



Tran Anh Digital World Joint Stock Company

Financial statement for the three-month period
ended 31 March 2017



Tran Anh Digital World Joint Stock Company Corporate Information

Business Registration

Certificates No.	0102004703	11 March 2002
	0103018927	8 August 2007
	0101217009	25 May 2010

Enterprise Registration

Certificate No.	0101217009	4 November 2010
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The Business Registration Certificates and the Enterprise Registration Certificate of the Company have been amended and supplemented several times, the most recent of which is the Enterprise Registration Certificate No. 0101217009 dated 25 July 2016. The above Business Registration Certificates and their amendments and supplements were issued by the Hanoi Planning and Investment Department.

Branch Operation Registration

Certificates	0101217009-001	8 May 2014
	0101217009-002	21 August 2014
	0101217009-007	3 October 2014
	0101217009-008	21 October 2014
	0101217009-009	13 November 2014
	0101217009-010	24 November 2014
	0101217009-011	8 December 2014
	0101217009-012	5 March 2015
	0101217009-013	13 August 2015
	0101217009-014	29 September 2015
	0101217009-015	26 October 2015
	0101217009-016	5 November 2015
	0101217009-017	16 November 2015 (2 nd amendment: 18 July 2016)
	0101217009-018	1 December 2015
	0101217009-019	14 June 2016 (2 nd amendment: 27 October 2016)
	0101217009-020	22 June 2016
	0101217009-021	9 September 2016
	0101217009-022	13 September 2016
	0101217009-023	20 September 2016

Business Location Registration

Certificates	Business Location code 00010	15 July 2015 (terminated on 7 November 2016)
	Business Location code 00011	25 September 2015
	Business Location code 00012	2 October 2015
	Business Location code 00013	4 January 2016
	Business Location code 00015	1 August 2016
	Business Location code 00016	29 July 2016
	Business Location code 00017	19 August 2016
	Business Location code 00018	23 September 2016
	Business Location code 00019	27 September 2016
	Business Location code 00020	10 November 2016
	Business Location code 00021	10 November 2016

The Branch Operation Registration Certificates and the Business Location Registration Certificates were issued by the Planning and Investment Departments of the provinces or cities where the Company has branches or business locations.

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

Board of Management	Mr. Tran Xuan Kien	Chairman
	Ms. Do Thi Thu Huong	Member
	Mr. Okawa Yoshiteru	Member
	Mr. Noguchi Atsushi	Member
	Mr. Nghiem Xuan Thang	Member
	Mr. Hoang Anh Tuan	Member
	Mr. Bui Xuan Hung	Member
	Ms. Do Thi Kim Lien	Member
Board of Directors	Mr. Tran Xuan Kien	General Director
	Ms. Do Thi Thu Huong	Deputy General Director
	Mr. Nghiem Xuan Thang	Deputy General Director
Registered Office	1174 Lang Street, Lang Thuong Ward Dong Da District Hanoi, Vietnam	
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	

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

Branches (continued)

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

Thai Binh Branch
456 Ly Bon, De Tham Ward
Thai Binh City
Thai Binh Province, Vietnam

Thanh Hoa Branch
490 Le Loi Avenue, Dong Huong Ward
Thanh Hoa City
Thanh Hoa Province, Vietnam

Vinh Phuc Branch
Don Hau Village, Khai Quang Ward
Vinh Yen City
Vinh Phuc Province, Vietnam

Ha Nam Branch
TM4 Zone, National Road 1A, Thanh Chau Ward
Phu Ly City
Ha Nam Province, Vietnam

Quang Ninh Branch
Group 5, Hoa Lac Area, Cam Binh Ward
Cam Pha City
Quang Ninh Province, Vietnam

Lang Son Branch
Group 4, Block 5, Cao Loc Town
Cao Loc District
Lang Son Province, Vietnam

Yen Bai Branch
319 Nguyen Thai Hoc, Group 69, Nguyen Thai Hoc Ward
Yen Bai City
Yen Bai Province, Vietnam

Da Nang Branch
727 Nguyen Huu Tho, Khue Trung Ward
Cam Le District
Da Nang City, Vietnam

Quang Binh Branch
22 Quang Trung, Hai Dinh Ward
Dong Hoi City
Quang Binh Province, Vietnam

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

Branches (continued)	Ha Tinh Branch 173 Ha Huy Tap, Nam Ha Ward Ha Tinh City Ha Tinh Province, Vietnam
	Quang Tri Branch 246 Le Duan, Dong Le Ward Dong Ha City Quang Tri Province, Vietnam
Auditor	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 8 to 35 which give a true and fair view of the financial position as at 31 March 2017 of the Company, its results of operations and its cash flows for the three-month period then ended. 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 measures 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 March 2017 and of the results of its operations and its cash flows for the three-month period then ended in accordance with 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

Do Thi Thu Huong
Deputy General Director

Hanoi, **22 JUN 2017**



KPMG Limited
46th Floor, Keangnam Landmark 72
E6 Pham Hung Road, Me Tri Ward
South Tu Liem District, Hanoi, Vietnam
+84-4 3946 1600 | kpmg.com.vn

INDEPENDENT AUDITOR'S 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 March 2017, the statements of income and cash flows for the three-month period then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 22 JUN 2017, as set out on pages 8 to 35.

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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Directors, 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 March 2017 and of its results of operations and its cash flows for the three-month period 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
Audit Report No.: 16-02-574



Wang Toon Kim
Practicing Auditor Registration
Certificate No.: 0557-2013-007-1
Deputy General Director
Hanoi, **22 JUN 2017**

Truong Tuyet Mai
Practicing Auditor Registration
Certificate No.: 2594-2014-007-1

Tran Anh Digital World Joint Stock Company
Balance sheet as at 31 March 2017

Form B 01 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/3/2017 VND	1/1/2017 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		924,316,416,600	1,142,655,872,784
Cash and cash equivalents	110	4	28,106,429,682	65,506,420,645
Cash	111		22,248,457,385	51,476,095,978
Cash equivalents	112		5,857,972,297	14,030,324,667
Short-term financial investments	120		317,009,501	308,387,500
Held-to-maturity investments	123	5	317,009,501	308,387,500
Accounts receivable – short-term	130		34,595,652,970	35,887,783,924
Accounts receivable from customers	131		5,381,035,084	7,187,256,469
Prepayments to suppliers	132		3,748,825,018	5,667,113,676
Other short-term receivables	136	6(a)	25,465,792,868	23,033,413,779
Inventories	140	7	802,560,998,267	958,801,525,067
Inventories	141		810,112,299,135	967,291,575,984
Allowance for inventories	149		(7,551,300,868)	(8,490,050,917)
Other current assets	150		58,736,326,180	82,151,755,648
Short-term prepaid expenses	151	11(a)	10,998,090,052	14,070,169,898
Deductible value added tax	152	12(a)	47,738,236,128	68,081,585,750

The accompanying notes are an integral part of these financial statements

Tran Anh Digital World Joint Stock Company
Balance sheet as at 31 March 2017 (continued)

Form B 01 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/3/2017 VND	1/1/2017 VND
Long-term assets (200 = 210 + 220 + 240 + 260)	200		260,640,887,843	269,286,764,308
Accounts receivable – long-term	210		55,542,313,221	55,468,817,251
Other long-term receivables	216	6(b)	55,542,313,221	55,468,817,251
Fixed assets	220		117,124,310,774	107,864,158,397
Tangible fixed assets	221	8	114,266,246,783	105,049,866,108
Cost	222		167,626,393,251	150,632,764,390
Accumulated depreciation	223		(53,360,146,468)	(45,582,898,282)
Intangible fixed assets	227	9	2,858,063,991	2,814,292,289
Cost	228		7,583,280,981	6,988,280,981
Accumulated amortisation	229		(4,725,216,990)	(4,173,988,692)
Long-term work in progress	240		6,511,107,735	15,823,564,566
Construction in progress	242	10	6,511,107,735	15,823,564,566
Other long-term assets	260		81,463,156,113	90,130,224,094
Long-term prepaid expenses	261	11(b)	81,463,156,113	90,130,224,094
TOTAL ASSETS (270 = 100 + 200)	270		1,184,957,304,443	1,411,942,637,092

The accompanying notes are an integral part of these financial statements

Tran Anh Digital World Joint Stock Company
Balance sheet as at 31 March 2017 (continued)

Form B 01 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/3/2017 VND	1/1/2017 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		911,657,259,504	1,125,658,552,029
Current liabilities	310		908,657,259,504	1,122,658,552,029
Accounts payable to suppliers	311		370,035,091,371	559,180,331,866
Advances from customers	312		7,090,261,231	11,051,631,566
Taxes and others payable to State Treasury	313	12(b)	1,741,409,350	987,787,865
Payables to employees	314		13,982,700,762	23,852,281,569
Accrued expenses	315	13	14,883,054,030	13,999,665,620
Unearned revenue – short-term	318		2,170,363,637	-
Other payables – short-term	319	14	31,029,191,566	8,985,395,373
Short-term borrowings	320	15	467,695,069,804	504,571,340,417
Bonus and welfare fund	322	16	30,117,753	30,117,753
Long-term liabilities	330		3,000,000,000	3,000,000,000
Long-term borrowings	338	15	3,000,000,000	3,000,000,000
EQUITY (400 = 410)	400		273,300,044,939	286,284,085,063
Owners' equity	410	17	273,300,044,939	286,284,085,063
Share capital	411	18	249,149,910,000	249,149,910,000
- Ordinary shares with voting rights	411a		249,149,910,000	249,149,910,000
Capital surplus	412		7,168,804,418	7,168,804,418
Treasury shares	415	18	(2,333,755,096)	(2,333,755,096)
Investment and development fund	418	19	10,082,930,218	10,082,930,218
Retained profits	421		9,232,155,399	22,216,195,523
- Retained profits brought forward	421a		2,366,293,923	668,129,556
- Retained profit for the current period/year	421b		6,865,861,476	21,548,065,967
TOTAL RESOURCES (440 = 300 + 400)	440		1,184,957,304,443	1,411,942,637,092

22 JUN 2017

Prepared by:



Do Thi Ngoc Anh
Chief Accountant

Approved by:



Do Thi Thu Huong
Deputy General Director

The accompanying notes are an integral part of these financial statements

Tran Anh Digital World Joint Stock Company
Statement of income for the three-month period ended 31 March 2017

Form B 02 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
Revenue from sales of goods	01	21	1,138,722,357,985	4,116,120,793,762
Revenue deductions	02		4,282,903,469	17,769,908,188
Net revenue (10 = 01 - 02)	10		1,134,439,454,516	4,098,350,885,574
Cost of sales	11		991,122,178,798	3,613,481,913,378
Gross profit (20 = 10 - 11)	20		143,317,275,718	484,868,972,196
Financial income	21	22	499,379,253	1,944,360,845
Financial expenses	22		6,605,793,602	16,219,853,929
<i>In which: Interest expense</i>	23		6,605,793,602	16,219,853,929
Selling expenses	25	23	114,916,791,074	398,654,400,840
General and administration expenses	26	24	14,160,706,057	45,394,193,287
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		8,133,364,238	26,544,884,985
Other income	31		663,130,261	2,451,627,526
Other expenses	32		89,453,482	931,181,897
Results of other activities (40 = 31 - 32)	40		573,676,779	1,520,445,629

The accompanying notes are an integral part of these financial statements

Tran Anh Digital World Joint Stock Company
Statement of income for the three-month period ended 31 March 2017 (continued)

Form B 02 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
Accounting profit before tax (50 = 30 + 40)	50		8,707,041,017	28,065,330,614
Income tax expense – current	51	26	1,841,179,541	6,517,264,647
Net profit after tax (60 = 50 - 51)	60		6,865,861,476	21,548,065,967
Earnings per share				
Basic earnings per share	70	27	277	868

22 JUN 2017

Prepared by:



Do Thi Ngoc Anh
Chief Accountant

Approved by:



Do Thi Thu Huong
Deputy General Director

The accompanying notes are an integral part of these financial statements

Tran Anh Digital World Joint Stock Company
Statement of cash flows for the three-month period ended 31 March 2017
(Direct method)

Form B 03 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	01		1,247,898,614,651	4,508,973,915,313
Cash paid to suppliers of goods and services	02		(1,167,988,549,448)	(4,419,165,336,921)
Cash paid to employees	03		(55,273,338,013)	(150,961,487,962)
Interest paid	04		(6,642,112,741)	(15,940,908,378)
Income tax paid	05		(1,067,691,638)	(6,322,429,736)
Other receipts from operating activities	06		1,149,673,493	19,713,696,735
Other payments for operating activities	07		(10,558,197,710)	(55,282,919,925)
Net cash flows from operating activities	20		7,518,398,594	(118,985,470,874)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(8,498,365,447)	(75,733,507,029)
Proceeds from disposals of fixed assets and other long-term assets	22		-	3,600,000,000
Placement of cash into time deposit with maturity more than 3 months – net	23		(8,622,001)	(8,387,500)
Receipts of interests	27		468,586,804	1,767,360,537
Net cash flows from investing activities	30		(8,038,400,644)	(70,374,533,992)

The accompanying notes are an integral part of these financial statements

Tran Anh Digital World Joint Stock Company
Statement of cash flows for the three-month period ended 31 March 2017
(Direct method – continued)

Form B 03 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	33		378,890,752,104	1,308,405,409,994
Payments to settle loan principals	34		(415,767,022,717)	(1,101,782,169,809)
Payments of dividends	36		(3,718,300)	(22,543,537,950)
Payments for bonus shares issuing fees			-	(45,454,545)
Net cash flows from financing activities	40		(36,879,988,913)	184,034,247,690
Net cash flows during the period/year (50 = 20 + 30 + 40)	50		(37,399,990,963)	(5,325,757,176)
Cash and cash equivalents at the beginning of the period/year	60	4	65,506,420,645	70,832,177,821
Cash and cash equivalents at the end of the period/year (70 = 50 + 60)	70	4	28,106,429,682	65,506,420,645

22 JUN 2017

Prepared by:



Do Thi Ngoc Anh
Chief Accountant

Approved by:



Do Thi Thu Huong
Deputy General Director

The accompanying notes are an integral part of these financial statements

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the three-month period ended 31 March 2017

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

1. Reporting entity

(a) Ownership structure

Tran Anh Digital World Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam.

(b) Principal activities

The principal activities of the Company are to trade and provide maintenance services for computer, electronic, household appliances, and telecommunication equipment.

(c) Normal operating cycle

The normal operating cycle of the Company is generally within 12 months.

(d) Company structure

As at 31 March 2017, the Company had 19 branches and 1,699 employees (1/1/2017: 19 branches and 1,929 employees).

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Vietnamese Accounting Standard, 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

Effective from 1 April 2017, the Company changed its annual accounting period from the year ended 31 December to the year ended 31 March in accordance with Official Letter No. 09/2017/TB-TAG-HDQT dated 8 March 2017 to State Securities Commission of Vietnam and Hanoi Stock Exchange. Accordingly:

- The first accounting period of the Company after the change is from 1 January 2017 to 31 March 2017; and
- Succeeding annual accounting periods will be from 1 April to 31 March.

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the three-month period ended 31 March 2017
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
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(d) Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.

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

Transactions in currencies other than VND during the period/year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the account transfer buying rates and selling rates at the end of the annual accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

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) Held-to-maturity investments

Held-to-maturity investments are term deposits at bank that the Company's Board of Directors has the intention and ability to hold until maturity. Term deposits at bank are stated at costs. These investments are stated at costs less allowance for doubtful debts.

(d) Accounts receivable

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

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the three-month period ended 31 March 2017
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
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(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. 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 period/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 and construction 3 years
- motor vehicles 6 – 8 years
- office equipment 3 – 7 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 store renovation and software development which have not been fully completed. No depreciation is provided for construction in progress which have not been fully completed.

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the three-month period ended 31 March 2017
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
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(i) Long-term prepayments

(i) 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. Cost of tools and instruments are amortised on a straight-line basis over two years.

(ii) Prepaid rental

Prepaid rental represents prepayments of rental above 12 months period. Such prepayments represent operating lease payments. Please refer to Note 3(o) for detailed accounting policy.

(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) Share capital

(i) Ordinary shares

Ordinary shares are stated at par value. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from capital surplus.

(ii) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within capital surplus.

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the three-month period ended 31 March 2017
(continued)

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(m) Taxation

Income tax on the profit or loss for the period/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 period/year, using tax rates enacted at the end of the accounting period, 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 end of the accounting period.

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 income

(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 buyers. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(ii) Interest income

Interest income is recognised 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 period/year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the year of construction are capitalised as part of the cost of the assets concerned.

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(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 (after deducting appropriation to bonus and welfare fund for the annual accounting period) by the weighted average number of ordinary shares outstanding during the period/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. The Company’s 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

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

4. Cash and cash equivalents

	31/3/2017	1/1/2017
	VND	VND
Cash on hand	6,866,510,355	22,867,207,576
Cash in banks	14,362,119,335	24,601,758,110
Cash in transit	1,019,827,695	4,007,130,292
Cash equivalents	5,857,972,297	14,030,324,667
	28,106,429,682	65,506,420,645

5. Held-to-maturity investments

Held-to-maturity investments include deposits placed at banks with terms ranging more than 3 months to 12 months.

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6. Other receivables

(a) Other short-term receivables

	31/3/2017	1/1/2017
	VND	VND
Receivables from employees	3,480,123,591	4,007,170,957
Term deposits pledged	19,500,000,000	17,500,000,000
Others	2,485,669,277	1,526,242,822
	25,465,792,868	23,033,413,779

(b) Other long-term receivables

Other long-term receivables include deposits for lease of stores.

7. Inventories

	31/3/2017		1/1/2017	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Tools and supplies	2,808,160,842	-	3,018,502,606	-
Merchandise inventories	807,304,138,293	(7,551,300,868)	964,273,073,378	(8,490,050,917)
	810,112,299,135	(7,551,300,868)	967,291,575,984	(8,490,050,917)

Included in inventories at 31 March 2017 was VND177,453 million (1/1/2017: VND200,417 million) of merchandise inventories carried at net realisable value.

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8. Tangible fixed assets

	Buildings and structures VND	Store renovation and construction VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	45,108,210,865	9,085,915,717	24,102,038,445	72,336,599,363	150,632,764,390
Additions	520,354,107	1,383,518,109	-	830,868,167	2,734,740,383
Transfer from construction in progress	6,410,108,080	543,440,810	-	7,305,339,588	14,258,888,478
Closing balance	52,038,673,052	11,012,874,636	24,102,038,445	80,472,807,118	167,626,393,251
Accumulated depreciation					
Opening balance	12,778,630,454	4,432,278,647	7,503,702,211	20,868,286,970	45,582,898,282
Charge for the period	2,314,057,572	723,823,996	715,597,204	4,023,769,414	7,777,248,186
Closing balance	15,092,688,026	5,156,102,643	8,219,299,415	24,892,056,384	53,360,146,468
Net book value					
Opening balance	32,329,580,411	4,653,637,070	16,598,336,234	51,468,312,393	105,049,866,108
Closing balance	36,945,985,026	5,856,771,993	15,882,739,030	55,580,750,734	114,266,246,783

Included in tangible fixed assets were assets costing VND10,148 million which were fully depreciated as at 31 March 2017 (1/1/2017: VND8,801 million) but are still in active use.

At 31 March 2017 tangible fixed assets with a net book value of VND4,766 million (1/1/2017: VND4,924 million) were pledged with banks as security for long-term borrowings granted to the Company.

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9. Intangible fixed assets

	Software VND
Cost	
Opening balance	6,988,280,981
Transfer from construction in progress	595,000,000
	7,583,280,981
Accumulated amortisation	
Opening balance	4,173,988,692
Charge for the period	551,228,298
	4,725,216,990
Net book value	
Opening balance	2,814,292,289
Closing balance	2,858,063,991

Included in intangible fixed assets were assets costing VND608 million which were fully amortised as at 31 March 2017 (1/1/2017: VND608 million) but are still in use.

10. Construction in progress

	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
Opening balance	15,823,564,566	19,117,583,763
Additions during the period/year	8,560,278,506	79,548,023,711
Transfer to tangible fixed assets	(14,258,888,478)	(54,255,281,027)
Transfer to intangible fixed assets	(595,000,000)	(1,567,500,000)
Transfer to long-term prepayments	(2,435,718,137)	(26,117,523,784)
Transfer to short-term prepayments	(583,128,722)	(901,738,097)
	6,511,107,735	15,823,564,566
Closing balance	6,511,107,735	15,823,564,566

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Major constructions in progress were as follows:

	31/3/2017 VND	1/1/2017 VND
Store renovation works	5,364,161,959	14,501,135,460
Software development cost	1,146,945,776	1,322,429,106
	6,511,107,735	15,823,564,566

11. Prepaid expenses

(a) Short-term prepaid expenses

	31/3/2017 VND	1/1/2017 VND
Tools and instruments	1,136,872,125	1,205,282,115
Store rentals prepaid	6,618,157,877	8,973,100,352
Other short-term prepaid expenses	3,243,060,050	3,891,787,431
	10,998,090,052	14,070,169,898

(b) Long-term prepaid expenses

	Tools and instruments VND	Prepaid rental VND	Other prepaid expenses VND	Total VND
Opening balance	44,799,824,620	38,787,060,626	6,543,338,848	90,130,224,094
Additions	3,856,242,051	-	573,485,713	4,429,727,764
Transferred from construction in progress	2,008,172,235	-	427,545,902	2,435,718,137
Disposals	(10,505,309)	-	-	(10,505,309)
Amortisation for the period	(9,045,127,539)	(4,803,441,047)	(1,673,439,987)	(15,522,008,573)
Closing balance	41,608,606,058	33,983,619,579	5,870,930,476	81,463,156,113

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12. Taxes and others payable to State Treasury

(a) Deductible value added tax

	1/1/2017 VND	Incurred VND	Offset with amount payable incurred VND	31/3/2017 VND
Deductible value added tax	68,081,585,750	190,303,013,856	(210,646,363,478)	47,738,236,128

(b) Taxes and others payable to State Treasury

	1/1/2017 VND	Incurred VND	Offset with amount receivable incurred VND	Paid VND	31/3/2017 VND
Value added tax	-	210,810,768,764	(210,646,363,478)	(164,405,286)	-
Corporate income tax	967,921,447	1,841,179,541	-	(1,067,691,638)	1,741,409,350
Personal income tax	19,866,418	1,602,133,115	-	(1,621,999,533)	-
Other taxes	-	37,390,578	-	(37,390,578)	-
	987,787,865	214,291,471,998	(210,646,363,478)	(2,891,487,035)	1,741,409,350

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13. Accrued expenses

	31/3/2017	1/1/2017
	VND	VND
Accruals for electricity bills	2,564,171,868	1,578,925,150
Accruals for store rentals	2,125,374,186	647,510,550
Accruals for outside services	5,281,804,084	4,780,052,836
Other accruals	4,911,703,892	6,993,177,084
	<hr/>	<hr/>
	14,883,054,030	13,999,665,620
	<hr/>	<hr/>

14. Other payables – short-term

	31/3/2017	1/1/2017
	VND	VND
Dividend payables (*)	19,947,805,577	101,622,277
Short-term deposits and collaterals received	6,857,037,373	6,910,697,164
Others	4,224,348,616	1,973,075,932
	<hr/>	<hr/>
	31,029,191,566	8,985,395,373
	<hr/>	<hr/>

(*) As at 31 March 2017, dividend payables included the 2016 interim dividends amounting to VND19,849,901,600 which was approved by the General Shareholders through the Resolution No. 01/2017/NQ-TAG-DHDCD-BVB dated 7 March 2017 (Note 17). These dividends were paid to the shareholders on 21 April 2017.

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15. Borrowings

(a) Short-term borrowings

	1/1/2017 Carrying amount and amount within repayment capacity VND	Movements during the period		31/3/2017 Carrying amount and amount within repayment capacity VND
		Addition VND	Decrease VND	
Short-term borrowings	503,771,340,417	378,890,752,104	(415,567,022,717)	467,095,069,804
Current portion of long-term borrowings 15(b)	800,000,000	-	(200,000,000)	600,000,000
	<u>504,571,340,417</u>	<u>378,890,752,104</u>	<u>(415,767,022,717)</u>	<u>467,695,069,804</u>

Short-term borrowings represent short-term borrowings from banks which bear interest at rates of 4.7% - 6.5% (2016: 4.5% - 6.3%) per annum during the period and are secured by some term deposits.

(b) Long-term borrowings

	31/3/2017 VND	1/1/2017 VND
Long-term borrowings	3,600,000,000	3,800,000,000
Repayable within twelve months	(600,000,000)	(800,000,000)
Repayable after twelve months	<u>3,000,000,000</u>	<u>3,000,000,000</u>

Long-term borrowings represent borrowings from banks which bear interest at rates of 8.6% (2016: 8.6%) per annum during the period and are secured by certain fixed assets with a carrying amount of VND4,766 million (1/1/2017: VND4,924 million) (Note 8).

16. Bonus and welfare fund

This fund is established by appropriating retained profits as approved by shareholders at the General Meeting of Shareholders. 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 period/year were as follows:

	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
Opening balance	30,117,753	59,278,611
Utilisation	-	(29,160,858)
Closing balance	<u>30,117,753</u>	<u>30,117,753</u>

17. Changes in owners' equity

	Share capital VND	Capital surplus VND	Treasury shares VND	Investment and development fund VND	Retained profits VND	Total VND
Balance at 1/1/2016	226,594,320,000	29,769,848,963	(2,333,755,096)	10,082,930,218	23,224,947,556	287,338,291,641
Net profit for the year	-	-	-	-	21,548,065,967	21,548,065,967
Bonus shares issued from capital surplus	22,555,590,000	(22,555,590,000)	-	-	-	-
Transaction fees for issuance of shares	-	(45,454,545)	-	-	-	(45,454,545)
Dividends	-	-	-	-	(22,556,818,000)	(22,556,818,000)
Balance at 1/1/2017	249,149,910,000	7,168,804,418	(2,333,755,096)	10,082,930,218	22,216,195,523	286,284,085,063
Net profit for the period	-	-	-	-	6,865,861,476	6,865,861,476
Dividends (*)	-	-	-	-	(19,849,901,600)	(19,849,901,600)
Balance at 31/3/2017	249,149,910,000	7,168,804,418	(2,333,755,096)	10,082,930,218	9,232,155,399	273,300,044,939

(*) During the period, the General Shareholders, through the Resoluton No. 01/2017/NQ-TAG-DHDCD-BVB dated 7 March 2017, approved the distribution of interim dividends for 2016 in cash at the rate of 8% of the par value from retained profits. The ex-dividends date was determined by the Company which is 23 March 2017. These dividends were reclassified to other payables – short-term at at 31 March 2017 (Note 14).

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18. Share capital

The Company's authorised and issued share capital are:

	31/3/2017		1/1/2017	
	Number of shares	Par value VND	Number of shares	Par value VND
Authorised share capital	24,914,991	249,149,910,000	24,914,991	249,149,910,000
Issued share capital				
Ordinary shares	24,914,991	249,149,910,000	24,914,991	249,149,910,000
Treasury shares				
Ordinary shares	(102,614)	(1,026,140,000)	(102,614)	(1,026,140,000)
Shares in circulation				
Ordinary shares	24,812,377	248,123,770,000	24,812,377	248,123,770,000

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 period/year were as follows:

	Three-month period ended 31/3/2017		Year ended 31/12/2016	
	Number of shares	VND	Number of shares	VND
Balance at beginning of the period/year	24,812,377	248,123,770,000	22,556,818	225,568,180,000
Bonus shares issued during the period/year	-	-	2,255,559	22,555,590,000
Balance at end of the period/year	24,812,377	248,123,770,000	24,812,377	248,123,770,000

19. Investment and development fund

Investment and development fund was appropriated from retained profits in accordance with the resolution of the General Meeting of Shareholders. This fund was established for future business expansion.

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20. Off balance sheet items

(a) Lease

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

	31/3/2017	1/1/2017
	VND	VND
Within one year	129,614,445,796	122,602,050,713
Within two to five years	421,960,362,968	402,272,433,017
More than five years	412,844,342,365	345,589,962,482
	964,419,151,129	870,464,446,212
	964,419,151,129	870,464,446,212

(b) Foreign currencies

	31/3/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	6,386	153,345,464	97,870	2,221,046,279
	6,386 153,345,464		97,870 2,221,046,279	
	6,386 153,345,464		97,870 2,221,046,279	

(c) Capital expenditure commitments

As at 31 March 2017, the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

	31/3/2017	1/1/2017
	VND	VND
Approved and contracted	7,098,231,077	11,835,522,596
	7,098,231,077	11,835,522,596
	7,098,231,077	11,835,522,596

21. Revenue from sale of goods

Revenue from sales of goods represents the gross value of goods sold exclusive of value added tax.

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22. Financial income

	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
Interest income from deposits	428,006,163	1,854,631,217
Foreign exchange gains	71,373,090	89,729,628
	499,379,253	1,944,360,845

23. Selling expenses

	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
Labour costs and staff costs	42,254,020,161	155,343,957,338
Depreciation	7,398,474,536	21,193,142,620
Amortisation of tools and instruments	8,809,488,619	25,182,789,815
Outside services	49,832,136,180	171,424,084,627
Others	6,622,671,578	25,510,426,440
	114,916,791,074	398,654,400,840

24. General and administration expenses

	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
Labour costs and staff costs	10,766,843,887	33,129,672,698
Depreciation	928,401,158	2,603,790,893
Amortisation of tools and instruments	235,638,920	1,043,445,009
Outside services	1,256,010,261	5,908,246,673
Other general and administration expenses	973,811,831	2,709,038,014
	14,160,706,057	45,394,193,287

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25. Trading and business costs by element

	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
Costs of merchandise goods sold	991,122,178,798	3,613,481,913,378
Labour costs and staff costs	53,020,864,048	188,473,630,036
Depreciation and amortisation of tools and instruments	17,373,604,023	50,023,168,337
Outside services	51,088,146,441	177,332,331,300
Other expenses	7,594,882,619	28,219,464,454

26. Income tax

(a) Recognised in the statement of income

	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
Current tax expense		
Current period/year	1,741,409,347	5,638,767,684
Under provision in prior years	99,770,194	878,496,963
	1,841,179,541	6,517,264,647

(b) Reconciliation of effective tax rate

	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
Accounting profit before tax	8,707,041,017	28,065,330,614
Tax at the Company's tax rate	1,741,408,203	5,613,066,123
Non-deductible expenses	1,144	25,701,561
Under provision in prior years	99,770,194	878,496,963
	1,841,179,541	6,517,264,647

(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 20% of taxable profits for the three-month period ended 31 March 2017 (2016: 20%).

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27. Basic earnings per share

The calculation of basic earnings per share for the three-month period ended 31 March 2017 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding for the period then ended, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
Net profit attributable to ordinary shareholders (*)	6,865,861,476	21,548,065,967

(*) The profit appropriation to the bonus and welfare fund was not taken into account in this net profit attributable to the Company's ordinary shareholders since the Company did not appropriate any amount to this fund for the three-month period 31 March 2017. The Company has no plan to make any profit appropriation to the bonus and welfare fund yet for the three-month period 31 March 2017. The basic earnings per share may decrease due to the effect of profit appropriation to the bonus and welfare fund.

(ii) Weighted average number of ordinary shares

	Three-month period ended 31/3/2017 Number of shares	Year ended 31/12/2016 Number of shares
Issued ordinary shares at the beginning of the period/year	24,812,377	22,556,818
Effect of bonus shares issued from capital surplus in 2016	-	2,255,559
Weighted average number of ordinary shares for the period/year	24,812,377	24,812,377

(iii) Basic earnings per share

	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
Basic earnings per share	277	868

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28. Significant transactions with related parties

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

	Transaction value	
	Three-month period ended 31/3/2017 VND	Year ended 31/12/2016 VND
Shareholders		
Mr. Tran Xuan Kien		
Bonus shares (issued from capital surplus)	-	5,123,700,000
Dividends paid in cash	-	5,123,709,000
Dividend payable	4,508,863,200	-
Ms. Do Thi Thu Huong		
Bonus shares (issued from capital surplus)	-	4,837,720,000
Dividends paid in cash	-	4,837,725,000
Dividend payable	4,257,197,600	-
Nojima Corporation		
Bonus shares (issued from capital surplus)	-	6,981,350,000
Dividends paid in cash	-	6,981,353,000
Dividend payable	6,143,590,400	-
Consultant fee paid	-	2,501,789,691
Ms. Do Thi Kim Lien		
Bonus shares (issued from capital surplus)	-	1,012,580,000
Dividends paid in cash	-	1,012,588,000
Dividend payable	1,171,076,800	-
Mr. Hoang Anh Tuan		
Bonus shares (issued from capital surplus)	-	472,900,000
Dividends paid in cash	-	472,904,000
Dividend payable	416,155,200	-
Mr. Nghiem Xuan Thang		
Bonus shares (issued from capital surplus)	-	173,990,000
Dividends paid in cash	-	173,990,000
Dividend payable	153,111,200	-
Mr. Bui Xuan Hung		
Bonus shares (issued from capital surplus)	-	139,530,000
Dividends paid in cash	-	139,533,000
Dividend payable	122,788,800	-

Tran Anh Digital World Joint Stock Company
Notes to the financial statements for the three-month period ended 31 March 2017
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

Board of Management, Supervisory Board and Board of Directors	Transaction value	
	Three-month period	Year ended
	ended 31/3/2017	31/12/2016
Compensation paid	VND	VND
	2,539,193,675	8,071,549,470

22 JUN 2017

Prepared by:



Do Thi Ngoc Anh
Chief Accountant

Approved by:




CÔNG TY
CỔ PHẦN
THẾ GIỚI SỐ
TRẦN ANH

Do Thi Thu Huong
Deputy General Director