

Digiworld Corporation

Financial statements

31 December 2014

Digiworld Corporation

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Digiworld Corporation

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	appointed on 15 October 2014
Mr Tran Bao Minh	Member	appointed on 15 October 2014

BOARD OF SUPERVISION

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

Mr Hoang Thong	Head	appointed on 15 October 2014
Mr Nguyen Tuan Thanh	Member	appointed on 15 October 2014
Mrs Phan Ngoc Bich Hang	Member	appointed on 15 October 2014

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.

Digiworld Corporation

REPORT OF MANAGEMENT

Management of Digiworld Corporation ("the Company") is pleased to present its report and the financial statements of the Company for the year ended 31 December 2014.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

Management is 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 applied accounting system. It 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.

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2014 and of the results of its operations and its 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 financial statements.

For and on behalf of management:



Doan Hong Viet
General Director

9 March 2015



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

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

Reference: 61150429/17305548

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Digiworld Corporation

We have audited the accompanying financial statements of Digiworld Corporation ("the Company") as prepared on 9 March 2015 and set out on pages 5 to 31, which comprise the balance sheet as at 31 December 2014, and the income statement and 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 financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, 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.

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2014, and of the results of its operations and its 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 financial statements.

Other matter

The financial statements of the Company for the year ended 31 December 2013 were audited by another audit firm which expressed an unmodified opinion on those statements on 15 April 2014.

Ernst & Young Vietnam Limited



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



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

Ho Chi Minh City, Vietnam

9 March 2015

BALANCE SHEET
as at 31 December 2014

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,207,162,476,422	889,595,562,246
110	I. Cash and cash equivalents	4	68,267,019,973	151,491,929,805
111	1. Cash		68,267,019,973	55,191,929,805
112	2. Cash equivalents		-	96,300,000,000
120	II. Short-term investment		4,900,000,000	4,900,000,000
121	1. Short-term investment	5	4,900,000,000	4,900,000,000
130	III. Current accounts receivable		307,993,814,798	280,019,800,370
131	1. Trade receivables	6	291,606,496,058	283,650,000,665
132	2. Advances to suppliers		21,853,671,093	918,134,250
135	3. Other receivables		594,055,451	464,714,555
139	4. Provision for doubtful debts	6	(6,060,407,804)	(5,013,049,100)
140	IV. Inventories	7	731,942,945,461	385,815,546,461
141	1. Inventories		731,942,945,461	385,815,546,461
150	V. Other current assets		94,058,696,190	67,368,285,610
151	1. Short-term prepaid expenses	8	1,573,082,052	2,669,062,320
152	2. Value-added tax deductible		85,919,866,413	38,606,988,568
154	3. Tax and other receivables from the State		49,739,241	53,686,438
158	4. Other current assets	9	6,516,008,484	26,038,548,284
200	B. NON-CURRENT ASSETS		85,559,069,207	86,948,560,093
220	I. Fixed assets		83,374,408,181	80,096,571,736
221	1. Tangible fixed assets	10	26,028,463,429	22,599,539,820
222	Cost		41,003,876,635	34,926,873,128
223	Accumulated depreciation		(14,975,413,206)	(12,327,333,308)
227	2. Intangible fixed assets	11	57,345,944,752	57,497,031,916
228	Cost		58,509,622,898	58,354,707,698
229	Accumulated amortization		(1,163,678,146)	(857,675,782)
250	II. Long-term investment		-	5,100,000,000
251	1. Investment in a subsidiary		-	5,100,000,000
260	III. Other long-term assets		2,184,661,026	1,751,988,357
261	1. Long-term prepaid expenses		480,080,546	525,365,353
268	2. Other long-term assets		1,704,580,480	1,226,623,004
270	TOTAL ASSETS		1,292,721,545,629	976,544,122,339


BALANCE SHEET (continued)
as at 31 December 2014


VND


Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		957,962,429,143	726,493,905,171
310	I. Current liabilities		928,031,999,264	692,099,973,292
311	1. Short-term loans	12	603,104,506,391	453,983,264,741
312	2. Trade payables		206,572,357,994	181,525,099,896
313	3. Advances from customers		66,230,225,141	12,467,215,244
314	4. Statutory obligations	13	12,176,188,353	12,546,317,733
315	5. Payables to employees		13,350,964,228	8,693,194,841
316	6. Accrued expenses	14	12,903,691,338	1,193,572,517
319	7. Other payables	15	13,694,065,819	21,645,125,295
323	8. Bonus and welfare funds		-	46,183,025
330	II. Non-current liabilities		29,930,429,879	34,393,931,879
333	1. Other long-term liabilities		1,430,429,879	1,093,931,879
334	2. Long-term loan	16	28,500,000,000	33,300,000,000
400	B. OWNERS' EQUITY		334,759,116,486	250,050,217,168
410	I. Capital	17	334,759,116,486	250,050,217,168
411	1. Share capital		108,024,690,000	108,024,690,000
412	2. Share premium		35,549,217,650	37,179,604,250
414	3. Treasury shares		(82,850,613,400)	(85,000,000,000)
418	4. Financial reserve fund		400,000,000	400,000,000
420	5. Undistributed earnings		273,635,822,236	189,445,922,918
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,292,721,545,629	976,544,122,339

OFF BALANCE SHEET ITEM

ITEM	Ending balance	Beginning balance
Foreign currency - United States dollar (USD)	401,754	256,444


Vu Thi Mai Han
Preparer


Vo Xuan Huy
Chief Accountant


Doan Hong Viet
General Director



9 March 2015

INCOME STATEMENT
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	18.1	4,956,069,869,743	3,151,278,618,199
02	2. Deductions	18.1	(79,505,130,468)	(94,010,352,862)
10	3. Net revenue from sale of goods and rendering of services	18.1	4,876,564,739,275	3,057,268,265,337
11	4. Cost of goods sold and services rendered	21	(4,589,220,627,225)	(2,900,602,605,924)
20	5. Gross profit from sale of goods		287,344,112,050	156,665,659,413
21	6. Finance income	18.2	10,737,904,224	5,981,855,551
22	7. Finance expenses <i>In which: Interest expense</i>	19	(42,672,207,786) (25,117,089,462)	(36,242,918,382) (34,202,162,865)
24	8. Selling expenses	21	(67,229,317,088)	(31,511,807,180)
25	9. General and administrative expenses	21	(38,939,839,997)	(32,029,911,069)
30	10. Operating profit		149,240,651,403	62,862,878,333
31	11. Other income	20	19,820,408,517	7,386,158,005
32	12. Other expenses	20	(1,128,063,456)	(1,214,580,960)
40	13. Other profit	20	18,692,345,061	6,171,577,045
50	14. Profit before tax		167,932,996,464	69,034,455,378
51	15. Current corporate income tax expense	22	(39,993,097,146)	(17,631,138,260)
60	16. Net profit after tax		127,939,899,318	51,403,317,188
70	17. Basic and diluted earnings per share	17.5	14,607	5,875

Vu Thi Mai Han
Preparer

Vo Xuan Huy
Chief Accountant

Doan Hong Viet
General Director

9 March 2015

CASH FLOW STATEMENT
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		167,932,996,464	69,034,455,378
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10, 11	2,954,082,262	3,416,862,244
03	Provision (reversal of provision)		1,047,358,704	(384,782,059)
04	Unrealised foreign exchange gains	18.2	(334,685,327)	(204,322,050)
05	Profit from investing activities		(4,853,554,971)	(3,429,982,317)
06	Interest expense	19	25,117,089,462	34,202,162,865
08	Operating profit before changes in working capital		191,863,286,594	102,634,394,061
09	Increase in receivables		(61,136,189,611)	(65,817,058,085)
10	(Increase) decrease in inventories		(346,127,399,000)	77,124,044,079
11	Increase (decrease) in payables		87,304,003,501	(47,611,230,739)
12	Decrease (increase) in prepaid expenses		1,141,265,075	(876,447,438)
13	Interest paid		(23,446,795,544)	(27,708,342,000)
14	Corporate income tax paid	22	(40,452,411,909)	(17,390,661,090)
15	Other cash inflows from operating activities		4,294,072,264	6,758,281,832
16	Other cash outflows from operating activities		(574,029,740)	(3,700,641,832)
20	Net cash flows (used in) from operating activities		(187,134,198,370)	23,412,338,788
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets		(6,231,918,707)	(6,188,620,764)
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	3,127,182,317
30	Net cash flows from (used in) investing activities		2,748,904,291	(3,061,438,447)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Re-issuance of treasury shares		519,000,000	-
32	Capital redemption		-	(85,000,000,000)
33	Drawdown of borrowings		3,803,641,645,601	2,578,514,538,573
34	Repayment of borrowings		(3,659,320,403,951)	(2,370,306,656,080)
36	Dividends paid	17.3	(43,750,000,000)	(12,842,613,374)
40	Net cash flows from financing activities		101,090,241,650	110,365,269,119

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net (decrease) increase in cash and cash equivalents		(83,295,052,429)	130,716,169,460
60	Cash and cash equivalents at beginning of year	4	151,491,929,805	20,766,254,699
61	Impact of exchange rate fluctuation		70,142,597	9,505,646
70	Cash and cash equivalents at end of year	4	68,267,019,973	151,491,929,805

Vu Thi Mai Han
Preparer

Vo Xuan Huy
Chief Accountant



Doan Hong Viet
General Director

9 March 2015

NOTES TO THE FINANCIAL STATEMENTS
as at and for the year ended 31 December 2014

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 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 2014 was 276 (31 December 2013: 248).

2. BASIS OF PREPARATION

2.1 *Applied accounting standards and system*

The 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 balance sheet, income statement, cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and the results of its 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 Company's applied accounting documentation system is the General Journal system.

2.3 *Fiscal year*

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

2.4 *Accounting currency*

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

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

3.2 *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 Company, 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 income statement.

3.3 *Receivables*

Receivables are presented in the 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 income statement.

3.4 *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 income statement as incurred.

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

3.5 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Intangible fixed assets* (continued)

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

Land use right

Land use right is recorded as an intangible asset on the balance sheet when the Company 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.

3.6 *Depreciation and amortisation*

Depreciation of tangible fixed assets and amortisation of intangible fixed 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

3.7 *Investments*

Investment in a subsidiary

Investment in a subsidiary over which the Company has control is carried at cost. Distributions from accumulated net profits of the subsidiary arising subsequent to the date of acquisition are recognised in the income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Investments in security and other investments

Investments in security and other investments are stated at their acquisition costs.

Provision for investments

Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under the Circular No. 228/2009/TT-BTC dated 7 December 2009 and amended by the Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases to the provision balance are recorded as finance expense in the income statement.

3.8 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the 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.

3.9 *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.

3.10 *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 Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting year for all employees who have been being in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Any changes to the accrued amount will be taken to the 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.

3.12 *Foreign currency transactions*

Transactions in currencies other than the Company's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at buying exchange rate announced by the commercial bank where the Company maintains bank accounts at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the income statement.

3.13 *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 Company's own equity instruments.

3.14 *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 Company's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

Financial reserve fund

This fund is set aside to protect the Company's normal operations from business risks or losses, or to prepare for unforeseen losses or damages for objective reasons and force majeure, such as fire, economic and financial turmoil of the country or elsewhere.

Investment and development fund

This fund is set aside for use in the Company'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 balance sheet.

3.15 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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:

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Revenue recognition* (continued)

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.

Interest income

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

3.16 *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 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 Company to off-set current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax

Deferred income 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 income tax liabilities are recognised for all taxable temporary differences, except where the deferred income 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 income 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 income 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 income tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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 income tax is charged or credited to the 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Taxation* (continued)

Deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset 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 Company 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 year in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

3.17 *Financial instruments*

Financial instruments – initial recognition and presentation

Financial assets

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

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

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

Financial liabilities

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

All financial liabilities are recognised initially at cost, net of directly attributable transaction costs.

The Company's financial liabilities include trade, other payables and loans.

Financial instruments – subsequent re-measurement

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

Offsetting of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Segment information

A segment is a component determined separately by the Company 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 Company'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 Company 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 Company's assets which is in Ho Chi Minh City, Vietnam.

4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	211,058,530	88,774,010
Cash in banks	68,055,961,443	55,103,155,795
Cash equivalents	-	96,300,000,000
TOTAL	<u>68,267,019,973</u>	<u>151,491,929,805</u>

As disclosed in Note 12, the Company has pledged its cash in banks amounting to USD 100,000 to secure the bank loan facilities.

5. SHORT-TERM INVESTMENT

This represents one-year term deposit at HSBC Bank (Vietnam) Ltd., and earns interest rate at 6% p.a. As disclosed in Note 12, the Company has pledged this bank deposit to secure the bank loan facilities.

6. TRADE RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Third parties	291,606,496,058	279,205,470,374
Related parties	-	4,444,530,291
TOTAL	<u>291,606,496,058</u>	<u>283,650,000,665</u>
Provision for short-term doubtful debts (*)	(6,060,407,804)	(5,013,049,100)
NET	<u>285,546,088,254</u>	<u>278,636,951,565</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

6. TRADE RECEIVABLES (continued)

(*) Details of movements of provision for short-term doubtful debts are as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	(5,013,049,100)	(5,397,831,159)
Provision created during the year	(1,186,046,702)	-
Utilisation and reversal of provision during the year	138,687,998	384,782,059
Ending balance	<u>(6,060,407,804)</u>	<u>(5,013,049,100)</u>

As disclosed in Note 12, the Company has pledged its trade receivables approximately amounting to VND 244,000,000,000 to secure the bank loans facilities.

7. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Merchandise goods	605,472,785,089	316,977,713,636
Goods on consignment	12,475,474,899	4,223,546,213
Goods in transit	109,930,857,727	64,027,084,725
Work-in-progress	4,063,827,746	587,201,887
TOTAL	<u>731,942,945,461</u>	<u>385,815,546,461</u>

As disclosed in Note 12, the Company has pledged a portion of its inventories to secure the bank loan facilities.

8. SHORT-TERM PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Operating expenses	1,284,603,146	1,980,104,999
Tools and equipment	288,478,906	688,957,321
TOTAL	<u>1,573,082,052</u>	<u>2,669,062,320</u>

9. OTHER CURRENT ASSETS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances to employees	6,511,702,758	21,836,241,510
Asset shortage awaiting resolution	4,305,726	4,306,774
Short term deposits	-	4,198,000,000
TOTAL	<u>6,516,008,484</u>	<u>26,038,548,284</u>
<i>In which</i>		
<i>Third parties</i>	6,214,075,151	3,222,101,972
<i>Related parties (Note 23)</i>	301,933,333	22,816,446,312

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

10. TANGIBLE FIXED ASSETS

					VND
	<i>Buildings and structures</i>	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Office equipment</i>	<i>Total</i>
Cost:					
Beginning balance	21,183,180,735	730,918,950	10,293,834,470	2,718,938,973	34,926,873,128
New purchase	-	361,554,415	5,701,103,636	14,345,456	6,077,003,507
Ending balance	<u>21,183,180,735</u>	<u>1,092,473,365</u>	<u>15,994,938,106</u>	<u>2,733,284,429</u>	<u>41,003,876,635</u>
<i>In which:</i>					
<i>Pledged/ mortgaged as loan security (Notes 12 and 16)</i>	21,183,180,735	-	-	-	21,183,180,735
<i>Fully depreciated</i>	-	261,401,632	4,903,448,161	2,046,186,967	7,211,036,760
Accumulated depreciation:					
Beginning balance	3,680,846,126	346,466,377	5,907,408,621	2,392,612,184	12,327,333,308
Charges for the year	853,605,102	122,160,121	1,420,800,417	251,514,258	2,648,079,898
Ending balance	<u>4,534,451,228</u>	<u>468,626,498</u>	<u>7,328,209,038</u>	<u>2,644,126,442</u>	<u>14,975,413,206</u>
Net carrying amount:					
Beginning balance	<u>17,502,334,609</u>	<u>384,452,573</u>	<u>4,386,425,849</u>	<u>326,326,789</u>	<u>22,599,539,820</u>
Ending balance	<u>16,648,729,507</u>	<u>623,846,867</u>	<u>8,666,729,068</u>	<u>89,157,987</u>	<u>26,028,463,429</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

11. INTANGIBLE FIXED ASSETS

			VND
	<i>Land use right</i>	<i>Accounting Software</i>	<i>Total</i>
Cost:			
Beginning balance	56,550,000,000	1,804,707,698	58,354,707,698
New purchase	-	154,915,200	154,915,200
Ending balance	<u>56,550,000,000</u>	<u>1,959,622,898</u>	<u>58,509,622,898</u>
<i>In which:</i>			
<i>Pledged/ mortgaged as loan security (Note 16)</i>	56,550,000,000	-	56,550,000,000
Accumulated amortization:			
Beginning balance	-	857,675,782	857,675,782
Charges for the year	-	306,002,364	306,002,364
Ending balance	-	<u>1,163,678,146</u>	<u>1,163,678,146</u>
Net carrying amount:			
Beginning balance	<u>56,550,000,000</u>	<u>947,031,916</u>	<u>57,497,031,916</u>
Ending balance	<u>56,550,000,000</u>	<u>795,944,752</u>	<u>57,345,944,752</u>

12. SHORT-TERM LOANS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term loans from banks (*)	598,304,506,391	449,883,264,741
Current portion of long-term loan (Note 16)	4,800,000,000	4,100,000,000
TOTAL	<u>603,104,506,391</u>	<u>453,983,264,741</u>

(*) Details of the short-term loans as at 31 December 2014 are as follows:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Military Commercial Joint Stock Bank	378,851,308,139	309,783,264,741
Vietnam Joint Stock Commercial Bank For Industry and Trade	98,596,397,969	-
ANZ Bank Vietnam Ltd.	48,000,000,000	52,900,000,000
Natixis Bank – Ho Chi Minh Branch	44,256,800,283	-
HSBC Bank (Vietnam) Ltd.	28,600,000,000	87,200,000,000
TOTAL	<u>598,304,506,391</u>	<u>449,883,264,741</u>

Short-term loans as at 31 December 2014 represent short-term loans obtained from Military Commercial Joint Stock Bank, Vietnam Joint Stock Commercial Bank For Industry and Trade, ANZ Bank Vietnam Ltd., Natixis Bank and HSBC Bank (Vietnam) Ltd., with the respective credit facilities of VND 500,000,000,000, VND 120,000,000,000, USD 7,000,000, USD 3,000,000 and USD 5,900,000, to finance its working capital requirements. These loans are secured by certain personal assets of the Company's shareholders, cash in banks (Note 4), short-term investment (Note 5) trade receivables (Note 6) and inventories (Note 7).

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

13. STATUTORY OBLIGATIONS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Corporate income tax (Note 22)	11,881,823,497	12,341,138,260
Personal income tax	294,364,856	205,179,473
TOTAL	<u>12,176,188,353</u>	<u>12,546,317,733</u>

14. ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade discount	5,706,976,228	-
Interest expense	1,433,153,602	869,213,324
Operating expenses	5,154,963,045	-
Others	608,598,463	324,359,193
TOTAL	<u>12,903,691,338</u>	<u>1,193,572,517</u>

15. OTHER PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Third parties	13,694,065,819	16,995,434,785
A related party	-	4,649,690,510
TOTAL	<u>13,694,065,819</u>	<u>21,645,125,295</u>

16. LONG-TERM LOAN

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Long-term loan from a bank	<u>33,300,000,000</u>	<u>37,400,000,000</u>
<i>In which:</i>		
<i>Current portion (Note 12)</i>	4,800,000,000	4,100,000,000
<i>Non-current portion</i>	28,500,000,000	33,300,000,000

The Company obtained the long-term loan to finance its working capital requirements. Details of the long-term loan as at 31 December 2014 are as follows

<i>Name of bank</i>	<i>Ending balance</i>	<i>Term and maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	VND			
An Binh Commercial Joint Stock Bank	<u>33,300,000,000</u>	31 December 2019	Floating rate	Buildings and structures and land use right

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

17. OWNERS' EQUITY

17.1 Movement in owners' equity

	VND					
	Share capital	Share premium	Treasury shares	Financial reserve fund	Undistributed earnings	Total
Previous year						
Beginning balance	108,024,690,000	37,179,604,250	-	400,000,000	150,885,219,174	296,489,513,424
Re-purchase of treasury shares	-	-	(85,000,000,000)	-	-	(85,000,000,000)
Net profit for the year	-	-	-	-	51,403,317,118	51,403,317,118
Dividend declared	-	-	-	-	(12,842,613,374)	(12,842,613,374)
Ending balance	<u>108,024,690,000</u>	<u>37,179,604,250</u>	<u>(85,000,000,000)</u>	<u>400,000,000</u>	<u>189,445,922,918</u>	<u>250,050,217,168</u>
Current 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
Dividend declared	-	-	-	-	(43,750,000,000)	(43,750,000,000)
Ending balance	<u>108,024,690,000</u>	<u>35,549,217,650</u>	<u>(82,850,613,400)</u>	<u>400,000,000</u>	<u>273,635,822,236</u>	<u>334,759,116,486</u>

(*) 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 and the Board of Directors' Resolutions No. 1510 – 2014/NQ-HDQT dated 15 October 2014.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

17. OWNERS' EQUITY (continued)

17.2 Details of contributed share capital

	Ending balance		Beginning balance	
	VND	%	VND	%
Created Future Co., Ltd	50,000,000,000	56.81	-	-
Mrs Dang Kien Phuong	5,896,000,000	6.70	8,896,000,000	10.17
Mr Doan Hong Viet	4,631,000,000	5.26	44,631,000,000	51.01
Mr Doan Anh Quan	4,920,000,000	5.59	13,920,000,000	15.91
Mrs To Hong Trang	3,659,000,000	4.16	13,659,000,000	15.61
Others	18,913,000,000	21.48	6,394,000,000	7.30
Treasury shares	20,005,690,000		20,524,690,000	
TOTAL	108,024,690,000	100	108,024,690,000	100

17.3 Dividends

	VND	
	Current year	Previous year
Beginning balance	-	-
Dividends declared during the year	43,750,000,000	12,842,613,374
Dividends for 2012	-	12,842,613,374
Dividends for 2013	43,750,000,000	-
Dividends paid during the year	(43,750,000,000)	(12,842,613,374)
Ending balance	-	-

17.4 Shares

	Number of shares	
	Ending balance	Beginning balance
Authorised shares	10,802,469	10,802,469
Issued and fully paid shares	10,802,469	10,802,469
Ordinary shares	10,802,469	10,802,469
Treasury shares	(2,000,569)	(2,052,469)
Ordinary shares	(2,000,569)	(2,052,469)
Shares in circulation	8,801,900	8,750,000
Ordinary shares	8,801,900	8,750,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

17. OWNERS' EQUITY (continued)

17.5 Earnings per share

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

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

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

	<i>Current year</i>	<i>Previous year</i>
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	127,939,899,318	51,403,317,118
Weighted average number of ordinary shares	<u>8,758,737</u>	<u>8,750,000</u>
Basic and diluted earnings per share (VND per share)	14,607	5,875

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

18. REVENUES

18.1 Revenue from sale of goods and rendering of services

	<i>Current year</i>	<i>Previous year</i>
Gross revenue	4,956,069,869,743	3,151,278,618,199
<i>In which:</i>		
<i>Sale of goods</i>	4,894,109,075,436	3,144,452,944,745
<i>Rendering of services</i>	61,960,794,307	6,719,137,308
Less:	(79,505,130,468)	(94,010,352,862)
<i>Sales returns</i>	(72,543,208,632)	(88,480,422,252)
<i>Trade discounts</i>	(6,961,921,836)	(5,423,394,464)
<i>Sales allowances</i>	-	(106,536,146)
NET	<u>4,876,564,739,275</u>	<u>3,057,268,265,337</u>

18.2 Finance income

	<i>Current year</i>	<i>Previous year</i>
Interest income	3,133,256,841	3,429,982,317
Realised foreign exchange gains	3,030,388,598	2,201,644,033
Gains from investments in marketable securities	1,720,298,130	-
Unrealised foreign exchange gains	334,685,327	204,322,050
Others	2,519,275,328	145,907,151
TOTAL	<u>10,737,904,224</u>	<u>5,981,855,551</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

19. FINANCE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expense	25,117,089,462	34,202,162,865
Realised foreign exchange losses	3,163,475,470	2,040,755,517
Payment discounts	14,373,451,235	-
Others	18,191,619	-
TOTAL	<u>42,672,207,786</u>	<u>36,242,918,382</u>

20. OTHER INCOME AND EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Other income	19,820,408,517	7,386,158,005
Compensation from insurance	6,407,118,290	-
Incentives	13,213,406,790	7,385,613,867
Others	199,883,437	544,138.00
Other expenses	(1,128,063,456)	(1,214,580,960)
Non-deductible depreciation	(909,101,569)	(999,005,712)
Others	(218,745,336)	(215,575,248)
NET OTHER PROFIT	<u>18,692,345,061</u>	<u>6,171,577,045</u>

21. OPERATING COSTS

	VND	
	<i>Current year</i>	<i>Previous year</i>
Cost of goods	4,564,773,730,058	2,900,268,061,086
Labour costs	43,873,323,256	33,513,148,609
Expenses of external services	76,263,572,187	25,249,253,399
Depreciation and amortisation	2,044,980,693	2,431,404,243
Other expenses	8,434,178,116	2,682,456,836
TOTAL	<u>4,695,389,784,310</u>	<u>2,964,144,324,173</u>

22. CORPORATE INCOME TAX

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

The tax returns filed by Company 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 Company for the year differs from 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 Company's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

22. CORPORATE INCOME TAX (continued)

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

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Net profit before tax	167,932,996,464	69,034,455,378
<i>Adjustment:</i>		
Advertising expenses exceed the deductible cap	12,907,944,233	-
Non-deductible expenses	945,864,514	1,058,809,661
Estimated current taxable profit	181,786,805,211	70,093,265,039
Estimated current CIT expense	39,993,097,146	17,523,316,260
CIT payable at beginning of year	12,341,138,260	12,100,661,090
Adjustment for CIT under accrual from prior years	-	107,822,000
CIT paid during the year	(40,452,411,909)	(17,390,661,090)
CIT payable at end of year	11,881,823,497	12,341,138,260

23. TRANSACTIONS WITH RELATED PARTIES

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

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND</i>
			<i>Amount</i>
Mr Doan Hong Viet	General Director	Advance	69,708,296,908
		Interest income from advance	1,004,580,439
		Interest expense from ledged assets	691,200,000
Mr Doan Anh Quan	Member of the Board of Directors	Advance	1,643,862,654
		Interest income from advance	338,010,654
Mrs Dang Kien Phuong	Member of the Board of Directors	Borrowing	2,273,605,400

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

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND</i>
			<i>Receivable</i>
<i>Other current assets</i>			
Mr Doan Anh Quan	Member of the Board of Directors	Advances	<u>301,933,333</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

23. TRANSACTIONS WITH RELATED PARTIES (continued)

Salaries and benefits of key management are as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Salaries and benefits of key management	<u>3,821,902,002</u>	<u>4,373,740,000</u>

24. OPERATING LEASE COMMITMENT

The Company leases office premises under operating lease arrangements. The minimum lease commitment 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	4,711,758,598	5,742,394,080
From 1 to 5 years	<u>2,663,541,918</u>	<u>5,803,564,000</u>
TOTAL	<u>7,375,300,516</u>	<u>11,545,958,080</u>

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company is exposed to market risk, credit risk and liquidity risk.

Management reviews and agrees policies for managing each of these risks which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's cash and short-term deposits.

The Company manages its interest rate risk by keeping close watch on relevant market situation in order to contemplate and adapt its leverage level as well as financing strategies to the prevailing situation.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans.

With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows:

	<i>Increase/decrease in basis points</i>	<i>VND Effect on profit before tax</i>
Current year		
VND	+100	(5,670,181,507)
VND	-100	5,670,181,507
Previous year		
VND	+100	(3,362,969,145)
VND	-100	3,362,969,145

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's accounting currency).

The Company is exposed to foreign currency risk in relation to purchases of goods which are denominated in currencies other than its accounting currency as disclosed in Note 2.4.

The Company manages its foreign currency exposure by considering the prevailing and expected market situation when it plans for future purchases and sales of goods denominated in foreign currencies, other than increasing natural-hedged proportion. The Company does not employ any derivative financial instruments to hedge its foreign currency exposure.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

	<i>Change in US\$ rate</i>	<i>VND Effect on profit before tax</i>
Current year		
	+ 1%	(1,627,467,027)
	- 1%	1,627,467,027
Previous year		
	+ 1%	(1,618,850,275)
	- 1%	1,618,850,275

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

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

Bank deposits

The Company's bank balances are mainly maintained with well-known banks in Vietnam. The Company's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Note 4. The Company evaluates the concentration of credit risk in respect to bank deposits as low.

Trade receivables

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

Outstanding customer receivables are regularly monitored by the Company. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Company seeks to maintain strict control over its outstanding receivables. In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

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

Liquidity risk

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

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

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

	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>VND</i> <i>Total</i>
Ending balance			
Loans	603,104,506,391	28,500,000,000	631,604,506,391
Trade payables	206,572,357,994	-	206,572,357,994
Other payables and accrued expenses	26,597,757,157	-	26,597,757,157
	<u>836,274,621,542</u>	<u>28,500,000,000</u>	<u>864,774,621,542</u>
Beginning balance			
Loans	453,983,264,741	33,300,000,000	487,283,264,741
Trade payables	181,525,099,896	-	181,525,099,896
Other payables and accrued expenses	18,189,007,302	-	18,189,007,302
Due from a related party (Note 15)	4,649,690,510	-	4,649,690,510
	<u>658,347,062,449</u>	<u>33,300,000,000</u>	<u>691,647,062,449</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Collateral

The Company has pledged its land used right and short-term bank deposits, inventories and trade receivables to secure the bank loan facilities (*Notes 12 and 16*).

The Company did not hold collateral as at 31 December 2014 and 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Carrying amount				Fair value		VND
	Ending balance		Beginning balance		Ending balance	Beginning balance	
	Cost	Provision	Cost	Provision			
Financial assets							
Short-term investment	4,900,000,000	-	4,900,000,000	-	4,900,000,000	4,900,000,000	
Trade receivables	291,606,496,058	(6,060,407,804)	279,205,470,374	(568,518,809)	285,546,088,254	278,636,951,565	
Due to a related party (Note 6)	-	-	4,444,530,291	(4,444,530,291)	-	-	
Other receivables	594,055,451	-	464,714,555	-	594,055,451	464,714,555	
Cash and cash equivalents	68,267,019,973	-	151,491,929,805	-	68,267,019,973	151,491,929,805	
TOTAL	365,367,571,482	(6,060,407,804)	440,506,645,025	(5,013,049,100)	359,307,163,678	435,493,595,925	

	Carrying amount				Fair value		VND
	Ending balance		Beginning balance		Ending balance	Beginning balance	
Financial liabilities							
Loans			631,604,506,391	487,283,264,741	631,604,506,391	487,283,264,741	
Trade payables			206,572,357,994	181,525,099,896	206,572,357,994	181,525,099,896	
Other payables and accrued expenses			26,597,757,157	18,189,007,302	26,597,757,157	18,189,007,302	
Due from a related party (Note 15)			-	4,649,690,510	-	4,649,690,510	
TOTAL			864,774,621,542	691,647,062,449	864,774,621,542	691,647,062,449	

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumption were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, other current liabilities and short-term loans approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Except for items noted in preceding paragraph, the fair values of the other financial assets and liabilities had not yet been formally assessed and determined as at 31 December 2014 and 31 December 2013. However, management assessed that the fair values of these assets and liabilities are approximately the same as their carrying value at the balance sheet date.

27. CORRESPONDING FIGURES

Certain corresponding figures on the 31 December 2013 financial statements have been reclassified to conform to the presentation of the current year's financial statements as follows:

	<i>As previously reported</i>	<i>Reclassifications</i>	<i>VND Reclassified amounts</i>
Balance sheet			
Payables to employees	3,697,641	8,689,497,200	8,693,194,841
Accrued expenses	9,883,069,717	(8,689,497,200)	1,193,572,517
Cash flow statement			
Increase (decrease) in payables	(46,041,749,473)	(1,569,481,266)	(47,611,230,739)
CIT paid	(18,761,507,196)	1,370,846,106	(17,390,661,090)
Other cash inflows from operating activities	176,663,840	6,581,617,992	6,758,281,832
Other cash outflows from operating activities	2,682,341,000	(6,382,982,832)	(3,700,641,832)

28. 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 financial statements.



Vu Thi Mai Han
Preparer

Vo Xuan Huy
Chief Accountant



Doan Hong Viet
General Director

9 March 2015