

Mobile World Investment Corporation

Consolidated financial statements

For the year ended 31 December 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 ("DPI") of Binh Duong Province on 16 January 2009, as amended.

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

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 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.

BOARD OF DIRECTORS

Members of the Board of Directors during the year 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 year 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 year 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 to 4 April 2019 is Mr Nguyen Duc Tai and from 5 April 2019 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 this report and the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2019.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of management:



Trần Kinh Doanh
General Director

Binh Duong Province, Vietnam

2 March 2020

Reference: 61110221/21073758-HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders and the Board of Directors of Mobile World Investment Corporation

We have audited the accompanying consolidated financial statements of Mobile World Investment Corporation ("the Company") and its subsidiaries ("the Group") as prepared on 2 March 2020 and set out on pages 5 to 36, which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2019, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited



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



Ly Hong My
Auditor
Audit Practicing Registration Certificate
No. 4175-2017-004-1

Ho Chi Minh City, Vietnam

2 March 2020

CONSOLIDATED BALANCE SHEET
as at 31 December 2019

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		35,011,896,908,246	23,371,994,756,394
110	I. Cash and cash equivalents	4	3,115,236,816,468	3,749,550,258,212
111	1. Cash		2,024,347,938,868	3,363,717,276,954
112	2. Cash equivalents		1,090,888,877,600	385,832,981,258
120	II. Short-term investment		3,137,000,000,000	50,922,451,739
123	1. Held-to-maturity investments	5	3,137,000,000,000	50,922,451,739
130	III. Current accounts receivable		1,815,085,561,979	1,542,529,736,073
131	1. Short-term trade receivables	6	262,268,362,817	369,573,657,457
132	2. Short-term advances to suppliers	7	195,016,846,986	21,007,291,749
136	3. Other short-term receivables	8	1,357,800,352,176	1,151,948,786,867
140	IV. Inventories	9	25,745,428,436,580	17,446,005,298,981
141	1. Inventories		26,195,934,673,884	17,821,137,643,753
149	2. Provision for obsolete inventories		(450,506,237,304)	(375,132,344,772)
150	V. Other current assets		1,199,146,093,219	582,987,011,389
151	1. Short-term prepaid expenses	10	487,030,591,956	283,034,716,902
152	2. Value-added tax deductible		709,225,135,972	298,109,345,560
153	3. Tax and other receivables from the State		2,890,365,291	1,842,948,927
200	B. NON-CURRENT ASSETS		6,696,198,636,637	4,750,536,730,462
210	I. Long-term receivable		374,563,598,474	313,775,645,332
216	1. Other long-term receivables	11	374,563,598,474	313,775,645,332
220	II. Fixed assets		5,403,776,988,921	3,333,147,659,602
221	1. Tangible fixed assets	12	5,375,279,172,974	3,304,923,529,470
222	Cost		9,148,455,989,525	5,788,326,331,676
223	Accumulated depreciation		(3,773,176,816,551)	(2,483,402,802,206)
227	2. Intangible fixed assets	13	28,497,815,947	28,224,130,132
228	Cost		34,852,200,200	33,838,423,144
229	Accumulated amortisation		(6,354,384,253)	(5,614,293,012)
240	III. Long-term asset in progress		87,430,438,310	256,831,997,207
242	1. Construction in progress	14	87,430,438,310	256,831,997,207
250	IV. Long-term investment		56,464,479,744	59,937,763,115
252	1. Investment in an associate	15	56,464,479,744	59,937,763,115
260	V. Other long-term assets		773,963,131,188	786,843,665,206
261	1. Long-term prepaid expenses	16	104,029,473,910	84,768,088,475
262	2. Deferred tax assets	27.3	178,798,680,331	149,548,727,665
269	3. Goodwill	17	491,134,976,947	552,526,849,066
270	TOTAL ASSETS		41,708,095,544,883	28,122,531,486,856

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2019

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		29,564,503,350,530	19,139,496,155,514
310	I. Current liabilities		28,442,366,683,873	17,929,433,003,626
311	1. Short-term trade payables	18	12,055,385,483,995	8,244,614,243,810
312	2. Short-term advances from customers		81,194,129,529	38,061,594,053
313	3. Statutory obligations	19	374,623,269,110	217,699,643,883
314	4. Payables to employees		258,242,266,298	149,774,991,802
315	5. Short-term accrued expenses	20	1,851,966,958,655	2,173,064,879,414
318	6. Short-term unearned revenues		333,585,179	-
319	7. Other short-term payables	21	717,884,730,756	1,208,214,263,090
320	8. Short-term loans	22	13,031,015,620,192	5,836,454,637,089
321	9. Short-term provision		71,690,522,406	56,568,632,732
322	10. Bonus and welfare fund		30,117,753	4,980,117,753
330	II. Non-current liabilities		1,122,136,666,657	1,210,063,151,888
338	1. Long-term loans	22	1,122,136,666,657	1,208,167,140,389
341	2. Deferred tax liabilities	27.3	-	1,896,011,499
400	D. OWNERS' EQUITY		12,143,592,194,353	8,983,035,331,342
410	I. Capital		12,143,592,194,353	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	(5,658,924,500)	(808,864,500)
417	5. Foreign exchange differences reserve	23.1	(28,377,933)	446,572,898
421	6. Undistributed earnings	23.1	7,149,694,161,602	3,989,603,910,055
421a	- Undistributed earnings by the end of prior year		3,315,424,614,555	1,138,290,716,709
421b	- Undistributed earnings of current year		3,834,269,547,047	2,851,313,193,346
429	7. Non-controlling interests		7,786,065,614	6,249,443,319
440	TOTAL LIABILITIES AND OWNERS' EQUITY		41,708,095,544,883	28,122,531,486,856

Ly Tran Kim Ngan
Preparer

Vu Dang Linh
Finance Director

Tran Kinh Doanh
General Director

2 March 2020

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2019

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	24.1	103,485,046,672,447	87,738,378,978,636
02	2. Deductions	24.1	(1,310,802,695,724)	(1,222,091,976,137)
10	3. Net revenue from sale of goods and rendering of services	24.1	102,174,243,976,723	86,516,287,002,499
11	4. Cost of goods sold and services rendered	26	(82,686,444,673,012)	(71,224,159,239,435)
20	5. Gross profit from sale of goods and rendering of services		19,487,799,303,711	15,292,127,763,064
21	6. Finance income	24.2	631,177,854,351	342,083,875,229
22	7. Finance expenses	25	(569,754,844,844)	(436,573,150,236)
23	- In which: Interest expense		(568,136,717,134)	(436,416,577,674)
24	8. Share of loss of the associate	15	(3,473,283,371)	(2,100,986,885)
25	9. Selling expenses	26	(12,437,282,718,212)	(9,659,741,188,756)
26	10. General and administrative expenses	26	(2,073,782,880,058)	(1,761,613,900,080)
30	11. Operating profit		5,034,683,431,577	3,774,182,412,336
31	12. Other income		41,557,041,541	33,233,337,382
32	13. Other expenses		(22,793,268,422)	(21,097,180,800)
40	14. Other profit		18,763,773,119	12,136,156,582
50	15. Accounting profit before tax		5,053,447,204,696	3,786,318,568,918
51	16. Current corporate income tax expense	27.1	(1,248,353,081,834)	(933,836,738,446)
52	17. Deferred tax income	27.3	31,145,964,165	27,827,229,661
60	18. Net profit after tax		3,836,240,087,027	2,880,309,060,133
61	19. Net profit after tax attributable to shareholders of the parent		3,834,269,547,047	2,878,724,130,907
62	20. Net profit after tax attributable to non-controlling interests		1,970,539,980	1,584,929,226
70	21. Basic earnings per share	28	8,665	6,689
71	22. Diluted earnings per share	28	8,665	6,689

Ly Tran Kim Ngan
Preparer

Vu Dang Linh
Finance Director

Tran Kinh Doanh
General Director

2 March 2020

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2019

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		5,053,447,204,696	3,786,318,568,918
	<i>Adjustments for:</i>			
02	Depreciation and amortisation of fixed assets (including amortisation of goodwill)	12, 13 17	1,442,826,938,954	1,222,868,683,717
03	Provisions		90,495,782,206	126,083,626,828
04	Foreign exchange gains arisen from revaluation of monetary accounts denominated in foreign currency		(27,160,364)	(107,059,306)
05	Profits from investing activities		(341,194,613,832)	(84,857,279,584)
06	Interest expense	25	568,136,717,134	436,416,577,674
08	Operating profit before changes in working capital		6,813,684,868,794	5,486,723,118,247
09	(Increase) decrease in receivables		(675,979,882,201)	1,246,646,823,981
10	Increase in inventories		(8,374,797,030,131)	(4,672,944,194,460)
11	Increase in payables		2,823,942,311,184	1,331,042,865,781
12	(Increase) decrease in prepaid expenses		(227,805,034,461)	126,753,313,780
14	Interest paid		(537,997,464,046)	(427,564,376,510)
15	Corporate income tax paid		(1,092,128,547,184)	(829,523,019,750)
17	Other cash outflows for operating activities		(15,000,000,000)	-
20	Net cash flows (used in) from operating activities		(1,286,080,778,045)	2,261,134,531,069
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(3,066,921,164,140)	(1,495,931,919,038)
22	Proceeds from disposals of fixed assets		1,290,807,344	1,339,965,525
23	Term deposits		(8,997,469,863,015)	(85,922,451,739)
24	Collections of term deposits		5,911,392,314,754	-
25	Payments for investments in other entities (net of cash hold by entity being acquired)		-	(828,166,470,141)
27	Interest received		278,946,264,804	64,286,835,061
30	Net cash flows used in investing activities		(5,872,761,640,253)	(2,344,394,040,332)

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2019

VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of new shares and capital contribution from non-controlling interest		90,454,820,000	705,355,067,200
32	Shares repurchased		(4,850,060,000)	(729,700,000)
33	Drawdown of borrowings		45,905,952,301,242	31,893,805,156,672
34	Repayment of borrowings		(38,801,961,791,867)	(31,690,848,740,269)
36	Dividends paid		(665,093,453,185)	(485,862,426,827)
40	Net cash flows from financing activities		6,524,501,816,190	421,719,356,776
50	Net (decrease) increase in cash and cash equivalents		(634,340,602,108)	338,459,847,513
60	Cash and cash equivalents at beginning of year		3,749,550,258,212	3,410,983,351,393
61	Impact of exchange rate fluctuation		27,160,364	107,059,306
70	Cash and cash equivalents at end of year	4	3,115,236,816,468	3,749,550,258,212

Ly Tran Kim Ngan
Preparer

Vu Dang Linh
Finance Director

Tran Kinh Doanh
General Director



2 March 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2019 and for the year then ended

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 ("DPI") of Binh Duong Province on 16 January 2009, as amended.

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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 number of the Group's employees as at 31 December 2019 was 57,608 (31 December 2018: 40,756).

Corporate structure

The Company has 6 subsidiaries, which are consolidated into the Group's consolidated financial statements:

Name of subsidiary	Location	Principal activities	Ownership interest and voting rights (%)	
			Ending balance	Beginning balance
The Gioi Di Dong Joint Stock Company	Ho Chi Minh City, Vietnam	Trading of electronic equipment	99.95	99.95
Bach Hoa Xanh Trading Joint Stock Company	Ho Chi Minh City, Vietnam	Trading of food	99.95	99.95
Tran Anh Digital World Joint Stock Company	Hanoi City, Vietnam	Trading of electronic equipment	99.33	99.33
The Gioi Di Dong Information Technology Limited Company	Ho Chi Minh City, Vietnam	Information technology	100.00	100.00
MWG (Cambodia) Co., Ltd.	Phnom Penh, Cambodia	Trading of electronic equipment	99.95	99.95
Conscientious Installation - Repair - Maintenance Service Company Limited	Ho Chi Minh City, Vietnam	Repairment of machinery, equipment	99.95	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

2. BASIS OF PREPARATION

2.1 Accounting standards and system

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

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

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and consolidated results of operations and 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 consolidated financial statements are prepared in VND which is also the Group's accounting currency.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent Company and its subsidiaries for the year ended 31 December 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 financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

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

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

3.3 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 and laptops	-	actual cost on a specific identification basis
Digital and 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
Foods, beverages	-	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 and decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

3.4 Prepaid expenses

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

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

- ▶ Prepaid rental;
- ▶ Stores's layouts; and
- ▶ Tools and supplies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

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 consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over 10 years 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 consolidated income statement.

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 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 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 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 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.

Held-to-maturity investment

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Investments

Provision for diminution in value of investment

Provision of the investment is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date.

Increases or decreases to the provision balance are recorded as finance expenses in the consolidated income statement.

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 consolidated income statement as incurred.

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

3.8 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

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

Land use rights

Land use rights are recorded as intangible fixed 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 fixed 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

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 consolidated income statement during the year in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Payables and accruals

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

3.12 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 year, 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 are taken to the 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 Group's Charter and Vietnam's regulatory requirements.

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

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 consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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

Revenue is recognised upon the completion of the services provided.

Interest income

Interest income is recognised as the interest accrues unless collectability is in doubt.

3.16 Operating leases

Rentals paid under operating lease agreements are charged to the 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 year attributable to ordinary shareholders of the Company, after appropriation for bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year, 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 year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.18 Taxation

Current income tax

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

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

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

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 year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	690,431,092,521	1,475,214,891,085
Cash in banks	1,274,493,571,437	1,787,504,805,657
Cash in transit	59,423,274,910	100,997,580,212
Cash equivalents (*)	1,090,888,877,600	385,832,981,258
TOTAL	<u>3,115,236,816,468</u>	<u>3,749,550,258,212</u>

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

5. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investment represents term deposits and bonds with maturity terms from 3 months to less than 1 year and earning interest at the rates ranging from 7.3% to 8.4% per annum.

6. SHORT-TERM TRADE RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Receivables from other parties	260,783,205,179	369,573,657,457
- Home Credit Vietnam Finance Company Limited	125,939,442,577	142,746,694,060
- Vietnam Prosperity Joint Stock Commercial Bank	23,185,634,606	121,475,120,993
- Others	111,658,127,996	105,351,842,404
Receivables from related parties (Note 29)	1,485,157,638	-
TOTAL	<u>262,268,362,817</u>	<u>369,573,657,457</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

7. SHORT-TERM ADVANCES TO SUPPLIERS

	VND	
	Ending balance	Beginning balance
Advances to other parties	195,016,846,986	19,882,739,814
- <i>Nhat Thien Import Export Company Limited</i>	54,942,025,774	-
- <i>Cong Nghe So Import Export Co., Ltd.</i>	26,711,078,199	-
- <i>HGTV Company Limited</i>	24,137,253,846	-
- <i>Others</i>	89,226,489,167	19,882,739,814
Advance to a related party (Note 29)	-	1,124,551,935
TOTAL	195,016,846,986	21,007,291,749

8. OTHER SHORT-TERM RECEIVABLES

	VND	
	Ending balance	Beginning balance
Receivables from suppliers (i)	1,241,677,377,485	1,090,399,532,158
- <i>Samsung Electronics HCMC CE Complex Limited</i>	209,669,080,322	99,270,165,996
- <i>Panasonic Vietnam Company Limited</i>	162,039,890,707	89,527,581,160
- <i>Sony Electronics Vietnam Company Limited</i>	157,552,930,802	229,314,874,870
- <i>LG Electronics Vietnam Hai Phong Co., Ltd.</i>	127,603,956,038	46,718,393,423
- <i>Samsung Electronics Viet Nam Thai Nguyen Company Limited</i>	122,646,595,872	210,678,174,261
- <i>Others</i>	462,164,923,744	414,890,342,448
Interest income	85,203,204,107	733,824,658
Advances to employees	12,571,421,526	-
Receivables from employees	4,280,229,843	13,260,843,199
Others	14,068,119,215	47,554,586,852
TOTAL	1,357,800,352,176	1,151,948,786,867
<i>In which:</i>		
Receivables from other parties	1,357,503,412,461	1,151,948,786,867
Receivable from a related party (Note 29)	296,939,715	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

9. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Electronic equipment	11,231,685,060,829	8,093,520,536,583
Mobile phones	7,227,058,678,320	5,575,201,490,528
Home appliances	2,918,296,843,508	1,854,149,173,341
Grocery merchandise	1,639,223,336,342	619,216,942,867
Accessories	1,349,126,486,481	851,177,889,554
Laptops	786,555,617,315	331,470,400,564
Watches, Sunglasses	573,950,618,899	-
Tablets	181,539,686,893	230,987,789,548
Installment items	146,113,590,466	33,065,224,542
Scratch cards	19,100,171,315	140,104,491,868
Goods in transit	5,813,877,959	9,011,116,270
Others	117,470,705,557	83,232,588,088
TOTAL	26,195,934,673,884	17,821,137,643,753
Provision for obsolete inventories	(450,506,237,304)	(375,132,344,772)
NET	25,745,428,436,580	17,446,005,298,981

Movements of provision for obsolete inventories:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	(375,132,344,772)	(259,792,810,947)
Add: Provision created during the year	(450,506,237,304)	(375,132,344,772)
Less: Utilisation and reversal of provision during the year	375,132,344,772	259,792,810,947
Ending balance	(450,506,237,304)	(375,132,344,772)

10. SHORT-TERM PREPAID EXPENSES

Short-term prepaid expenses represent rental and set up expenses of offices, stores and distribution centres.

11. OTHER LONG-TERM RECEIVABLES

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

12. TANGIBLE FIXED ASSETS

	Buildings and structures	Means of transportation	Office equipment	VND Total
Cost				
Beginning balance	4,773,087,444,577	157,628,559,882	857,610,327,217	5,788,326,331,676
New purchase	2,390,282,774,167	121,369,302,726	443,008,321,978	2,954,660,398,871
Transfer from construction in progress	474,279,491,387	709,090,909	25,076,855,831	500,065,438,127
Disposal	(83,181,202,377)	(641,278,183)	(10,773,698,589)	(94,596,179,149)
Ending balance	7,554,468,507,754	279,065,675,334	1,314,921,806,437	9,148,455,989,525
<i>In which:</i>				
Fully depreciated	426,477,239,047	8,004,588,334	213,100,949,347	647,582,776,728
Accumulated depreciation				
Beginning balance	(1,985,749,442,377)	(63,013,821,499)	(434,639,538,330)	(2,483,402,802,206)
Depreciation for the year	(1,130,409,978,959)	(31,203,728,858)	(219,081,267,777)	(1,380,694,975,594)
Disposal	81,426,388,607	641,278,183	8,853,294,459	90,920,961,249
Ending balance	(3,034,733,032,729)	(93,576,272,174)	(644,867,511,648)	(3,773,176,816,551)
Net carrying amount				
Beginning balance	2,787,338,002,200	94,614,738,383	422,970,788,887	3,304,923,529,470
Ending balance	4,519,735,475,025	185,489,403,160	670,054,294,789	5,375,279,172,974

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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13. INTANGIBLE FIXED ASSETS

	<i>Land use rights</i>	<i>Computer software</i>	<i>VND Total</i>
Cost			
Beginning balance	25,998,878,500	7,839,544,644	33,838,423,144
New purchase	-	1,013,777,056	1,013,777,056
Ending balance	25,998,878,500	8,853,321,700	34,852,200,200
Accumulated amortisation			
Beginning balance	-	(5,614,293,012)	(5,614,293,012)
Amortisation for the year	-	(740,091,241)	(740,091,241)
Ending balance	-	(6,354,384,253)	(6,354,384,253)
Net carrying amount			
Beginning balance	25,998,878,500	2,225,251,632	28,224,130,132
Ending balance	25,998,878,500	2,498,937,447	28,497,815,947

14. CONSTRUCTION IN PROGRESS

	<i>Ending balance</i>	<i>VND Beginning balance</i>
Construction costs for stores and distribution centres	83,674,549,223	9,692,607,213
Office construction costs	-	247,139,389,994
Others	3,755,889,087	-
TOTAL	87,430,438,310	256,831,997,207

15. INVESTMENT IN AN ASSOCIATE

	<i>VND An Khang Retail Joint Stock Company</i>
Cost of investment	
Beginning and ending balances	62,038,750,000
Accumulated share loss of the associate	
Beginning balance	(2,100,986,885)
Share loss of the associate for the year	(3,473,283,371)
Ending balance	(5,574,270,256)
Net carrying amount	
Beginning balance	59,937,763,115
Ending balance	56,464,479,744

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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15. INVESTMENT IN AN ASSOCIATE (continued)

An Khang Retail Joint Stock Company ("An Khang") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the ERC No. 0314587300 issued by the DPI of Ho Chi Minh City on 21 August 2017, 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.

16. LONG-TERM PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Stores rental	48,175,101,674	25,941,124,248
Stores' layout	12,681,905,344	47,023,024,097
Others	43,172,466,892	11,803,940,130
TOTAL	104,029,473,910	84,768,088,475

17. GOODWILL

	VND
	<i>Amount</i>
Cost	
Beginning and ending balances	613,918,721,185
Accumulated amortisation	
Beginning balance	(61,391,872,119)
Amortisation for the year	(61,391,872,119)
Ending balance	(122,783,744,238)
Net carrying amount	
Beginning balance	552,526,849,066
Ending balance	491,134,976,947

18. SHORT-TERM TRADE PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Sony Electronics Vietnam Co., Ltd.	1,223,262,408,476	1,238,909,187,337
Samsung Electronics Viet Nam Thai Nguyen	1,281,985,861,314	1,028,501,685,728
LG Electronics Vietnam Hai Phong Co., Ltd.	839,166,842,803	466,286,802,652
Others	8,710,970,371,402	5,510,916,568,093
TOTAL	12,055,385,483,995	8,244,614,243,810

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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19. STATUTORY OBLIGATIONS

				VND
	<i>Beginning balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending balance</i>
Corporate income tax	191,092,523,932	1,248,353,081,834	(1,092,078,712,882)	347,366,892,884
Value-added tax	21,588,461,648	13,572,052,575,357	(13,589,681,743,280)	3,959,293,725
Personal income tax	1,866,631,646	527,977,422,424	(507,550,503,183)	22,293,550,887
Others	3,152,026,657	19,655,296,472	(21,803,791,515)	1,003,531,614
TOTAL	217,699,643,883	15,368,038,376,087	(15,211,114,750,860)	374,623,269,110

20. SHORT-TERM ACCRUED EXPENSES

		VND
	<i>Ending balance</i>	<i>Beginning balance</i>
Employees bonus	1,381,629,784,303	1,802,106,384,970
Payables to employees	115,429,735,544	67,622,692,702
Interest supporting expenses	84,002,927,200	151,545,159,391
Marketing expenses	75,405,852,278	14,649,245,341
Transportation expenses	56,517,465,115	29,483,125,592
Utilities	49,473,623,652	39,280,477,170
Interest expenses	48,333,997,724	27,282,518,604
Warranty costs	18,812,667,951	21,232,132,110
Others	22,360,904,888	19,863,143,534
TOTAL	1,851,966,958,655	2,173,064,879,414

21. OTHER SHORT-TERM PAYABLES

		VND
	<i>Ending balance</i>	<i>Beginning balance</i>
Charges received on behalf	439,435,994,167	1,042,059,390,385
Advances received for shares issuance (*) (Note 31)	85,719,580,000	-
Deposits received	56,386,635,126	33,499,443,205
Social and health insurances and trade union fee	33,962,017,460	25,017,709,725
Instalment payments received on behalf	32,522,239,000	36,449,047,741
Discount vouchers	28,214,097,975	24,736,136,521
Others	41,644,167,028	46,452,535,513
TOTAL	717,884,730,756	1,208,214,263,090

In which:

Payables to other parties	714,304,603,481	1,208,214,263,090
Payable to a related party (Note 29)	3,580,127,275	-

(*) These represent advances received for shares issuance under Employee Stock Ownership Plan applicable to the Company's key employees in accordance with Shareholders' Resolution dated 22 March 2019 and the Board of Director's Resolutions dated 27 November 2019.

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22. LOANS

	Beginning balance	Increase	Decrease	Reclassification	VND Ending balance
Short-term	5,836,454,637,089	45,690,847,426,072	(38,632,142,153,633)	135,855,710,664	13,031,015,620,192
Loans from banks (Note 22.1)	5,700,598,926,425	45,690,847,426,072	(38,360,430,732,305)	-	13,031,015,620,192
Current portion of long-term loan	135,855,710,664	-	(271,711,421,328)	135,855,710,664	-
Long-term	1,208,167,140,389	219,644,875,166	(169,819,638,234)	(135,855,710,664)	1,122,136,666,657
Domestic straight bonds (Note 22.2)	1,117,596,666,661	4,539,999,996	-	-	1,122,136,666,657
Loans from banks	90,570,473,728	215,104,875,170	(169,819,638,234)	(135,855,710,664)	-
TOTAL	7,044,621,777,478	45,910,492,301,238	(38,801,961,791,867)	-	14,153,152,286,849

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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22. LOANS (continued)

22.1 Loans from banks

The Group obtained these unsecured short-term loans with floating rates to finance its working capital requirements, details are as follows:

<i>Bank</i>	<i>Ending balance VND</i>	<i>Principal and interest repayment term</i>
Vietnam Joint Stock Commercial Bank for Industry and Trade – Tan Binh Branch	1,698,092,992,315	From 14 January 2020 to 7 February 2020
Sumitomo Mitsui Banking Corporation – Ha Noi Branch	1,149,432,322,830	From 2 January 2020 to 31 March 2020
HSBC Bank (Singapore) Limited	1,093,997,895,405	From 7 January 2020 to 26 March 2020
Bank of Investment and Development of Vietnam - Ho Chi Minh Branch	861,380,132,463	From 6 January 2020 to 2 March 2020
HSBC Bank (Vietnam) Limited	857,845,562,309	From 2 January 2020 to 30 March 2020
ANZ Singapore Limited	765,186,785,000	From 10 January 2020 to 28 February 2020
Mizuho Bank Ltd. – Ha Noi Branch	705,000,000,000	From 10 January 2020 to 21 February 2020
Sumitomo Mitsui Banking Corporation – Ho Chi Minh Branch	694,447,126,718	From 6 February 2020 to 27 March 2020
Joint Stock Commercial Bank for Foreign Trade of Vietnam	683,748,856,303	From 19 February 2020 to 23 March 2020
ANZ Bank (Vietnam) Limited – Ho Chi Minh Branch	667,089,434,914	From 6 January 2020 to 2 March 2020
Citibank N.A Vietnam – Hanoi Branch	625,282,413,785	From 6 January 2020 to 19 March 2020
Mizuho Bank Ltd. – Ho Chi Minh Branch	563,772,884,692	From 11 February 2020 to 5 March 2020
Military Commercial Joint Stock Bank	492,429,885,796	From 30 January 2020 to 31 January 2020

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22. LOANS (continued)

22.1 Loans from banks (continued)

Bank	Ending balance VND	Principal and interest repayment term
BNP Paribas – Singapore Branch	464,000,000,000	From 17 July 2020
BNP Paribas – Ho Chi Minh Branch	401,036,520,101	From 14 January 2020 to 19 March 2020
BNP Paribas – Ha Noi Branch	265,780,020,195	From 10 February 2020 to 18 March 2020
DBS Bank Ltd. – Ho Chi Minh Branch	249,965,886,222	From 26 March 2020 to 30 March 2020
Standard Chartered Bank (Vietnam) Limited	229,186,177,429	From 18 February 2020 to 28 February 2020
Malayan Banking Berhad – Labuan Branch	145,071,488,394	22 January 2020
Shinhan Bank Vietnam Ltd.	104,945,094,100	28 February 2020
Standard Chartered Bank (Singapore) Limited	93,166,313,945	28 February 2020
United Overseas Bank (Vietnam) Limited	81,872,019,900	12 June 2020
Malayan Banking Berhad – Ha Noi Branch	73,826,719,887	From 20 January 2020 to 28 February 2020
Malayan Banking Berhad – Ho Chi Minh Branch	64,459,087,489	From 20 January 2020 to 28 February 2020
TOTAL	13,031,015,620,192	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

22. LOANS (continued)

22.2 Domestic straight bonds

Details of domestic straight bonds are as follows:

<i>Holder</i>	<i>Ending balance</i> VND	<i>Interest</i> % p.a	<i>Principal repayment term</i>
Prudential Vietnam Assurance Private Limited	470,000,000,000	6.55	17 November 2022
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		
Shinhan Securities Vietnam Co., Ltd.	30,000,000,000		
Bonds issuance expenses	(12,863,333,343)		
TOTAL	1,122,136,666,657		

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 with guarantee fee rate of 1.5% per annum to finance the Group's working capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

23. OWNERS' EQUITY

23.1 Movements in owners' equity

	Share capital	Share premium	Treasury shares	Foreign exchange differences	Undistributed earnings	Other capital	Total	VND
Previous year:								
Beginning balance	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 year	-	-	-	-	2,878,724,130,907	-	2,878,724,130,907	
Shares issuance	189,105,950,000	514,734,297,200	-	-	-	-	703,840,247,200	
Shares repurchase	-	-	(729,700,000)	-	-	-	(729,700,000)	
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)	
Stock dividends	1,075,971,460,000	-	-	-	(1,075,971,460,000)	-	-	
Foreign exchange differences	-	-	-	532,636,263	-	-	532,636,263	
Ending balance	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	
Current year:								
Beginning balance	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 year	-	-	-	-	3,834,269,547,047	-	3,834,269,547,047	
Shares issuance (*)	500,000,000	3,755,000,000	-	-	-	-	4,255,000,000	
Shares repurchase	-	-	(4,850,060,000)	-	-	-	(4,850,060,000)	
Dividends declared (**)	-	-	-	-	(664,179,295,500)	-	(664,179,295,500)	
Funds appropriation	-	-	-	-	(10,000,000,000)	-	(10,000,000,000)	
Foreign exchange differences	-	-	-	(474,950,831)	-	-	(474,950,831)	
Ending balance	4,435,461,780,000	555,206,995,486	(5,658,924,500)	(28,377,933)	7,149,694,161,602	1,130,494,084	12,135,806,128,739	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

23. OWNERS' EQUITY (continued)

23.1 Movements in owners' equity (continued)

(*) On 17 September 2019, the Company completed the issuance of 50,000 ordinary shares to its key employees in accordance with the Shareholders' Resolution dated 22 March 2019 and the Board of Director's Resolution dated 23 August 2018. On 24 October 2019, the Company received the amended ERC issued by the DPI of Binh Duong Province, approving the increase in charter capital from VND 4,434,961,780,000 to VND 4,435,461,780,000.

(**) During the year, the Company declared and paid dividend amounting to VND 664,179,295,500 from undistributed earnings to its existing shareholders in accordance with the Shareholders' Resolution dated 22 March 2019.

23.2 Capital transactions with owners

	<i>Number of shares</i>
Beginning balance	443,496,178
Increase in capital	<u>50,000</u>
Ending balance	<u>443,546,178</u>

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

	<i>Number of shares</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Authorised shares	443,546,178	443,496,178
Issued and paid-up shares		
<i>Ordinary shares</i>	443,546,178	443,496,178
Treasury shares		
<i>Ordinary shares</i>	(856,236)	(369,285)
Shares in circulation		
<i>Ordinary shares</i>	442,689,942	443,126,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

24. REVENUES**24.1 Revenue from sales of goods and rendering of services**

	VND	
	Current year	Previous year
Gross revenue	103,485,046,672,447	87,738,378,978,636
<i>In which:</i>		
Sale of goods	102,690,897,379,315	87,029,254,963,723
Rendering of services	794,149,293,132	709,124,014,913
Less	(1,310,802,695,724)	(1,222,091,976,137)
Sales returns	(1,310,802,695,724)	(1,222,091,976,137)
Net revenue	<u>102,174,243,976,723</u>	<u>86,516,287,002,499</u>
<i>In which:</i>		
Sale of goods	101,380,094,683,591	85,807,162,987,586
Rendering of services	794,149,293,132	709,124,014,913

24.2 Finance income

	VND	
	Current year	Previous year
Interest income	343,579,024,388	84,857,279,584
Discounts received from early payments	287,234,164,431	255,850,966,106
Foreign exchange gains	364,665,532	1,375,629,539
TOTAL	<u>631,177,854,351</u>	<u>342,083,875,229</u>

25. FINANCE EXPENSES

	VND	
	Current year	Previous year
Interest expense	568,136,717,134	436,416,577,674
Foreign exchange losses	35,984,155	1,514,702
Others	1,582,143,555	155,057,860
TOTAL	<u>569,754,844,844</u>	<u>436,573,150,236</u>

26. TRADING AND OPERATING COSTS

	VND	
	Current year	Previous year
Cost of goods sold and service rendered	82,686,444,673,012	71,224,159,239,435
Labour costs	7,929,092,857,295	6,289,900,986,436
Depreciation and amortisation (Notes 12, 13 and 17)	1,442,826,938,954	1,222,868,683,717
Others	5,139,145,802,021	3,908,585,418,683
TOTAL	<u>97,197,510,271,282</u>	<u>82,645,514,328,271</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

27. CORPORATE INCOME TAX

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

- ▶ The statutory CIT rate applicable to the Company is 20% of taxable income;
- ▶ The statutory CIT rate applicable to The Gioi Di Dong Information Technology Limited Company ("CNTT TGDD"), the Company's subsidiary is 10% of taxable income in 15 years from the date of CNTT TGDDs commencement of new investment project in the High-Tech zone and entitled applicable normal CIT rate for the following years. CNTT TGDD is entitled to an exemption from CIT for 4 years commencing from the year in which a taxable profit is earned, and a 50% reduction of the applicable CIT rate for the following 9 years. For other activities of CNTT TGDD, the applicable CIT rate is 20% of taxable income.

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 consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

27.1 CIT expense

	<i>Current year</i>	<i>Previous year</i>
		<i>VND</i>
Current CIT expense	1,248,226,781,874	921,349,811,577
Adjustment for under accrual of tax from prior years	<u>126,299,960</u>	<u>12,486,926,869</u>
	1,248,353,081,834	933,836,738,446
Deferred tax income	<u>(31,145,964,165)</u>	<u>(27,827,229,661)</u>
TOTAL	<u>1,217,207,117,669</u>	<u>906,009,508,785</u>

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

	<i>Current year</i>	<i>Previous year</i>
		<i>VND</i>
Accounting profit before tax	<u>5,053,447,204,696</u>	<u>3,786,318,568,918</u>
At CIT rate of 20%	1,010,689,440,939	757,263,713,784
<i>Adjustments</i>		
Losses of subsidiaries not yet recognised deferred tax	207,512,389,408	114,559,216,155
Goodwill allocation	12,278,374,424	12,278,374,424
Non-deductible expenses	4,838,942,989	9,001,080,176
Loss from an associate	694,656,674	420,197,377
Adjustment for under accrual of tax from prior years	126,299,960	12,486,926,869
Tax loss carried forward	(2,042,981,573)	-
Tax exempted	<u>(16,890,005,152)</u>	<u>-</u>
CIT expense	<u>1,217,207,117,669</u>	<u>906,009,508,785</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

27. CORPORATE INCOME TAX (continued)

27.2 Current tax

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

27.3 Deferred tax

The following are the deferred tax assets and deferred tax liability recognised by the Group, and the movements thereon, during the current and previous years:

				VND	
		<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
		<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
Deferred tax assets					
Provision for obsolete inventories	90,101,247,456	75,026,468,954	15,074,778,502	23,067,906,765	
Accrued expenses	74,364,760,471	63,210,600,900	11,154,159,571	3,477,600,900	
Provision for warranty	14,338,104,477	11,313,726,546	3,024,377,931	2,148,818,600	
Foreign exchange differencies	(5,432,073)	(2,068,735)	(3,363,338)	(16,072,208)	
TOTAL	178,798,680,331	149,548,727,665			
Deferred tax liability					
Change of fair value of net assets after business combination	-	(1,896,011,499)	1,896,011,499	(851,024,396)	
Deferred tax income			31,145,964,165	27,827,229,661	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

28. EARNINGS PER SHARE

The Group used following data to calculate the basic and diluted earnings per share:

	<i>Current year</i>	<i>Previous year</i>
Net profit attributable to ordinary shareholders of the Company (VND)	3,834,269,547,047	2,878,724,130,907
Weighted average number of ordinary shares for basic earnings per share	<u>442,482,496</u>	<u>430,372,609</u>
Basic and diluted earnings per share (VND/share)	8,665	6,689

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

29. TRANSACTIONS WITH RELATED PARTIES

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

			<i>VND</i>	
<i>Related party</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Current year</i>	<i>Previous year</i>
Thanh Phat Import Export One Member Limited	Common key personnel	Purchase of merchandise	17,562,316,948	1,250,492,196,813
An Khang Retail Joint Stock Company	Associate	Sale of goods	3,669,558,297	-
		Rendering of services	347,892,772	-
		Purchase of goods	250,613,890	-
Mr Robert Willet	Member of the Board of Directors	Consultant fee	2,146,976,781	2,188,855,166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

29. TRANSACTIONS WITH RELATED PARTIES (continued)

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

VND

<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term trade receivable				
An Khang Retail Joint Stock Company	Associate	Sale of goods	<u>1,485,157,638</u>	<u>-</u>
Short-term advance to supplier				
Thanh Phat Import Export One Member Limited	Common key personnel	Purchase of merchandise	<u>-</u>	<u>1,124,551,935</u>
Other short-term receivable				
An Khang Retail Joint Stock Company	Associate	Payments on behalf	<u>296,939,715</u>	<u>-</u>
Other short-term payable				
An Khang Retail Joint Stock Company	Associate	Payments on behalf	<u>3,580,127,275</u>	<u>-</u>

Remuneration to members of the Board of Directors and Management:

VND

	<i>Current year</i>	<i>Previous year</i>
Salaries and bonus	<u>13,127,973,800</u>	<u>10,366,492,400</u>

30. OPERATING LEASE COMMITMENT

The Group leases its office premises, stores 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

	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	2,314,846,596,565	1,824,274,093,337
From 1 to 5 years	7,920,194,732,060	5,999,533,912,690
More than 5 years	<u>3,705,993,575,108</u>	<u>2,653,513,133,360</u>
TOTAL	<u>13,941,034,903,733</u>	<u>10,477,321,139,387</u>



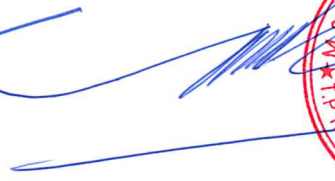

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

31. EVENTS AFTER THE BALANCE SHEET DATE

Issuance of new ordinary shares in accordance with the Employee Stock Ownership Plan

At 6 January 2020, the Company has completed aforementioned transaction with total 10,520,045 shares issued to its key employees at the price of VND 10,000 per share as 856,236 treasury shares and issuance of 9,663,809 new shares. Accordingly, the Company's registered share capital has been increased from VND 4,435,461,780,000 to VND 4,532,099,870,000. On 12 February 2020, the Company received the amended ERC issued by the DPI of Binh Duong Province for the above issuance of shares.


Except for the above event, there is no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements of the Group.



Ly Tran Kim Ngan
Preparer

Vu Dang Linh
Finance Director

Tran Kinh Doanh
General Director



2 March 2020