Mobile World Investment Corporation

Interim consolidated financial statements

For the nine-month period ended 30 September 2019

Mobile World Investment Corporation

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Mobile World Investment Corporation

GENERAL INFORMATION

THE COMPANY

Mobile World Investment Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate ("ERC") No. 0306731335 issued by the Department of Planning and Investment (the "DPI") of Binh Duong Province on 16 January 2009, as amended.

The Company's head office is located at No. 222, Yersin Street, Phu Cuong Ward, Thu Dau Mot Town, Binh Duong Province, Vietnam and operating office is located at MWG Tower, Lot T2-1.2, D1 Street, Saigon Hi-tech Park, District 9, Ho Chi Minh City, Vietnam.

As at 30 September 2019, the Company has four (4) direct subsidiaries, one (1) indirect subsidiary and one (1) associate.

The current principal activities of the Company and its subsidiaries ("the Group") are trading, providing repair and maintenance services of phones, information technology equipment and accessories, cameras, digital equipment, electronic equipment; household appliances and related accessories; and retailing at the Group's chain of stores including foods, beverages, products from meats, seafood, vegetables.

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

BOARD OF DIRECTORS

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

Mr Nguyen Duc Tai	Chairman	
Mr Dieu Chinh Hai Trieu	Member	
Mr Thomas Lanyi	Member	
Mr Tran Kinh Doanh	Member	
Mr Robert Willet	Member	
Mr Dang Minh Luom	Member	
Mr Doan Van Hieu Em	Member	appointed on 22 March 2019
Mr Dao The Vinh	Member	appointed on 22 March 2019
Mr Tran Le Quan	Member	resigned on 22 March 2019

BOARD OF SUPERVISION

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

Mr Tran Huy Thanh Tung	Head
Mr Hoang Huu Hung	Member
Ms Do Thi Loan	Member

MANAGEMENT

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

Mr Tran Kinh Doanh	General Director	appointed on 26 March 2019
Mr Nguyen Duc Tai	General Director	resigned on 26 March 2019
Mr Pham Van Trong	Technology Director	
Mr Vu Dang Linh	Finance Director	

LEGAL REPRESENTATIVE

The legal representative of the Company from 1 January 2019 up to 4 April 2019 is Mr Nguyen Duc Tai and from 5 April 2019 up to the date of this report is Mr Tran Kinh Doanh.

AUDITORS

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

Mobile World Investment Corporation

REPORT OF MANAGEMENT

Management of Mobile World Investment Corporation ("the Company") is pleased to present its report and the interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the nine-month period ended 30 September 2019.

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

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

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

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Group as at 30 September 2019 and of the interim consolidated results of its operations and its interim consolidated cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim consolidated financial statements.

For and on behalf of management:

M.S.D.N: 0306731335 - C.T.C.P. CÔNG TY CỔ PHẦN ĐẦU TƯ THẾ GIỚI DI ĐỘNG T.P THỦ DẦU MỘT - T. BÌNH DƯƠNG

Tran Kinh Doanh
General Director

Binh Duong Province, Vietnam

31 October 2019

Ernst & Young Vietnam Limited
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Reference: 61110221/21073758/Q3-HN

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: The Shareholders of Mobile World Investment Corporation

We have reviewed the accompanying interim consolidated financial statements of Mobile World Investment Corporation ("the Company") and its subsidiaries ("the Group") as prepared on 31 October 2019 and set out on pages 5 to 35, which comprise the interim consolidated balance sheet as at 30 September 2019, and the interim consolidated income statement and interim consolidated cash flow statement for the nine-month period then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Group as at 30 September 2019, and of the interim consolidated results of its operations and its interim consolidated cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the interim consolidated financial statements.

Ernst & Young Vietnam Limited

M.S.D.N: 0300811802-C.T.T.N.H.H
CÔNG TY TRÁCH NHIỆM HỮU HẠN
ERNST & YOUNG VIỆT NAM
QUẬN 1-T.P HỒ CHÍ MINH

Ernest Yoong Chin Kang
Deputy General Director
Audit Practicing Registration Certificate
No. 1891-2018-004-1

Ho Chi Minh City, Vietnam

31 October 2019

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INTERIM CONSOLIDATED BALANCE SHEET
as at 30 September 2019

VND

Code	*ASSETS*	*Notes*	*30 September 2019*	*31 December 2018*
100	**A. CURRENT ASSETS**		**26,686,795,166,646**	**23,371,994,756,394**
110	***I. Cash and cash equivalents***	***4***	***3,697,191,147,790***	***3,749,550,258,212***
111	1. Cash		2,671,770,369,327	3,363,717,276,954
112	2. Cash equivalents		1,025,420,778,463	385,832,981,258
120	***II. Short-term investments***		***4,275,400,000,000***	***50,922,451,739***
123	1. Held-to-maturity investments	5	4,275,400,000,000	50,922,451,739
130	***III. Current accounts receivable***		***1,247,264,512,387***	***1,542,529,736,073***
131	1. Short-term trade receivables	6	213,184,365,169	369,573,657,457
132	2. Short-term advances to suppliers	7	192,839,602,672	21,007,291,749
136	3. Other short-term receivables	8	841,240,544,546	1,151,948,786,867
140	***IV. Inventories***	***9***	***16,989,973,677,730***	***17,446,005,298,981***
141	1. Inventories		17,386,803,041,461	17,821,137,643,753
149	2. Provision for obsolete inventories		(396,829,363,731)	(375,132,344,772)
150	***V. Other current assets***		***476,965,828,739***	***582,987,011,389***
151	1. Short-term prepaid expenses	10	378,751,040,066	283,034,716,902
152	2. Value-added tax deductible		84,241,411,671	298,109,345,560
153	3. Tax and other receivables from the State		13,973,377,002	1,842,948,927
200	**B. NON-CURRENT ASSETS**		**5,666,604,339,959**	**4,750,536,730,462**
210	***I. Long-term receivable***		***352,288,659,563***	***313,775,645,332***
216	1. Other long-term receivables	11	352,288,659,563	313,775,645,332
220	***II. Fixed assets***		***4,478,044,283,473***	***3,333,147,659,602***
221	1. Tangible fixed assets	12	4,449,335,044,272	3,304,923,529,470
222	Cost		7,842,120,058,133	5,788,326,331,676
223	Accumulated depreciation		(3,392,785,013,861)	(2,483,402,802,206)
227	2. Intangible assets	13	28,709,239,201	28,224,130,132
228	Cost		34,852,200,200	33,838,423,144
229	Accumulated amortisation		(6,142,960,999)	(5,614,293,012)
240	***III. Long-term assets in progress***		***32,350,218,138***	***256,831,997,207***
242	1. Construction in progress	14	32,350,218,138	256,831,997,207
250	***IV. Long-term investment***		***58,376,172,902***	***59,937,763,115***
252	1. Investment in an associate	16	58,376,172,902	59,937,763,115
260	***V. Other long-term assets***		***745,545,005,883***	***786,843,665,206***
261	1. Long-term prepaid expenses	15	83,203,921,817	84,768,088,475
262	2. Deferred tax asset	27.3	155,858,139,089	149,548,727,665
269	3. Goodwill	17	506,482,944,977	552,526,849,066
270	**TOTAL ASSETS**		**32,353,399,506,605**	**28,122,531,486,856**

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 September 2019

VND

Code	*RESOURCES*	*Notes*	*30 September 2019*	*31 December 2018*
300	**C. LIABILITIES**		**21,063,673,273,217**	**19,139,496,155,514**
310	***I. Current liabilities***		***19,942,671,606,559***	***17,929,433,003,626***
311	1. Short-term trade payables	18	6,859,362,437,508	8,244,614,243,810
312	2. Short-term advances from customers		57,036,875,615	38,061,594,053
313	3. Statutory obligations	19	459,771,997,035	217,699,643,883
314	4. Payables to employees		259,533,705,738	149,774,991,802
315	5. Short-term accrued expenses	20	2,219,259,203,717	2,173,064,879,414
318	6. Short-term unearned revenues		1,298,886,180	-
319	7. Other short-term payables	21	1,107,432,989,252	1,208,214,263,090
320	8. Short-term loans	22	8,912,537,066,524	5,836,454,637,089
321	9. Short-term provision		66,408,327,237	56,568,632,732
322	10. Bonus and welfare fund		30,117,753	4,980,117,753
330	***II. Non-current liabilities***		***1,121,001,666,658***	***1,210,063,151,888***
338	1. Long-term loan	22	1,121,001,666,658	1,208,167,140,389
341	2. Deferred tax liabilities	27.3	-	1,896,011,499
400	**D. OWNERS' EQUITY**		**11,289,726,233,388**	**8,983,035,331,342**
410	***I. Capital***		***11,289,726,233,388***	***8,983,035,331,342***
411	1. Share capital	23.1	4,435,461,780,000	4,434,961,780,000
411a	*- Shares with voting rights*		*4,435,461,780,000*	*4,434,961,780,000*
412	2. Share premium	23.1	555,206,995,486	551,451,995,486
414	3. Other capital	23.1	1,130,494,084	1,130,494,084
415	4. Treasury shares	23.1	(5,197,984,500)	(808,864,500)
417	5. Foreign exchange differences reserve	23.1	389,484,044	446,572,898
421	6. Undistributed earnings	23.1	6,295,124,836,220	3,989,603,910,055
421a	*- Undistributed earnings of prior period*		*3,320,424,614,555*	*1,138,290,716,709*
421b	*- Undistributed earnings of current period*		*2,974,700,221,665*	*2,851,313,193,346*
429	7. Non-controlling interests		7,610,628,054	6,249,443,319
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**32,353,399,506,605**	**28,122,531,486,856**

Ly Tran Kim Ngan	Vu Dang Linh	Tran Kinh Doanh
Preparer	Finance Director	General Director

31 October 2019

INTERIM CONSOLIDATED INCOME STATEMENT
for the nine-month period ended 30 September 2019

VND

Code	*ITEMS*	*Notes*	*For the nine-month period ended 30 September 2019*	*For the nine-month period ended 30 September 2018*
01	**1. Revenue from sale of goods and rendering of services**	**24.1**	**77,769,370,774,042**	**66,412,887,820,421**
02	**2. Deductions**	**24.1**	**(1,006,116,188,830)**	**(934,851,552,072)**
10	**3. Net revenue from sale of goods and rendering of services**	**24.1**	**76,763,254,585,212**	**65,478,036,268,349**
11	**4. Cost of goods sold and services rendered**	**26**	**(62,640,502,490,907)**	**(53,939,080,097,503)**
20	**5. Gross profit from sale of goods and rendering of services**		**14,122,752,094,305**	**11,538,956,170,846**
21	**6. Finance income**	**24.2**	**449,532,976,940**	**234,625,877,839**
22	**7. Finance expenses**	**25**	**(413,279,736,289)**	**(325,634,454,816)**
23	*- In which: Interest expense*		*(411,798,523,074)*	*(325,633,375,138)*
24	**8. Share of loss of the associate**	**16**	**(1,561,590,213)**	**(3,278,731,629)**
25	**9. Selling expenses**	**26**	**(8,742,700,085,426)**	**(7,209,779,012,085)**
26	**10. General and administrative expenses**	**26**	**(1,554,123,336,081)**	**(1,376,730,604,859)**
30	**11. Operating profit**		**3,860,620,323,236**	**2,858,159,245,296**
31	**12. Other income**		**28,326,950,864**	**23,323,035,628**
32	**13. Other expenses**		**(15,069,526,155)**	**(14,101,800,020)**
40	**14. Other profit**		**13,257,424,709**	**9,221,235,608**
50	**15. Accounting profit before tax**		**3,873,877,747,945**	**2,867,380,480,904**
51	**16. Current corporate income tax expense**	**27.1**	**(905,864,864,262)**	**(702,139,663,414)**
52	**17. Deferred tax income**	**27.3**	**8,205,422,923**	**21,964,145,750**
60	**18. Net profit after tax**		**2,976,218,306,606**	**2,187,204,963,240**
61	**19. Net profit after tax attributable to shareholders of the parent**		**2,974,700,221,665**	**2,186,698,002,111**
62	**20. Net profit after tax attributable to non-controlling interests**		**1,518,084,941**	**506,961,129**
70	**21. Basic earnings per share**	**28**	**6,715**	**5,080**
71	**22. Diluted earnings per share**	**28**	**6,715**	**5,080**

CÔNG TY CỔ PHẦN ĐẦU TƯ THẾ GIỚI DI ĐỘNG

Ly Tran Kim Ngan	Vu Dang Linh	Tran Kinh Doanh
Preparer	Finance Director	General Director

31 October 2019

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the nine-month period ended 30 September 2019

VND

Code	*ITEMS*	*Notes*	*For the nine-month period ended 30 September 2019*	*For the nine-month period ended 30 September 2018*
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Accounting profit before tax**		**3,873,877,747,945**	**2,867,380,480,904**
	Adjustments for:			
02	Depreciation and amortisation of fixed assets (including amortisation of goodwill)	12, 13, 17	1,007,561,046,165	885,789,166,171
03	Provisions		31,536,713,464	109,924,842,356
04	Foreign exchange losses (gains) arisen from revaluation of monetary accounts denominated in foreign currency		(93,258,638)	(24,067,810)
05	Profits from investing activities		(227,323,357,956)	(49,649,895,216)
06	Interest expense	25	411,798,523,074	325,633,375,138
08	**Operating profit before changes in working capital**		**5,097,357,414,054**	**4,139,053,901,543**
09	Decrease in receivables		549,333,330,390	1,510,781,722,496
10	Decrease (increase) in inventories		434,334,602,292	(519,343,439,842)
11	Decrease in payables		(1,435,435,630,058)	(2,155,203,827,289)
12	(Increase) decrease in prepaid expenses		(98,699,930,478)	133,491,443,496
14	Interest paid		(370,326,659,828)	(291,613,365,846)
15	Corporate income tax paid		(721,976,800,710)	(558,710,388,171)
17	Other cash outflows for operating activities		(10,000,000,000)	-
20	**Net cash flows from operating activities**		**3,444,586,325,662**	**2,258,456,046,387**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(1,758,021,707,345)	(1,034,321,807,982)
22	Proceeds from disposals of fixed assets		902,520,944	3,402,406,949
23	Term deposits		(7,616,310,529,519)	(694,851,105,432)
24	Collections term deposits		3,391,832,981,258	-
25	Payments for investments in other entities (net of cash hold by entity being acquired)		-	(828,166,470,141)
27	Interest received from banks		156,410,109,439	26,096,685,087
30	**Net cash flows used in investing activities**		**(5,825,186,625,223)**	**(2,527,840,291,519)**

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)
for the nine-month period ended 30 September 2019

VND

Code	*ITEMS*	*Notes*	*For the nine-month period ended 30 September 2019*	*For the nine-month period ended 30 September 2018*
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of new shares and capital contribution from non-controlling interest		4,735,240,000	577,459,657,200
32	Capital redemption		(4,389,120,000)	(427,100,000)
33	Drawdown of borrowings		31,810,792,347,579	24,789,370,841,487
34	Repayment of borrowings	22	(28,825,280,391,872)	(22,953,144,444,838)
36	Dividends paid		(657,710,145,206)	(485,113,925,593)
40	**Net cash flows from financing activities**		**2,328,147,930,501**	**1,928,145,028,256**
50	**Net (decrease) increase in cash and cash equivalents**		**(52,452,369,060)**	**1,658,760,783,124**
60	**Cash and cash equivalents at beginning of period**		**3,749,550,258,212**	**3,410,983,351,393**
61	Impact of exchange rate fluctuation		93,258,638	34,096,239
70	**Cash and cash equivalents at end of period**	**4**	**3,697,191,147,790**	**5,069,778,230,756**

Ly Tran Kim Ngan	Vu Dang Linh	Tran Kinh Doanh
Preparer	Finance Director	General Director

31 October 2019

1. CORPORATE INFORMATION

Mobile World Investment Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate ("ERC") No. 0306731335 issued by the Department of Planning and Investment (the "DPI") of Binh Duong Province on 16 January 2009, as amended.

The Company's head office is located at No. 222, Yersin Street, Phu Cuong Ward, Thu Dau Mot Town, Binh Duong Province, Vietnam and operating office is located at MWG Tower, Lot T2-1.2, D1 Street, Saigon Hi-tech Park, District 9, Ho Chi Minh City, Vietnam.

The current principal activities of the Group are trading, providing repair and maintenance services of phones, information technology equipment and accessories, cameras, digital equipment, electronic equipment; household appliances and related accessories; and retailing at the Group's chain of stores including foods, beverages, products from meats, seafood, vegetables.

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

The number of the Group's employees as at 30 September 2019 was 52,915 (31 December 2018: 40,756).

Corporate structure

As at 30 September 2019, the Company has five (5) subsidiaries. Details are as follows:

Name of subsidiary	*Location*	*Business*	*Operating status*	*Ownership (%)*	
				30 Septmber 2019	*31 December 2018*
(1) The Gioi Di Dong Joint Stock Company	Ho Chi Minh City, Vietnam	Trading of electronic equipment	Operating	99.95	99.95
(2) Bach Hoa Xanh Trading Joint Stock Company	Ho Chi Minh City, Vietnam	Trading of food	Operating	99.95	99.95
(3) Tran Anh Digital World Joint Stock Company	Hanoi City, Vietnam	Trading of electronic equipment	Operating	99.33	99.33
(4) The Gioi Di Dong Information Technology Limited Company	Ho Chi Minh City, Vietnam	Information technology	Operating	100.00	100.00
(5) MWG (Cambodia) Co., Ltd	Phnom Penh, Cambodia	Trading of electronic equipment	Operating	99.95	99.95

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

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

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

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

2.2 *Applied accounting documentation system*

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

2.3 *Fiscal year*

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

2.4 *Accounting currency*

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

2.5 *Basis of consolidation*

The interim consolidated financial statements comprise the interim financial statements of the parent Company and its subsidiaries for the nine-month period ended 30 September 2019.

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

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

3.2 *Receivables*

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

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

3.3 *Inventories*

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

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

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

Mobile phones, tablets and laptops	-	actual cost on a specific identification basis
Electronic equipment	-	actual cost on a specific identification basis
Accessories	-	actual cost on a weighted average basis
Household appliances	-	actual cost on a weighted average basis
Grocery merchandise	-	actual cost on a weighted average basis
Others	-	actual cost on a weighted average basis.

Provision for obsolete inventories

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

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

3.4 *Prepaid expenses*

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

The following types of expenses are recorded as long-term prepaid expense and are amortised to the interim consolidated income statement:

- Prepaid rental; and
- Tools and supplies;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Business combinations and goodwill*

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the interim consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over ten-year (10) period on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the interim consolidated income statement.

When the Company acquires the non-controlling interests of a subsidiary, the difference between the cost of acquisition and the carrying amount of the non-controlling interest is reflected as undistributed earnings in the interim consolidated balance sheet.

3.6 *Investments*

Investment in an associate

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the interim consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review for impairment. The interim consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit/(loss) of the associates is presented on face of the interim consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend/profit sharing received or receivable from associates reduces the carrying amount of the investment.

The interim financial statements of the associates are prepared for the same reporting period and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.8 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

Land use rights

Land use rights are recorded as intangible assets when the Company has the land use rights certificates. The costs of land use rights comprise all directly attributable costs of bringing the land to the condition available for use and is not amortised as having indefinite useful life.

3.9 *Depreciation and amortisation*

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

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

3.10 *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 in the interim consolidated income statement during the period in which they are incurred.

3.11 *Payables and accruals*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 *Foreign currency transactions*

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

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

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

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

All foreign exchange differences incurred during the period and arisen from the translation of monetary accounts denominated in foreign currency at balance sheet date are taken to the interim consolidated 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 Group's own equity instruments.

3.14 *Appropriation of net profits*

Net profit after tax 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.

Bonus and welfare fund

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 interim consolidated balance sheet.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Revenue recognition*

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

Sale of goods

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

Rendering of services

Revenues are recognized upon the completion of the services provided.

Interest

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

Dividends

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

3.16 *Operating leases*

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

3.17 *Earnings per share*

Basic earnings per share amount is computed by dividing net profit for the period attributable to ordinary shareholders, after appropriation for bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the period, where applicable.

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

3.18 *Taxation*

Current income tax

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 *Taxation* (continued)

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

The carrying amount of deferred 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 tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

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

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

3.19 *Related parties*

Parties are considered to be related parties of the group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the group and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

3.20 *Segment information*

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

4. CASH AND CASH EQUIVALENTS

VND

	30 September 2019	*31 December 2018*
Cash on hand	665,173,491,405	1,475,214,891,085
Cash in banks	1,912,626,721,017	1,787,504,805,657
Cash in transit	93,970,156,905	100,997,580,212
Cash equivalents *(*)*	1,025,420,778,463	385,832,981,258
TOTAL	**3,697,191,147,790**	**3,749,550,258,212**

(*) Cash equivalents represent term deposits with maturity terms of less than three (3) months and earn interest at the applicable rates.

5. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investment represents term deposits and bonds with maturity terms from three (3) to less than one (1) year and earns interest at the rate ranging from 7.2% to 7.7% per annum.

6. SHORT-TERM TRADE RECEIVABLES

VND

	30 September 2019	*31 December 2018*
Due to other parties	211,689,455,357	369,573,657,457
- *Home Credit Vietnam Finance Company Limited*	*78,597,594,471*	*142,746,694,060*
- *Vietnam Prosperity Joint Stock Commercial Bank*	*24,358,865,887*	*121,475,120,993*
- *Others*	*108,732,994,999*	*105,351,842,404*
Due to a related party *(Note 29)*	1,494,909,812	-
TOTAL	**213,184,365,169**	**369,573,657,457**

7. SHORT-TERM ADVANCES TO SUPPLIERS

VND

	30 September 2019	*31 December 2018*
Advances to suppliers	192,839,602,672	19,882,739,814
- *HGTV One Member Limited*	*42,925,358,436*	-
- *Nhat Thien Import Export Company Limited*	*33,921,066,000*	-
- *Cong Nghe So Import Export Company Limited*	*32,450,859,300*	-
- *Others*	*83,542,318,936*	*19,882,739,814*
Advances to a related party *(Note 29)*	-	1,124,551,935
TOTAL	**192,839,602,672**	**21,007,291,749**

8. OTHER SHORT-TERM RECEIVABLES

VND

	30 September 2019	*31 December 2018*
Due from other suppliers *(i)*	671,434,557,830	1,090,399,532,158
- *Samsung Electronic HCMC CE Complex Limited*	*85,374,951,297*	*99,270,165,996*
- *Sony Electronics Vietnam Company Limited*	*73,823,095,658*	*229,314,874,870*
- *Samsung Electronics Viet Nam Thai Nguyen Company Limited*	*69,697,623,535*	*210,678,174,261*
- *Panasonic Vietnam Company Limited*	*45,605,741,869*	*89,527,581,160*
- *Others*	*396,933,145,471*	*461,608,735,871*
Interest income	108,013,546,786	20,570,444,523
Advance to employees	17,296,703,566	-
Receivables from employees	5,675,777,956	13,260,843,199
Others	38,819,958,408	27,717,966,987
TOTAL	**841,240,544,546**	**1,151,948,786,867**
In which:		
- *Due from others*	*841,067,980,355*	*1,151,948,786,867*
Due to a related party (Note 29)	*172,564,191*	-

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

9. INVENTORIES

VND

	30 September 2019	*31 December 2018*
Electronic equipment	7,453,768,845,765	8,093,520,536,583
Mobile phones	4,125,678,388,626	5,575,201,490,528
Home appliances	2,263,042,391,941	1,854,149,173,341
Grocery merchandise	1,010,841,109,218	619,216,942,867
Accessories	880,628,079,002	851,177,889,554
Laptop	822,224,449,802	331,470,400,564
Installment item	159,388,354,061	33,065,224,542
Tablets	118,498,180,726	230,987,789,548
Watches, Sunglasess	395,062,511,600	-
Scratch card	44,784,878,875	140,104,491,868
Goods in transit	2,786,101,590	9,011,116,270
Others	110,099,750,255	83,232,588,088
TOTAL	**17,386,803,041,461**	**17,821,137,643,753**
Provision for obsolete inventories	(396,829,363,731)	(375,132,344,772)
NET	**16,989,973,677,730**	**17,446,005,298,981**

9. INVENTORIES (continued)

Movements of provision for obsolete inventories:

VND

	For the nine-month period ended 30 September 2019	*For the nine-month period ended 30 September 2018*
As at 1 January	(375,132,344,772)	(259,792,810,947)
Add: Provision created during the period	(396,829,363,731)	(362,676,207,162)
Less: Utilisation and reversal of provision during the period	375,132,344,772	259,792,810,947
As at 30 September	(396,829,363,731)	(362,676,207,162)

10. SHORT-TERM PREPAID EXPENSES

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

11. OTHER LONG-TERM RECEIVABLES

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

12. TANGIBLE FIXED ASSETS

VND

	Buildings and structures	*Means of transportation*	*Office equipment*	*Total*
Cost:				
31 December 2018	4,773,087,444,577	157,628,559,882	857,610,327,217	5,788,326,331,676
New purchases	1,388,409,550,348	70,713,333,600	232,253,636,775	1,691,376,520,723
Transfer from construction in progress	405,669,896,118	709,090,909	25,076,855,831	431,455,842,858
Disposals	(61,772,422,703)	(641,278,183)	(6,624,936,238)	(69,038,637,124)
30 September 2019	6,505,394,468,340	228,409,706,208	1,108,315,883,585	7,842,120,058,133
In which:				
- *Fully depreciated*	*331,383,462,991*	*8,004,588,334*	*173,129,891,471*	*512,517,942,796*
Accumulated depreciation:				
31 December 2018	(1,985,749,442,377)	(63,013,821,499)	(434,639,538,330)	(2,483,402,802,206)
Depreciation for the period	(784,323,788,885)	(20,728,025,388)	(155,936,659,816)	(960,988,474,089)
Disposals	45,893,692,825	641,278,183	5,071,291,426	51,606,262,434
30 September 2019	(2,724,179,538,437)	(83,100,568,704)	(585,504,906,720)	(3,392,785,013,861)
Net carrying amount:				
31 December 2018	2,787,338,002,200	94,614,738,383	422,970,788,887	3,304,923,529,470
30 September 2019	3,781,214,929,903	145,309,137,504	522,810,976,865	4,449,335,044,272

13. INTANGIBLE ASSETS

	Land use rights	*Computer software*	*VND Total*
Cost:			
31 December 2018	25,998,878,500	7,839,544,644	33,838,423,144
New purchases	-	1,013,777,056	1,013,777,056
30 September 2019	25,998,878,500	8,853,321,700	34,852,200,200
Accumulated amortisation:			
31 December 2018	-	(5,614,293,012)	(5,614,293,012)
Amortisation for the period	-	(528,667,987)	(528,667,987)
30 September 2019	-	(6,142,960,999)	(6,142,960,999)
Net carrying amount:			
31 December 2018	25,998,878,500	2,225,251,632	28,224,130,132
30 September 2019	25,998,878,500	2,710,360,701	28,709,239,201

14. CONSTRUCTION IN PROGRESS

	30 September 2019	*VND 31 December 2018*
Construction costs for new stores and distribution centres	32,350,218,138	9,692,607,213
Construction costs for office	-	247,139,389,994
TOTAL	**32,350,218,138**	**256,831,997,207**

15. LONG-TERM PREPAID EXPENSES

	30 September 2019	*VND 31 December 2018*
Stores rental	36,653,321,441	25,941,124,248
New stores' layout	17,274,515,503	47,023,024,097
Others	29,276,084,873	11,803,940,130
TOTAL	**83,203,921,817**	**84,768,088,475**

16. INVESTMENT IN AN ASSOCIATE

	VND *An Khang Retail Joint Stock Company*
Cost of investment:	
31 December 2018 and 30 September 2019	62,038,750,000
Accumulated share in post-acquisition loss of the associate:	
31 December 2018	(2,100,986,885)
Share in post-acquisition loss of the associate for the period	(1,561,590,213)
30 September 2019	(3,662,577,098)
Net carrying amount:	
31 December 2018	59,937,763,115
30 September 2019	58,376,172,902

An Khang Retail Joint Stock Company ("An Khang") is a joint stock company established in accordance with the Enterprise Registration Certificate ("ERC") No. 0314587300 issued by the DPI of Ho Chi Minh City on 21 August 2017, and as amended. An Khang's registered office is located at No. 128, Tran Quang Khai Street, Tan Dinh Ward, District 1, Ho Chi Minh City, Vietnam. The current principal activities of An Khang are to trade medicines and consumers goods.

17. GOODWILL

	VND *Amount*
Cost:	
31 December 2018 and 30 September 2019	613,918,721,185
Accumulated amortisation:	
31 December 2018	(61,391,872,119)
Amortisation for the period	(46,043,904,089)
30 September 2019	(107,435,776,208)
Net carrying amount:	
31 December 2018	552,526,849,066
30 September 2019	506,482,944,977

18. SHORT-TERM TRADE PAYABLES

VND

	30 September 2019	*31 December 2018*
Samsung Electronics Viet Nam Thai Nguyen	823,889,075,999	1,028,501,685,728
Sony Electronics Vietnam Co., Ltd	450,011,939,769	1,238,909,187,337
Digiworld Corp	382,551,412,498	199,540,105,974
LG Electronics Vietnam Hai Phong Co., Ltd	365,847,321,045	466,286,802,652
Panasonic Vietnam Co., Ltd	310,885,459,290	498,328,774,349
Others	4,526,177,228,907	4,813,047,687,770
TOTAL	**6,859,362,437,508**	**8,244,614,243,810**

19. STATUTORY OBLIGATIONS

VND

	31 December 2018	*Increase during the period*	*Decrease during the period*	*30 September 2019*
Corporate income tax	191,092,523,932	905,864,864,262	(721,976,800,710)	374,980,587,484
Value-added tax	21,588,461,648	9,924,963,163,324	(9,865,620,825,837)	80,930,799,135
Personal income tax	1,866,631,646	42,479,666,642	(41,584,051,364)	2,762,246,924
Others	3,152,026,657	14,473,057,991	(16,526,721,156)	1,098,363,492
TOTAL	**217,699,643,883**	**10,887,780,752,219**	**(10,645,708,399,067)**	**459,771,997,035**

20. SHORT-TERM ACCRUED EXPENSES

VND

	30 September 2019	*31 December 2018*
Bonus to employees	1,648,568,390,765	1,802,106,384,970
Interest supporting expense	141,668,263,128	151,545,159,391
Marketing expenses	114,492,921,793	14,649,245,341
Payables to employees	94,038,104,571	67,622,692,702
Utilities	52,040,637,509	39,280,477,170
Transportation expenses	39,579,778,272	29,483,125,592
Repairing warranty service costs	29,614,948,995	21,232,132,110
Interest expenses	60,801,607,881	27,282,518,604
Others	38,454,550,803	19,863,143,534
TOTAL	**2,219,259,203,717**	**2,173,064,879,414**

21. OTHER SHORT-TERM PAYABLES

VND

	30 September 2019	*31 December 2018*
Received charges on behalf	906,738,369,251	1,042,059,390,385
Deposits	55,506,211,561	33,499,443,205
Instalment payments received on behalf	30,613,201,955	36,449,047,741
Social, health insurances and trade union fee	31,217,470,210	25,017,709,725
Discount vouchers	18,837,137,019	24,736,136,521
Others	64,520,599,256	46,452,535,513
TOTAL	**1,107,432,989,252**	**1,208,214,263,090**

22. LOANS

VND

	31 December 2018	*Increase during the period*	*Decrease during the period*	*Reclassification*	*30 September 2019*
Short-term	**5,836,454,637,089**	**31,595,687,472,409**	**(28,655,460,753,638)**	**135,855,710,664**	**8,912,537,066,524**
Short-term loans from banks *(Note 22.1)*	5,700,598,926,425	31,595,687,472,409	(28,383,749,332,310)	-	8,912,537,066,524
Current portion of long-term loan from bank	135,855,710,664	-	(271,711,421,328)	135,855,710,664	-
Long-term	**1,208,167,140,389**	**218,509,875,167**	**(169,819,638,234)**	**(135,855,710,664)**	**1,121,001,666,658**
Domestic straight bonds *(Note 22.2)*	1,117,596,666,661	3,404,999,997	-	-	1,121,001,666,658
Long-term loan from bank	90,570,473,728	215,104,875,170	(169,819,638,234)	(135,855,710,664)	-
TOTAL	**7,044,621,777,478**	**31,814,197,347,576**	**(28,825,280,391,872)**	**-**	**10,033,538,733,182**

22. LOANS (continued)

22.1 *Short-term loans from banks*

The Group obtained these unsecured loans with floating rates to finance its working capital requirements. Details of the short-term loans from banks are as follows:

Lenders	*30 September 2019*	*Maturity date*
	VND	
HSBC Bank (Vietnam) Limited	1,778,002,508,305	From 1 October 2019 to 29 December 2019
Sumitomo Mitsui Banking Corporation – Ha Noi Branch	1,248,825,818,594	From 2 October 2019 to 30 December 2019
Mizuho Bank, Ltd. - Ha Noi Branch	1,143,909,525,814	From 11 October 2019 to 6 December 2019
ANZ Bank (Vietnam) Limited - Ho Chi Minh Branch	1,016,914,269,138	From 8 October 2019 to 29 November 2019
Joint Stock Commercial Bank for Foreign Trade of Vietnam	711,504,188,116	From 4 December 2019 to 25 December 2019
Bank of Investment and Development of Vietnam - Ho Chi Minh Branch	691,900,755,359	From 2 October 2019 to 29 November 2019
Military Commercial Joint Stock Bank	494,985,192,037	From 29 October 2019 to 9 November 2019
BNP Paribas - Singapore Branch	464,000,000,000	From 17 July 2020 to 17 July 2022
Citibank N.A Vietnam - Hanoi Branch	405,897,595,950	From 7 October 2019 to 30 December 2019
Malayan Banking Berhad - Ho Chi Minh City Branch	347,592,623,650	From 10 October 2019 to 22 November 2019
DBS Bank Ltd - Ho Chi Minh Branch	241,436,708,908	From13 December 2019 to 17 December 2019
BNP Paribas - Ho Chi Minh Branch	204,681,814,700	From 8 October 2019 to 18 December 2019
Standard Chartered Bank (Vietnam) Limited	162,886,065,953	From 7 October 2019 to 8 October 2019
TOTAL	**8,912,537,066,524**	

22. LOANS (continued)

22.2 *Domestic straight bonds*

Details of domestic straight bond are as follows:

Owners	*Amount*	*Interest rate*	*Maturity date*	*Purpose*	*Collateral*
	VND	*% p.a.*			
Prudential Vietnam Assurance Private Limited	470,000,000,000	6.55	17 November 2022	To finance its working capital requirements	Unsecured
Manulife (Vietnam) Limited	450,000,000,000				
AIA (VietNam) Life Insurance Company Limited	100,000,000,000				
Chubb Life Insurance Vietnam Company Limited	45,000,000,000				
Sun Life Insurance Company Limited	40,000,000,000				
Vietcombank Securities Limited Company	30,000,000,000				
Bond issuance expenses	(13,998,333,342)				
TOTAL	**1,121,001,666,658**				

Domestic straight bonds are arranged by Standard Chartered Bank (Vietnam) Limited and guaranteed by Credit Guarantee and Investment Facility - a trust fund of the Asian Development Bank. The guarantee fee is charged at the rate of 1.5% per annum.

23. OWNERS' EQUITY

23.1 *Increase and decrease in owners' equity*

VND

	Share capital	*Share premium*	*Treasury shares*	*Foreign exchange differences*	*Undistributed earnings*	*Other capital*	*Total*
For the nine-month period ended 30 September 2018							
31 December 2017	3,169,884,370,000	36,717,698,286	(79,164,500)	(86,063,365)	2,698,572,748,459	1,130,494,084	5,906,140,082,964
Net profit for the period	-	-	-	-	2,186,698,002,111	-	2,186,698,002,111
Issuance of shares	61,810,840,000	514,734,297,200	-	-	-	-	576,545,137,200
Purchase of treasury shares	-	-	(427,100,000)	-	-	-	(427,100,000)
Equity transactions inside Group with non-controlling interests shareholders	-	-	-	-	(27,410,937,561)	-	(27,410,937,561)
Dividends declared	-	-	-	-	(484,310,571,750)	-	(484,310,571,750)
Foreign exchange differences	-	-	-	416,145,499	-	-	416,145,499
30 September 2018	3,231,695,210,000	551,451,995,486	(506,264,500)	330,082,134	4,373,549,241,259	1,130,494,084	8,157,650,758,463
For the nine-month period ended 30 September 2019							
31 December 2018	4,434,961,780,000	551,451,995,486	(808,864,500)	446,572,898	3,989,603,910,055	1,130,494,084	8,976,785,888,023
Net profit for the period	-	-	-	-	2,974,700,221,665	-	2,974,700,221,665
Issuance shares (*)	500,000,000	3,755,000,000	-	-	-	-	4,255,000,000
Dividends declared (**)	-	-	-	-	(664,179,295,500)	-	(664,179,295,500)
Treasury shares	-	-	(4,389,120,000)	-	-	-	(4,389,120,000)
Fund distribution	-	-	-	-	(5,000,000,000)	-	(5,000,000,000)
Foreign exchange differences	-	-	-	(57,088,854)	-	-	(57,088,854)
30 September 2019	4,435,461,780,000	555,206,995,486	(5,197,984,500)	389,484,044	6,295,124,836,220	1,130,494,084	11,282,115,605,334

23. OWNERS' EQUITY (continued)

(*) In accordance with the Shareholders' Resolution 01_2019/NQDHDCD/TGDD dated 22 March 2019 and the Board of Director's Resolution No. 09/2019/NQ/HDQT-2019 dated 23 August 2018, the General Shareholder and the Board of Directors approved the issuance of 650,000 ordinary shares to its key. On 24 October 2019, the Company received the amended ERC issued by the DPI of Binh Duong Province for the above issuance of shares.

(**) During the period, the Company paid dividend amounting to VND 664,179,295,500 from undistributed earnings to its existing shareholders in accordance with the Shareholders' Resolution No. 01 2019/NQDHDCD/TGDD dated 22 March 2019.

23.2 *Capital transactions with owners*

	Number of shares
As at 31 December 2018	443,496,178
Increase in capital	50,000
As at 30 September 2019	443,546,178

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

23.3 *Shares - ordinary shares*

	30 September 2019	*31 December 2018*
	Number of shares	*Number of shares*
Authorized shares	443,546,178	443,496,178
Issued and paid up shares		
Ordinary shares	*443,546,178*	*443,496,178*
Treasury shares		
Ordinary shares	*(810,142)*	*(369,285)*
Shares in circulation		
Ordinary shares	*442,736,036*	*443,126,893*

24. REVENUES

24.1 *Revenue from sales of goods and rendering of services*

VND

	For the nine-month period ended 30 September 2019	*For the nine-month period ended 30 September 2018*
Gross revenue	**77,769,370,774,042**	**66,412,887,820,421**
Of which:		
Sale of goods	*77,195,988,368,495*	*65,852,689,672,693*
Rendering of services	*573,382,405,547*	*560,198,147,728*
Less	**(1,006,116,188,830)**	**(934,851,552,072)**
Of which:		
Sales returns	*(1,006,116,188,830)*	*(934,851,552,072)*
Net revenue	**76,763,254,585,212**	**65,478,036,268,349**

24. REVENUES (continued)

24.2 *Finance income*

VND

	For the nine-month period ended 30 September 2019	*For the nine-month period ended 30 September 2018*
Interest income	243,853,211,702	48,653,934,204
Income from early payments	205,372,878,427	184,686,772,570
Foreign exchange gains	306,886,811	1,285,171,065
TOTAL	**449,532,976,940**	**234,625,877,839**

25. FINANCE EXPENSES

VND

	For the nine-month period ended 30 September 2019	*For the nine-month period ended 30 September 2018*
Interest expense	411,798,523,074	325,633,375,138
Foreign exchange losses	40,944,660	1,079,678
Others	1,440,268,555	-
TOTAL	**413,279,736,289**	**325,634,454,816**

26. TRADING AND OPERATING COSTS

VND

	For the nine-month period ended 30 September 2019	*For the nine-month period ended 30 September 2018*
Cost of goods sold and services rendered	62,640,502,490,907	53,939,080,097,503
Labour costs	5,659,357,571,782	4,802,604,002,316
Depreciation and amortisation of fixed assets and amortisation of goodwill *(Notes 12, 13 and 17)*	1,007,561,046,165	885,789,166,171
Others	3,629,904,803,560	2,898,116,448,457
TOTAL	**72,937,325,912,414**	**62,525,589,714,447**

27. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Company and subsidiaries are as follows:

- The statutory CIT rate applicable to the Company is 20% of taxable profits;
- The Gioi Di Dong Information Technology Limited Company ("CNTT TGDD"), the Company's subsidiaries has the obligation to pay corporate income tax ("CIT") at the rate of 10% of taxable income in fifteen (15) years from the date of the Company's commencement of new invesmtent project in the High-Tech zone and entitled applicable normal CIT tax rate for the following years. The Company is entitled to an exemption from CIT for four (4) years commencing from the year in which a taxable profit is earned, and a 50% reduction of the applicable CIT tax rate for the following nine (9) years. For other activities of CNTT TGDD, the applicable CIT rate is at 20%.

The Group's tax returns 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 interim consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

27.1 CIT expense

VND

	For the nine-month period ended 30 September 2019	*For the nine-month period ended 30 September 2018*
Current tax expense	905,738,564,302	689,652,736,545
Adjustment for under accrual of tax from prior period	126,299,960	12,486,926,869
	905,864,864,262	702,139,663,414
Deferred tax income	(8,205,422,923)	(21,964,145,750)
TOTAL	**897,659,441,339**	**680,175,517,664**

Reconciliation between CIT expense and the accounting profit before tax multiplied by CIT rate is presented below:

VND

	For the nine-month period ended 30 September 2019	*For the nine-month period ended 30 September 2018*
Accounting profit before tax	**3,873,877,747,945**	**2,867,380,480,904**
At CIT rate of 20%	774,775,549,589	573,476,096,181
Adjustments		
Losses of subsidiaries yet recognised deferred tax	124,541,024,242	80,356,285,437
Goodwill allocation	9,208,780,818	9,924,184,773
Non-deductible expenses	2,832,886,434	3,932,024,404
Adjustment for under accrual of tax from prior period	126,299,960	12,486,926,869
Share of loss of the associate	312,318,043	-
Tax exempted	(12,873,856,730)	-
Tax loss carried forward	(1,263,561,017)	-
CIT expense	**897,659,441,339**	**680,175,517,664**

27. CORPORATE INCOME TAX (continued)

27.2 *Current tax*

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

27.3 *Deferred tax*

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

VND

	Interim consolidated balance sheet		*Interim consolidated income statement*	
	30 September 2019	*31 December 2018*	*For the nine-month period ended 30 September 2019*	*For the nine-month period ended 30 September 2018*
Deferred tax asset				
Accruals	63,210,600,900	63,210,600,900	-	-
Provision for obsolete inventories	79,365,872,746	75,026,468,954	4,339,403,792	20,576,679,243
Provision for warranty	13,281,665,443	11,313,726,546	1,967,938,897	1,408,289,228
Unrealised foreign exchange	-	(2,068,735)	2,068,735	(20,822,721)
TOTAL	**155,858,139,089**	**149,548,727,665**		
Deferred tax liabilities				
Change of fair value of net assets after business combination	-	(1,896,011,499)	1,896,011,499	-
Deferred tax income			***8,205,422,923***	***21,964,145,750***

28. EARNINGS PER SHARE

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

	For the nine-month period ended 30 September 2019	*For the nine-month period ended 30 September 2018*
Net profit attributable to ordinary shareholders of the Company *(VND) (*)*	2,974,700,221,665	2,186,698,002,111
Weighted average number of ordinary shares for basic earnings per share	442,965,552	430,487,742
Basic and diluted earnings per share *(VND per share)*	6,715	5,080

(*) The weighted average number of ordinary shares for the nine-month period ended 30 September 2018 has been retrospectively adjusted for the 107,597,146 shares under form of stock dividends on 23 November 2018.

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

29. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with its related parties during the current and previous periods were as follows:

VND

Related party	*Relationship*	*Nature of transaction*	*For the nine-month period ended 30 September 2019*	*For the nine-month period ended 30 September 2018*
Thanh Phat Import Export One Member Limited	Company with the same key personnel	Purchase of merchandise	17,562,316,948	1,100,374,253,055
An Khang Retail Joint Stock Company	Associate	Sales of goods	2,646,418,204	-
		Rendering of services	248,394,772	-
		Purchase of goods	131,741,931	-
Mr Robert Willet	Member of the Board of Directors	Consultant fee	1,749,721,675	1,605,253,511

29. TRANSACTIONS WITH RELATED PARTIES (continued)

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

VND

Related parties	*Relationship*	*Nature of transaction*	*30 September 2019*	*31 December 2018*
Short-term advance to suppliers				
Thanh Phat Import Export One Member Limited	Company with the same key personnel	Purchase of merchandise	-	1,124,551,935
Short-term trade receivables				
An Khang Retail Joint Stock Company	Associate	Sales of goods	1,494,909,812	-
Other short-term receivables				
An Khang Retail Joint Stock Company		Payment on behalf	172,564,191	
Other short-term payable				
An Khang Retail Joint Stock Company	Associate	Payment on behalf	7,280,745,841	-

Remuneration to members of the Board of Directors and Management:

VND

	For the nine-month period ended 30 September 2019	*For the nine-month period ended 30 September 2018*
Salaries and bonus	10,293,380,000	7,910,492,400

30. OPERATING LEASE COMITMENTS

The Group leases its office premises and distribution centres under operating lease agreements. The minimum lease commitments as at the balance sheet dates under the operating lease agreements are as follows:

VND

	30 September 2019	*31 December 2018*
Less than one year	2,077,330,403,335	1,824,274,093,337
From one to five years	7,090,187,431,581	5,999,533,912,690
More than five years	3,467,459,231,037	2,653,513,133,360
TOTAL	**12,634,977,065,953**	**10,477,321,139,387**

31. EVENTS AFTER THE BALANCE SHEET DATE

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

Ly Tran Kim Ngan Preparer	Vu Dang Linh Finance Director	Tran Kinh Doanh General Director

31 October 2019