------------------|------------------------------------|---|----------------------------------|
| Short-term borrowings | 54,222,169,181 | 54,471,566,631 | 54,471,566,631 |
| Accounts payable - trade | 167,228,535,821 | 167,228,535,821 | 167,228,535,821 |
| Accrued expenses | 4,270,721,126 | 4,270,721,126 | 4,270,721,126 |
| Other payables | 2,034,733,758 | 2,034,733,758 | 2,034,733,758 |
| | 227,756,159,886 | 228,005,557,336 | 228,005,557,336 |

(d) Market risk

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

(i) Currency risk

The Company is not exposed to currency risk on sales and purchases as these transactions are all made in Vietnam Dong.

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the year ended 31 December 2014 (continued)

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(ii) Interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

| | Carrying amount | |
|---|-------------------|------------------|
| | 31/12/2014 | 31/12/2013 |
| | VND | VND |
| Fixed rate instruments | | |
| Financial assets – Cash equivalents | 4,000,000,000 | 43,339,696,767 |
| Financial assets – Short-term investments | 19,530,666,666 | 11,000,000,000 |
| Financial liabilities – Short-term borrowings | (124,379,123,279) | (54,222,169,181) |
| | <hr/> | <hr/> |
| | (100,848,456,613) | 117,527,586 |

Given that the instruments are all fixed interest rate, the Company is not exposed to any fluctuation of interest rates.

(e) Fair values

Fair values versus carrying amounts

The carrying amounts of financial assets and liabilities as at 31 December 2014 approximate the fair value due to the short-term nature of these items.

26. Significant transactions with related parties

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

| | Transaction value | | |
|---|--------------------------|---------------|---|
| | 2014 | 2013 | |
| | VND | VND | |
| Shareholders | | | |
| Tran Xuan Kien | | | |
| Bonus shares (issued from capital surplus) | 5,006,210,000 | | - |
| Dividends distribution in the form of shares | 5,889,660,000 | | - |
| Do Thi Thu Huong | | | |
| Bonus shares (issued from capital surplus) | 4,726,780,000 | | - |
| Dividends distribution in the form of shares | 5,560,920,000 | | - |
| Aureos South East Asia Fund Limited Liability Company | | | |
| Bonus shares (issued from capital surplus) | 4,602,480,000 | | - |
| Dividends distribution in the form of shares | 5,414,680,000 | | - |
| Nojima Corporation | | | |
| Bonus shares (issued from capital surplus) | 2,218,770,000 | | - |
| Dividends distribution in the form of shares | 2,610,320,000 | | - |
| Consultant fee | 2,634,607,572 | | - |
| Hoang Anh Tuan | | | |
| Bonus shares (issued from capital surplus) | 462,060,000 | | - |
| Dividends distribution in the form of shares | 543,600,000 | | - |
| Nghiem Xuan Thang | | | |
| Bonus shares (issued from capital surplus) | 170,000,000 | | - |
| Dividends distribution in the form of shares | 200,000,000 | | - |
| Bui Xuan Hung | | | |
| Bonus shares (issued from capital surplus) | 136,330,000 | | - |
| Dividends distribution in the form of shares | 160,390,000 | | - |
| Do Thi Kim Lien | | | |
| Bonus shares (issued from capital surplus) | 989,360,000 | | - |
| Dividends distribution in the form of shares | 1,163,960,000 | | - |
| Board of Management Supervisory Board and Board of Directors | | | |
| Compensation paid | 4,054,838,295 | 3,489,819,650 | |

