YOUTH EMBASSY GROUP CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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YOUTH EMBASSY GROUP CORPORATION

CORPORATE INFORMATION

Enterprise registration certificate	No. 0304592171 dated 12 September 2006 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 16th amended Enterprise registration certificate dated 25 February 2015	
Board of Management	Mr Nguyen Anh Nhuong Tong	Chairman
	Mr Dao Phuc Tri	Member
	Mr Hoang Duc Trung	Member
Board of Directors	Mr Dao Phuc Tri	General Director
	Mr Vo Thai Phong	Financial Director
Legal representative	Mr Nguyen Anh Nhuong Tong	Chairman
Registered office	No. 5A Phan Ke Binh, Da Kao Ward, District 1, Ho Chi Minh City, Việt Nam	
Auditor	PwC (Vietnam) Limited	

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of Youth Embassy Group Corporation ("the Company") is responsible for preparing the consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") which give a true and fair view of the financial position of the Group as at 31 December 2016, and of the results of its operations and its cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and which enable consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Management 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.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 44 which give a true and fair view of the financial position of the Group as at 31 December 2016, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

On behalf of the Board of Management

Đ.K.K.D: 0304592171-C.T.C.P
CÔNG TY CỔ PHẦN TẬP ĐOÀN ĐẠI SỨ TRẺ
QUẬN 1 TP. HỒ CHÍ MINH

Nguyen Anh Nhuong Tong
Chairman

Ho Chi Minh City, SR Vietnam
10 July 2017

pwc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF YOUTH EMBASSY GROUP CORPORATION

We have audited the accompanying consolidated financial statements of Youth Embassy Group Corporation ("the Company") and its subsidiaries (collectively referred to as "the Group") which were prepared on 31 December 2016 and were approved by the Board of Management on 10 July 2017. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2016, the consolidated income statement and consolidated cash flow statement for the year then ended and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 44.

The Board of Management's Responsibility

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements and responsible for internal control which the Board of Management determines that is relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 standards and requirements, plan and perform the audit in order to obtain reasonable assurance as to 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 auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of 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.

PwC (Vietnam) Ltd.
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T: +84 (8)38230796, www.pwc.com/vn

Auditor's Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

For and on behalf of PwC (Vietnam) Limited

M.S.D.N: 0100157406-C.T.T.N
CÔNG TY TNHH PWC (VIỆT NAM)
QUẬN 1 - T.P HỒ CHÍ MINH

Mai Viet Hung Tran
Audit Practising Licence No.
0048-2016-006-1
Authorised signatory

Tran Van Thang
Audit Practising Licence No.
3586-2016-006-1

Report reference number: HCM6323
Ho Chi Minh City, 10 July 2017

As indicated in Note 2.1 to the consolidated financial statements, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

YOUTH EMBASSY GROUP CORPORATION

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December 2016 VND	2015 VND
100	**CURRENT ASSETS**		**282,410,029,174**	**233,622,150,565**
110	**Cash**		**12,709,269,717**	**7,497,598,094**
111	Cash	3	12,709,269,717	7,497,598,094
120	**Short-term investment**		**26,393,641,314**	**66,290,630,433**
123	Investments held to maturity	4(a)	26,393,641,314	66,290,630,433
130	**Short-term receivables**		**175,805,160,007**	**133,807,797,266**
131	Short-term trade accounts receivable	5	116,883,639,712	68,234,833,225
132	Short-term prepayments to suppliers	6	16,735,994,416	31,510,097,233
136	Other short-term receivables	7(a)	42,211,925,879	34,102,466,808
137	Provision for doubtful debts – short term		(26,400,000)	(39,600,000)
140	**Inventories**	8	**48,146,419,284**	**15,807,633,559**
141	Inventories		48,623,964,739	16,285,179,014
149	Provision for decline in value of inventories		(477,545,455)	(477,545,455)
150	**Other current assets**		**19,355,538,852**	**10,218,491,213**
151	Short-term prepaid expenses	9(a)	4,302,718,088	5,171,766,789
152	Value Added Tax to be reclaimed		14,815,502,796	4,734,094,225
153	Other taxes receivable		232,317,968	307,630,199
155	Other current assets		5,000,000	5,000,000

The notes on pages 10 to 44 are an integral part of these consolidated financial statements.

YOUTH EMBASSY GROUP CORPORATION

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET (continued)

Code	ASSETS (continued)	Note	As at 31 December 2016 VND	2015 VND
200	**LONG-TERM ASSETS**		**72,112,493,010**	**116,041,634,540**
210	**Long-term receivable**		**19,055,983,694**	**38,954,521,680**
216	Other long-term receivables	7(b)	19,055,983,694	38,954,521,680
220	**Fixed assets**		**13,842,367,315**	**19,916,200,438**
221	Tangible fixed assets	10(a)	4,787,794,357	10,426,007,565
222	Cost		13,269,218,546	18,454,505,551
223	Accumulated depreciation		(8,481,424,189)	(8,028,497,986)
224	Finance lease assets	10(b)	2,339,909,488	2,754,528,399
225	Cost		2,833,229,210	2,833,229,210
226	Accumulated depreciation		(493,319,722)	(78,700,811)
227	Intangible fixed assets	10(c)	6,714,663,470	6,735,664,474
228	Cost		7,066,249,154	7,024,382,154
229	Accumulated amortisation		(351,585,684)	(288,717,680)
240	**Long-term asset in progress**		**2,362,499,998**	**44,806,282,831**
242	Construction in progress	11	2,362,499,998	44,806,282,831
250	**Long-term investments**		**250,669,012**	**250,669,012**
252	Investments in associate	4(b)	400,000,000	400,000,000
254	Provision for long-term investments	4(b)	(149,330,988)	(149,330,988)
260	**Other long-term assets**		**36,600,972,991**	**12,113,960,579**
261	Long-term prepaid expenses	9(b)	36,436,526,142	11,923,802,172
262	Deferred income tax assets	17	164,446,849	190,158,407
270	**TOTAL ASSETS**		**354,522,522,184**	**349,663,785,105**

The notes on pages 10 to 44 are an integral part of these consolidated financial statements.

YOUTH EMBASSY GROUP CORPORATION

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December 2016 VND	2015 VND
300	**LIABILITIES**		**244,882,690,807**	**248,398,145,095**
310	**Short-term liabilities**		**220,801,728,381**	**201,825,039,466**
311	Short-term trade accounts payable	12	69,949,547,074	53,233,038,305
312	Short-term advances from customers		2,509,662,344	2,388,790,315
313	Taxes and other payables to the State Budget	13	14,456,904,573	8,610,964,767
314	Payable to employees		36,156,875	190,475,636
315	Short-term accrued expenses	14	20,559,877,595	18,632,880,515
319	Other short-term payables	15	31,963,347,357	484,491,909
320	Short-term borrowings and finance lease liabilities	16(a)	80,943,866,786	117,902,032,242
322	Bonus and welfare fund		382,365,777	382,365,777
330	**Long-term liabilities**		**24,080,962,426**	**46,573,105,629**
337	Other long-term payables		59,652,000	72,432,000
338	Long-term borrowings and finance lease liabilities	16(b)	24,021,310,426	46,500,673,629
400	**OWNERS' EQUITY**		**109,639,831,377**	**101,265,640,010**
410	**Capital and reserves**		**109,639,831,377**	**101,265,640,010**
411	Owners' capital	18, 19	100,000,000,000	97,500,000,000
411a	*+ Ordinary shares with voting rights*		*100,000,000,000*	*97,500,000,000*
412	Share premium	19	115,560,000	115,560,000
415	Treasury shares	19	-	(4,380,000,000)
421	Undistributed earnings	19	1,459,673,264	1,436,952,895
421a	*- Undistributed post-tax profits accumulated by the end of the previous years*		-	-
421b	*- Undistributed post-tax profits of the current year*		*1,459,673,264*	*1,436,952,895*
429	Non-controlling interests	20	8,064,598,113	6,593,127,115
440	**TOTAL RESOURCES**		**354,522,522,184**	**349,663,785,105**

CÔNG TY CỔ PHẦN TẬP ĐOÀN ĐẠI SỨ TRẺ
Đ.K.K.D: 0304592171 - C.T.C.P
QUẬN 1 TP. HỒ CHÍ MINH

Tran Thi Lao
Chief Accountant/Preparer

Nguyen Anh Nhuong Tong
Chairman
10 July 2017

The notes on pages 10 to 44 are an integral part of these consolidated financial statements.

YOUTH EMBASSY GROUP CORPORATION

Form B 02 – DN/HN

CONSOLIDATED INCOME STATEMENT

Code		Note	Year ended 31 December 2016 VND	2015 VND
01	**Revenue from sales of goods and rendering of services**		**573,658,640,599**	**425,713,479,090**
02	Less deductions		(11,002,647,373)	(21,694,159,826)
10	**Net revenue from sales of goods and rendering of services**	23	**562,655,993,226**	**404,019,319,264**
11	**Cost of goods sold and services rendered**	24	**(408,304,282,009)**	**(258,111,153,301)**
20	**Gross profit**		**154,351,711,217**	**145,908,165,963**
21	Financial income	25	4,727,560,216	3,683,550,314
22	Financial expenses	26	(17,161,028,824)	(22,368,425,031)
23	*- Including: Interest expense*		*(12,780,626,557)*	*(17,223,915,565)*
25	Selling expenses	27	(54,049,079,430)	(32,667,076,403)
26	General and administration expenses	28	(63,166,438,151)	(78,174,549,580)
30	**Net operating profit**		**24,702,725,028**	**16,381,665,263**
31	Other income		224,925,910	4,514,300,932
32	Other expenses		(2,818,004,644)	(1,814,002,636)
40	**Net other (expenses)/income**	29	**(2,593,078,734)**	**2,700,298,296**
50	**Net accounting profit before tax**		**22,109,646,294**	**19,081,963,559**
51	**Business income tax - current**	30	**(5,957,206,740)**	**(4,210,848,802)**
52	**Business income tax - deferred**	17	**(25,711,558)**	**(452,861,021)**
60	**Net profit after tax**		**16,126,727,996**	**14,418,253,736**
	Attributable to:			
61	**Owners of the parent company**		**16,144,938,220**	**14,282,532,551**
62	**Non-controlling interests**		**(18,210,224)**	**135,721,185**
70	**Earnings per share**	21	**1,689**	**1,465**

CÔNG TY CỔ PHẦN TẬP ĐOÀN ĐẠI SỨ TRẺ
S.Đ.K.K.D: 0304592171 - C.T.C.P. ★ QUẬN 1 TP. HỒ CHÍ MINH

Tran Thi Lao
Chief Accountant/Preparer

Nguyen Anh Nhuong Tong
Chairman
10 July 2017

The notes on pages 10 to 44 are an integral part of these consolidated financial statements.

YOUTH EMBASSY GROUP CORPORATION

Form B 03 – DN/HN

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code		Note	Year ended 31 December 2016 VND	2015 VND
	CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Net profit before tax**		**22,109,646,294**	**19,081,963,559**
	Adjustments for:			
02	Depreciation and amortisation		2,175,104,491	2,638,846,004
03	Provisions		(13,200,000)	-
05	(Profits)/loss from investing activities		(2,859,497,044)	2,853,533,461
06	Interest expense		12,780,626,557	17,076,202,810
08	**Operating profit before changes in working capital**		**34,192,680,298**	**41,650,545,834**
09	Increase in receivables		(32,982,596,531)	(65,421,241,979)
10	(Increase)/decrease in inventories		(32,338,785,725)	8,468,202,075
11	Increase in payables		58,482,823,240	13,062,945,244
12	Decrease/(increase) in prepaid expenses		18,931,357,564	(4,526,687,040)
14	Interest paid		(17,146,664,957)	(6,944,445,713)
15	Business income tax paid		(4,056,874,607)	(11,651,077,122)
16	Other receipts from operating activities		-	5,158,397,597
17	Other payments on operating activities		-	(3,533,377,278)
20	**Net cash inflows/(outflows) from operating activities**		**25,081,939,282**	**(23,736,738,382)**
	CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets		(255,129,995)	(6,220,282,142)
22	Proceeds from disposals of fixed assets and long-term assets		2,154,545,455	-
23	Loans granted, purchases of debt instruments of other entities		(4,907,240,250)	-
24	Collection of loans, proceeds from sales of debt instruments of other entities		44,804,229,369	(54,225,125,433)
26	Proceeds from divestment in other entities		-	102,605,000
27	Dividends and interest received		4,727,560,216	950,960,737
30	**Net cash inflows/(outflows) from investing activities**		**46,523,964,795**	**(59,391,841,838)**
	CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from capital contribution of non-controlling interest		2,900,000,000	200,000,000
32	Payments for share repurchases		(5,242,217,851)	(1,460,000,000)
33	Proceeds from borrowings		272,521,982,403	281,565,031,026
34	Repayments of borrowings		(331,203,983,277)	(199,045,445,831)
35	Finance lease principal repayments		(755,527,785)	(755,527,785)
36	Dividends paid		(4,614,485,944)	(2,081,470,280)
40	**Net cash (outflows)/inflows from financing activities**		**(66,394,232,454)**	**78,422,587,130**
50	**Net increase/(decrease) in cash**		**5,211,671,623**	**(4,705,993,090)**
60	**Cash at beginning of year**	3	**7,497,598,094**	**12,203,591,184**
70	**Cash at end of year**	3	**12,709,269,717**	**7,497,598,094**

Tran Thi Lao
Chief Accountant/Preparer

CÔNG TY CỔ PHẦN TẬP ĐOÀN ĐẠI SỨ TRẺ

Nguyen Anh Nhuong Tong
Chairman
10 July 2017

The notes on pages 10 to 44 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION

Youth Embassy Group Corporation ("the Company") was established in SR Vietnam pursuant to Enterprise registration certificate No. 0304592171 which was initially issued by the Department of Planning and Investment of Ho Chi Minh City on 12 September 2006 and the 16th amended Enterprise registration certificate issued by the Department of Planning and Investment of Ho Chi Minh City on 25 February 2015.

The principal activities of the Company and its subsidiaries (collectively referred to as "the Group") include: advertising; creativity, entertainment, and artistic production; producing movies, videos, televised programmes, organizing, trade promotion, back-stage activities, non-wireless telecommunication activities, and other telecommunication activities.

The normal business cycle of the Group is 12 (twelve) months.

As at 31 December 2016, the Group had 204 employees (2015: 208 employees).

As at 31 December 2016, the Company had 6 subsidiaries and 1 associate (2015: 7 subsidiaries and 1 associate) as follows:

No.	Subsidiaries	Principal activities	Place of incorporation and operation	% of ownership and voting rights 2016	2015
1	Youth Embassy Entertainment Corporation	Advertising, producing media channels	Ho Chi Minh City	99%	99%
2	Youth Embassy Brand Name Development Corporation	Advertising, designing website	Ho Chi Minh City	90%	90%
3	Dragon Entertainment Joint Stock Company	Advertising, producing films	Ho Chi Minh City	99%	99%
4	NVU Joint Stock Company	Advertising, producing media channels	Ho Chi Minh City	77.78%	77.78%
5	Film World Trade Joint Stock Company	Producing films, telecommunication and advertisement	Ho Chi Minh City	72.75%	72.75%
6	Youth Embassy Film Production and Investment Corporation	Producing films, telecommunications and advertisement	Ho Chi Minh City	62.96%	100%
7	Youth Embassy Technology Corporation (*)	Trading in technological products	Ho Chi Minh City	-	99%

1 GENERAL INFORMATION (continued)

No.	Associate	Principal activities	Place of incorporation and operation	% of ownership and voting rights 2016	2015
1	Youth Connections Informatics Communication Joint Stock Company	Producing films, telecommunication and advertisement	Ho Chi Minh City	40%	40%

(*) According to Decision No. 018A/12/2014/QD/DHDCD of the Annual General Meeting dated 31 December 2014, the shareholders approved the merger of Youth Embassy Technology Corporation into the Company. In 2016, the Company completed all the legal procedures for this merging.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention.

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

2.2 Fiscal year

The Group's fiscal year is from 1 January to 31 December.

2.3 Currency

The consolidated financial statements are measured and presented in Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the bank where the Group regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the bank where the Group opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling transactions and interests

The Group applies a policy of treating transactions with non-controlling interests ("NCI") as transactions with parties external to the Group.

NCI are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in the undistributed earnings under equity.

Associate

Associate is entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

Associate (continued)

The Group's share associate post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains and losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in associate. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/ associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is recognised as an asset and is amortised on the straight-line basis over its estimated period of benefit but not exceed 10 years. Goodwill on acquisitions of associates is included in the carrying amount of the associate.

On disposal of subsidiaries or associates, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on the disposal.

Goodwill is tested annually for impairment and carried at cost less accumulated amortisation less accumulated impairment losses. If there is evidence that the impairment during the year is higher than the annual goodwill charge, the Group records the impairment immediately in the accounting period.

2.6 Cash

Cash comprises cash on hand and cash at bank.

2.7 Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Management of all outstanding amounts at the year end. Bad debts are written off when identified.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Inventories

(a) Television programs

Television programs are recognised as inventories and stated at the lower of cost and net realisable value. Cost is determined by the specific identification method and includes the actual cost of purchase, and other costs incurred in bringing the inventories to their present location and condition. Cost of television program is recorded in cost of services based on reducing balance method which is determined by the number of broadcasting times.

Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

(b) Merchandise

Merchandise is stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and includes the actual cost of purchase, and other costs incurred in bringing the inventories to their present location and condition.

2.9 Investments

(a) Investments held-to-maturity

Investments held to maturity are investments which the Group's Board of Management has positive intention and ability to hold until maturity.

Investment held-to-maturity includes term deposits held to maturity for interest earning. Those investments are accounted for at cost less provision.

Provision for diminution in value of investments held to maturity is made when there is evidence that part or whole of investment is uncollectible.

(b) Investments in equity of other entities

Investments in equity of other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over investee. These investments are initially recorded at cost. Provision for diminution in value of these investments is made when the entities make losses, except when the loss was anticipated in their business plan before the date of investment.

2.10 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Fixed assets (continued)

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives or over the term of the project. The principal annual rates used are:

Office equipment	10% – 17%
Motor vehicles	20% – 33%
Machinery and equipment	10% – 20%
Computer software	2% – 10%
Other assets	20%

Land use rights with indefinite useful life are recorded at historical cost and are not amortised.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the consolidated income statement.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs dealt with in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2.11 Leased assets

Leases of property, plant and equipment where the lessor has transferred the ownership at the end of the lease period, and transferred substantially the risks and rewards, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charge, are included in long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the estimated useful life of the assets or the lease term. However, if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, depreciation is calculated over the estimated useful life of the assets.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Prepaid expenses

Prepaid expenses include short-term or long-term prepayments on the balance sheet and are mainly tools and equipment which are already put to use and office renovations. Prepaid expenses are recorded at historical cost and allocated to expenses using the straight line method over the allocation period.

2.13 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables include non-trade payables, and are not relating to purchase of goods and services.

Payables are reclassified into long-term and short-term payable on the balance sheet based on remaining period from the balance sheet date to the maturity date.

2.14 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the consolidated income statement when incurred.

2.15 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid due to pending invoice or in sufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.16 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the six-month period prior to the balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in according with current regulations.

2.18 Share capital

Contributed capital of the shareholders is recorded according to actual amount contributed. Contributions from shareholders are recorded according to par value of the share.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought-back by itself, but those are not cancelled and shall be re-issued in the period in accordance with the Law on securities.

Undistributed earnings record the Group's results after business income tax at the reporting date.

2.19 Appropriation of net profit

(a) Dividend distribution

Dividend of the Group is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders at the Annual General Meeting.

(b) Bonus and welfare fund

The bonus and welfare fund is appropriated from the Group's net profit and subject to shareholders' approval at the Annual General Meeting. This fund is provided in order to reward and encourage in term of material, with the purpose of bringing the mutual benefits and improve the welfare of employees.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Revenue recognition

(a) Sales of goods

Revenue from the sale of goods is recognised in the income statement when all five (5) following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised based on principle of "substance over form" and allocated to each sales obligation. In case that the Company gives promotional goods to customers associated with customers' purchase, the Company allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the income statement.

(b) Rendering of service

Revenue from rendering of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from rendering of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Interest income

Interest income is recognised on an earned basis.

2.21 Cost of goods sold and services rendered

Cost of goods sold and services rendered are cost of broadcasting line rental, cost of sharing cooperative advertising activities, cost of television programs, and recorded on the basis of matching with revenue and on prudent concept.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Financial expense

Finance expenses are expenses incurred in the period for financial activities including expenses of lending and borrowing, losses incurred when selling foreign currencies, losses from exchange rates, and payment discounts.

2.23 Selling expenses

Selling expenses represent expenses that are incurred in process of selling products, goods, providing services, which mainly include market research costs, depreciation costs of fixed assets used for sale department, and entertainment expenses.

2.24 General administration expenses

General administration expenses represent expenses for administrative purposes which mainly including salary expenses of administrative staffs, social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, utilities, and other cash expenses.

2.25 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits and the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering of related party relationship, the Group considers the substance of the relationship but not merely the legal form.

3 CASH

	2016 VND	2015 VND
Cash on hand	550,614,124	980,786,383
Cash at bank	12,158,655,593	6,516,811,711
	12,709,269,717	7,497,598,094

4 FINANCIAL INVESTMENTS

(a) Investments held to maturity

These are bank term deposits with fixed interest rate and maturity of from six to twelve months. These term deposits were pledged as a collateral for the Group's bank borrowings (Note 16).

4, FINANCIAL INVESTMENT (continued)

(b) Investment in associate

		2016				2015			
Company name	Principal activities	Ownership and voting rights %	Historical cost VND	Fair value VND	Provision VND	Ownership and voting rights %	Historical cost VND	Fair value VND	Provision VND
Youth Embassy Film Production and Investment Corporation	Producing films, telecommunication and advertisement	40	400,000,000	(*)	149,330,988	40	400,000,000	(*)	149,330,988

(*) As at 31 December 2016, the fair value of this investment was not available. However, the Board of Management believes that the fair value of this investment is higher than its book value.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2016 VND	2015 VND
Third parties		
Global Call Corporation	48,437,189,683	-
Saatchi & Saatchi Vietnam Joint Venture Co., Ltd.	11,369,719,245	7,586,291,455
Dat Viet VAC Group Holding	7,240,997,292	7,515,008,925
Color Media Joint Stock Company	-	11,112,500,000
Others	49,504,308,492	42,021,032,845
	116,552,214,712	68,234,833,225
Related parties (Note 33(b))	331,425,000	-
	116,883,639,712	68,234,833,225

As at 31 December 2016, all short-term trade receivables were pledged with banks as collaterals for short-term borrowings granted to the Group (Note 16(a)).

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2016 VND	2015 VND
Color Media Joint Stock Company	7,527,954,388	13,210,252,941
Vietnam Television Cable Corporation Limited Company	2,916,666,667	-
Tropical Land Architects Company Limited	-	7,168,000,000
Long Ngoc Chau Company Limited	-	5,723,329,460
Others	6,291,373,361	5,408,514,832
	16,735,994,416	31,510,097,233

7 OTHER RECEIVABLES

(a) Short-term

	2016 VND	2015 VND
Third parties		
Profits shared from business cooperation	4,085,304,711	2,625,000,000
Advances to employees	6,562,381,628	11,152,479,476
Compensation from business contracts	-	4,121,807,477
Short-term collaterals and deposits	-	398,885,259
Other	7,865,119,817	4,205,223,827
Receivables from related parties (Note 33(b))	23,699,119,723	11,599,070,769
	42,211,925,879	34,102,466,808

7 OTHER RECEIVABLES (continued)

(b) Long-term

	2016 VND	2015 VND
Other receivables from business cooperation contract (*)	17,500,000,000	17,500,000,000
Rent deposits (**)	-	18,607,680,000
Other deposits	1,555,983,694	2,846,841,680
	19,055,983,694	38,954,521,680

(*) This is a business cooperation contract relating to the investment, construction and business of Hung Vuong Square project at 100 Hung Vuong Street, Ward 9, District 5, Ho Chi Minh City between the Company and Mai Huong Huong Service and Trading Company Limited, the project owner. The total investment value is VND50 billion, in which, the Company agreed to contribute 35% of total investment, equivalent to VND17.5 billion and the project owner agreed to contribute 65% of total investment, equivalent to VND32.5 billion. The revenue sharing is based on annual revenue of the project, according to which, the project owner shall commit to share 5.5% of annual revenue of the project to the Company during the useful life of the business cooperation contract.

(**) This is a deposit for the rent of premises at No.11 Su Van Hanh Street, District 10, Ho Chi Minh City between the Company and the lessor, Bac Binh Construction Investment Company Limited for the purpose of providing dining, entertainment services and shopping for young people. Lease term of this deposit is from 5 to 30 years. At the date of these consolidated financial statements, the Company has liquidated this contract, and the entire deposit has been repaid to the Company.

8 INVENTORIES

	2016		2015	
	Cost VND	Provision VND	Cost VND	Provision VND
Work in progress	7,157,000,000	-	6,472,867,991	-
Broadcasting TV programs broadcast - approved	4,600,000,000	-	3,849,843,632	-
Merchandise	24,808,650,018	(477,545,455)	2,182,162,772	(477,545,455)
Unfinished film	11,977,362,340	-	-	-
Copyrighted film	80,952,381	-	3,780,304,619	-
	48,623,964,739	(477,545,455)	16,285,179,014	(477,545,455)

9 PREPAID EXPENSES

(a) Short-term

	2016 VND	2015 VND
Prepaid service expenses (*)	3,683,088,357	4,879,307,457
Tools and supplies	-	98,047,041
Others	619,629,731	194,412,291
	4,302,718,088	5,171,766,789

Movement of short-term prepayment during the year is as follows:

	2016 VND	2015 VND
Opening balance	5,171,766,789	1,150,900,202
Increase	13,659,380,075	21,162,119,905
Allocation during the year	(14,528,428,776)	(17,141,253,318)
Ending balance	4,302,718,088	5,171,766,789

(b) Long-term

	2016 VND	2015 VND
Prepaid service expenses (*)	35,595,250,890	7,161,153,654
Tools and supplies	-	3,834,950,623
Others	841,275,252	927,697,895
	36,436,526,142	11,923,802,172

Movement of long-term prepayments during the year is as follows:

	2016 VND	2015 VND
Opening balance	11,923,802,172	11,417,981,719
Increase	45,768,273,025	6,207,591,330
Allocation during the year	(21,255,549,055)	(5,701,770,877)
Ending balance	36,436,526,142	11,923,802,172

(*) Prepaid service expenses mainly include connection cost and TV program copyright prepaid for suppliers.

10 FIXED ASSETS

(a) Tangible fixed assets

	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Historical cost					
As at 1 January 2016	903,707,775	13,305,861,412	4,244,936,364	-	**18,454,505,551**
Purchase during the year	-	-	-	82,012,995	**82,012,995**
Disposals	-	(4,227,272,727)	(1,040,027,273)	-	**(5,267,300,000)**
As at 31 December 2016	903,707,775	9,078,588,685	3,204,909,091	82,012,995	**13,269,218,546**
Accumulated depreciation					
As at 1 January 2016	550,876,442	5,573,421,820	1,904,199,724	-	**8,028,497,986**
Charge for the year	179,548,736	1,094,368,599	412,765,177	10,935,064	**1,697,617,576**
Disposals	-	(880,681,825)	(364,009,548)	-	**(1,244,691,373)**
As at 31 December 2016	730,425,178	5,787,108,594	1,952,955,353	10,935,064	**8,481,424,189**
Net book value					
As at 1 January 2016	352,831,333	7,732,439,592	2,340,736,640	-	**10,426,007,565**
As at 31 December 2016	173,282,597	3,291,480,091	1,251,953,738	71,077,931	**4,787,794,357**

As at 31 December 2016, tangible fixed assets with carrying value of VND1,363,273,463 (2015: VND7,745,998,205) were pledged with banks as collaterals for short-term and long-term borrowings granted to the Group (Note 16).

Cost of fully depreciated fixed assets but still in use as at 31 December 2016 was VND3,057,194,021 (2015: VND304,921,488).

10 FIXED ASSETS (continued)

(b) Finance lease assets

	Equipment VND
Historical cost	
As at 1 January 2016 and 31 December 2016	2,833,229,210
Accumulated depreciation	
As at 1 January 2016	78,700,811
Charge for the year	414,618,911
As at 31 December 2016	493,319,722
Net book value	
As at 1 January 2016	2,754,528,399
As at 31 December 2016	2,339,909,488

(c) Intangible fixed assets

	Land use rights VND	Computer Software VND	Total VND
Historical cost			
At 1 January 2016	4,500,000,000	2,524,382,154	**7,024,382,154**
New purchases	-	41,867,000	**41,867,000**
At 31 December 2016	4,500,000,000	2,566,249,154	**7,066,249,154**
Accumulated amortisation			
At 1 January 2016	-	288,717,680	**288,717,680**
Charge for the year	-	62,868,004	**62,868,004**
At 31 December 2016	-	351,585,684	**351,585,684**
Net book value			
At 1 January 2016	4,500,000,000	2,235,664,474	**6,735,664,474**
At 31 December 2016	4,500,000,000	2,214,663,470	**6,714,663,470**

11 CONSTRUCTION IN PROGRESS

	2016 VND	2015 VND
Investment and development cost for media channel project	-	42,472,090,896
Others	2,362,499,998	2,334,191,935
	2,362,499,998	44,806,282,831

Movements in the construction in progress during the year are as follows:

	2016 VND	2015 VND
Opening balance	44,806,282,831	41,466,089,899
Increase during the year	131,250,000	3,340,192,932
Transfers to long-term prepaid expenses	(42,143,282,833)	-
Other decrease	(431,750,000)	-
Ending balance	2,362,499,998	44,806,282,831

12 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2016 VND	2015 VND
Third parties		
Long Ngoc Chau Company Limited	18,329,280,659	-
Da Phuong Tien Chau A Media Company Limited	10,282,143,612	8,612,083,006
Da Phuong Tien VINACJ Entertainment Media Joint Stock Company	8,598,813,650	11,542,184,729
Vietnam Television Cable Company Limited	7,358,231,073	-
FONEVIET Company Limited	5,268,457,534	13,257,542,215
Colormedia Joint Stock Company	-	8,895,878,816
Others	20,112,620,546	10,904,359,239
	69,949,547,074	53,212,048,005
Related parties (Note 33(b))	-	20,990,300
	69,949,547,074	53,233,038,305

As at 31 December 2016 and 31 December 2015, the Group did not have any short-term trade accounts payable which are past due.

13 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	2016 VND	2015 VND
Value added tax	7,283,360,663	3,559,210,514
Business income tax	5,912,394,567	4,047,060,687
Personal income tax	1,261,149,343	1,004,693,566
	14,456,904,573	8,610,964,767

Movements in taxes and other payables to the State Budget during the year are as follows:

	As at 1.1.2016 VND	Payable during the year VND	Settled during the year VND	As at 31.12.2016 VND
Value added tax	3,559,210,514	29,953,141,822	(26,228,991,674)	7,283,360,663
Business income tax	4,047,060,687	5,957,206,740	(4,056,874,607)	5,912,394,567
Personal income tax	1,004,693,566	2,168,778,335	(1,912,322,558)	1,261,149,343
	8,610,964,767	38,079,126,897	(32,198,188,839)	14,456,904,573

14 SHORT-TERM ACCRUED EXPENSES

	2016 VND	2015 VND
Business cooperation fee on VTC4 channel	7,796,291,200	7,503,263,715
Royalty fee	3,850,792,898	-
Cost of film launching	2,587,201,318	-
Shared profits from advertising activities	1,805,464,722	3,386,722,637
Salary and bonus accrual	1,621,048,622	-
Interest expense	1,540,961,599	5,906,999,999
Others	1,358,117,236	1,835,894,164
	20,559,877,595	18,632,880,515

15 OTHER SHORT-TERM PAYABLES

	2016 VND	2015 VND
Third parties		
Payment from business cooperation contracts (*)	26,073,765,826	-
Others	5,855,673,677	484,491,909
	31,929,439,503	484,491,909
Related parties (Note 33(b))	33,907,854	-
	31,963,347,357	484,491,909

(*) In 2016, the Group's subsidiary signed business cooperation contracts with certain companies and individuals to produce films under non-legal entities arrangement. Investors shall contribute their capitals to the films which this subsidiary produces and be shared the profits from these films. However, in case the profit earned from film production is less than 8% of the investor's investment amounts, this subsidiary is required to pay a minimum profit margin of 8% of the contributed investments of the investors.

This subsidiary also signed the business cooperation contracts with certain companies and individuals to produce films under non-legal entities arrangement. This subsidiary will use the capital from these investors to produce films itself or be representative to sign business cooperation contracts with other film producers. After the films are launched, based on the investment value, the parties will share the profit before tax from those films.

16 BORROWINGS AND LIABILITIES

(a) Short-term borrowings

	As at 1.1.2016 VND	During year: Increase VND	During year: Current portion of long-term loan VND	During year: Decrease VND	As at 31.12.2016 VND
Bank loans					
Ho Chi Minh Development Joint Stock Bank (i)	56,915,625,983	205,709,917,891	-	(214,021,391,265)	48,604,152,609
United Overseas Bank Vietnam (ii)	8,653,334,327	75,215,901,911	-	(52,211,929,408)	31,657,306,830
Current portion of finance lease	739,071,932	-	698,863,203	(755,527,788)	682,407,347
Issued bonds (iii)	51,594,000,000	-	-	(51,594,000,000)	-
	117,902,032,242	280,925,819,802	698,863,203	(318,582,848,461)	80,943,866,786

(i) The loans from Ho Chi Minh Development Joint Stock Bank ("HDBank") - Nguyen Dinh Chieu Branch under Contract No. 0002/15/HDTDHM-DN/68 with a credit limit of VND90 billion and credit term of 12 months from 1 January 2016 for the purpose of working capital supplement. The loans bear interest at interest rates from 8 - 12% per annum which are adjusted for each drawdown based on lending interest rates announced by HD Bank in each period. The collateral assets for the loans include: Five cars of the Company; debt conversion rights stipulated in the contract signed between WPP Communications Company Limited and Saatchi & Saatchi Vietnam Joint Venture Company Limited; property at No.826, 828, Suoi Cat Street, Thanh Tuyen Commune, Dau Tieng District, Binh Duong Province and bank deposits of VND21,276,667,164 at HDBank.

(ii) This is a loan in Vietnamese Dong with its maturity of one year from the date of the loan contract and a credit limit of US$1,000,000. The loan bears interest at the interest rate of 3% per annum. The collateral of the loan includes: deposit balance at bank which is maintained minimum at 50% of each drawdown and collateral assets of US$1,000,000 owned by individuals, which are guaranteed by Mr. Nguyen Anh Nhuong Tong and Mr. Dao Phuc Tri.

16 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)

(b) Long-term borrowings

	As at 1.1.2016 VND	During year: Increase VND	During year: Current portion of long-term loans VND	During year: Decrease VND	As at 31.12.2016 VND
Finance lease (iv)	1,322,173,629	-	(698,863,203)	-	623,310,426
Issued bonds (iii)	47,406,000,000	-	-	(22,523,000,000)	24,883,000,000
Cost of issuance bonds	(2,227,500,000)	-	-	742,500,000	(1,485,000,000)
	46,500,673,629	-	(698,863,203)	(21,780,500,000)	24,021,310,426

(iii) These are the Vietnamese Dong bonds at par value of VND1,000,000 per bond. These bonds bear interest at the interest rate of 12% per annum for the first year which will be adjusted every six months for the subsequent years and based on the 12-month saving interest rate of VND at HDBank.

The bonds are secured by the following: 51% of shares of the Company; assets forming from the loans including: rights of premises rental contracts of the Company at four commercial centers Hung Vuong, Cao Thang, Su Van Hanh and Cong Hoa (minimum 10,000 m2 in area), debt collection rights arising from future economic contract between the Company and HTVC Communication Services Co., Ltd., existing relevant and future debt collection, property rights from Webmoney project owned by the Company; all current and future assets of its subsidiaries; deposit contracts and moving inventories.

(iv) The finance lease liability represents a financial lease from Chailease International Leasing Company Limited, according to the contract No. B150308102 with the lease term of 36 months from 14 October 2016. The finance lease liability bears interest at 10% per annum, and is repaid on a monthly basis. After the end of the lease period, the borrower has the right to purchase the leased asset at its net book value.

17 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The offset amounts are as follows:

	2016 VND	2015 VND
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	164,446,849	190,158,407

The gross movement in the deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	2016 VND	2015 VND
Opening balance	190,158,407	643,019,428
Consolidated income statement charge	(25,711,558)	(452,861,021)
Ending balance	164,446,849	190,158,407

Deferred income tax assets was temporary differences arising from provisions and prepaid expenses.

18 OWNERS' CAPITAL

(a) Number of shares

	2016 Ordinary shares	2015 Ordinary shares
Number of shares registered	10,000,000	9,750,000
Number of shares issued	10,000,000	9,750,000
Number of shares repurchased	-	(175,200)
Number of existing shares in circulation	10,000,000	9,574,800

18 OWNERS' CAPITAL (continued)

(b) Details of owners' shareholding

	31.12.2016		31.12.2015	
	Ordinary shares	%	Ordinary shares	%
Nguyen Anh Nhuong Tong	5,052,017	50.52	4,727,477	48.49
DFJ VinaCapital Venture Investment Ltd.	4,016,824	40.17	3,912,384	40.13
Dao Phuc Tri	529,908	5.30	489,658	5.02
Other shareholders	401,251	4.01	445,281	5.28
Treasury shares	-	-	175,200	1.08
Number of existing shares in circulation	10,000,000	100	9,750,000	100

(c) Movement of share capital

	Number of share capital	Ordinary shares VND	Total VND
At 1 January 2015	6,500,000	65,000,000,000	**65,000,000,000**
New shares issued	3,250,000	32,500,000,000	**32,500,000,000**
At 31 December 2015	9,750,000	97,500,000,000	**97,500,000,000**
New shares issued	250,000	2,500,000,000	**2,500,000,000**
At 31 December 2016	10,000,000	100,000,000,000	**100,000,000,000**

Par value per share: VND10,000

19 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Undistributed earnings VND	Total VND
As at 1 January 2015	65,000,000,000	115,560,000	(2,920,000,000)	20,170,564,657	**82,366,124,657**
Net profit for the year	-	-	-	14,282,532,551	**14,282,532,551**
Capital increase during the year	32,500,000,000	-	-	(32,500,000,000)	**-**
Appropriation to bonus and welfare fund	-	-	-	(738,154,255)	**(738,154,255)**
Purchase of treasury shares	-	-	(1,460,000,000)	-	**(1,460,000,000)**
Other adjustment	-	-	-	222,009,942	**222,009,942**
As at 31 December 2015	97,500,000,000	115,560,000	(4,380,000,000)	1,436,952,895	**94,672,512,895**
Net profit for the year	-	-	-	16,144,938,220	**16,144,938,220**
Capital increase during the year (*)	2,500,000,000	-	-	(2,500,000,000)	**-**
Purchase of treasury shares	-	-	(5,242,217,851)	-	**(5,242,217,851)**
Reissuance of treasury shares (*)	-	-	9,622,217,851	(9,622,217,851)	**-**
Dividends paid (*)	-	-	-	(4,000,000,000)	**(4,000,000,000)**
As at 31 December 2016	100,000,000,000	115,560,000	-	1,459,673,264	**101,575,233,264**

(*) According to Resolution dated 31 December 2016 of the Annual General Meeting of Shareholders, the Company's shareholders approved the plan of cash dividend distribution with an amount of VND4 billion and issuance of stock dividend from the 2016 undistributed earnings to increase the owners' capital to VND100 billion. The Resolution also approved the plan of reissuance of treasury shares from the Company's undistributed earnings.

20 NON-CONTROLLING INTERESTS

Movements in NCI are as follows:

	2016 VND	2015 VND
Opening balance	6,593,127,115	8,338,876,210
(Loss)/profit attributable to NCI	(18,210,224)	135,721,185
Capital contribution from NCI	2,900,000,000	200,000,000
Capital decrease	(795,832,834)	-
Dividend paid	(614,485,944)	(2,081,470,280)
Ending balance	8,064,598,113	6,593,127,115

21 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Group and held as treasury shares:

	2016	2015
Net profit attributable to shareholders (VND)	16,144,938,220	14,282,532,551
Amount appropriated to bonus and welfare fund (VND)	-	(738,154,255)
	16,144,938,220	13,544,378,296
Weighted average number of ordinary shares in issue (shares)	9,558,730	9,748,343
Basic earnings per share (VND)	1,689	1,465

Diluted earnings per share: the Group does not have potential shares which will be dilutive of earnings per share up to the date of the consolidated financial statements.

22 OFF BALANCE SHEET ITEMS

(a) Foreign currencies

Included in cash are balances held in foreign currencies of US$3 and 54 tale of gold (2015: US$103.12 and 36 tale of gold).

(b) Commitments under operating lease

The future minimum lease payable under non-cancellable operating lease as at 31 December 2016 is VND109,565,569,701 (as at 31 December 2015: VND157,175,085,457). Details are presented in Note 34.

(c) Capital commitment

As at 31 December 2016, the Group had commitments to contribute its capital obligations in the future according to business cooperation contracts with an amount of VND1,509,207,865 as presented in Note 35.

23 REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2016 VND	2015 VND
Revenue		
Revenue from advertisement	343,896,801,615	353,185,016,276
Revenue from program broadcast on digital platform	196,839,594,461	18,800,514,998
Revenue from television program production	13,714,285,716	18,151,401,559
Revenue from rendering of service	8,205,830,615	-
Revenue from film copyright	3,998,219,013	27,534,660,294
Revenue from lease of premises	301,295,454	7,178,249,601
Other revenues	6,702,613,725	863,636,362
	573,658,640,599	425,713,479,090
Deductions		
Trade discounts	(11,002,647,373)	(21,694,159,826)
	(11,002,647,373)	(21,694,159,826)
Net revenue from sales of goods and rendering of services	562,655,993,226	404,019,319,264

24 COST OF GOODS SOLD AND SERVICES RENDERED

	2016 VND	2015 VND
Production cost of programmes	304,079,813,043	64,147,789,186
Cost of reception	49,010,747,094	29,499,254,547
Cost of film copyrights	25,352,173,202	100,931,341,767
Cost of channel rental	10,661,598,487	46,709,090,900
Cost of view measurement	6,023,999,999	5,484,528,000
Cost of film production	4,846,545,456	7,498,367,659
Others	8,329,404,728	3,840,781,242
	408,304,282,009	258,111,153,301

25 FINANCIAL INCOME

	2016 VND	2015 VND
Income from investments	2,568,750,000	2,625,000,000
Interest income from deposits	2,158,810,216	950,960,737
Gain on disposal of subsidiary	-	107,589,577
	4,727,560,216	3,683,550,314

26 FINANCIAL EXPENSES

	2016 VND	2015 VND
Interest expense	12,589,018,312	17,076,202,810
Payment discount	4,380,402,267	5,144,509,466
Cost of finance leases	191,608,245	147,712,755
	17,161,028,824	22,368,425,031

27 SELLING EXPENSES

	2016 VND	2015 VND
Market research	36,246,285,742	21,452,210,543
Staff cost	7,526,387,491	6,150,852,036
Outside expenses service cost	6,653,143,261	2,277,098,745
Entertainment expenses	710,040,198	1,169,448,883
Depreciation	456,652,445	533,002,617
Others	2,456,570,293	1,084,463,579
	54,049,079,430	32,667,076,403

28 GENERAL AND ADMINISTRATION EXPENSES

	2016 VND	2015 VND
Staff cost	25,304,870,681	18,641,870,400
Outside service cost	20,900,756,339	47,421,461,029
Prepaid expense allocation	5,648,115,182	9,227,100,249
Depreciation	1,786,258,201	2,187,166,022
Others	9,526,437,748	696,951,880
	63,166,438,151	78,174,549,580

29 NET OTHER INCOME AND EXPENSES

	2016 VND	2015 VND
Other income		
Gains on disposal of fixed assets	23,982,275	-
Gains on compensation from Bac Binh project	-	4,121,807,477
Others	200,943,635	392,493,455
	224,925,910	4,514,300,932
Other expenses		
Loss on disposal of fixed assets	(1,892,045,447)	-
Administrative penalty	(461,454,755)	(1,423,133,123)
Others	(464,504,442)	(390,869,513)
	(2,818,004,644)	(1,814,002,636)
Net other (expenses)/income	(2,593,078,734)	2,700,298,296

30 BUSINESS INCOME TAX

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% (2015: 22%) as follows:

	2016 VND	2015 VND
Net accounting profit before tax	22,109,646,294	19,081,963,559
Tax calculated at a rate of 20%	-	842,732,515
Tax calculated at a rate of 22%	7,392,404,174	2,494,641,037
Effect of:		
Income not subject to tax	(1,716,416,042)	-
Non-deductible expenses for tax purposes	219,818,784	1,326,336,271
Under-provision from previous year	87,111,382	-
Business income tax charge (*)	5,982,918,298	4,663,709,823
Charged to income statement:		
Business income tax – current	5,957,206,740	4,210,848,802
Business income tax – deferred	25,711,558	452,861,021
	5,982,918,298	4,663,709,823

(*) The business income tax charge from the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

31 EXPENSES BY FACTOR

	2016 VND	2015 VND
Raw materials	404,052,957,763	376,828,978,002
Outside service expenses	80,806,149,542	48,960,997,223
Staff costs	32,831,258,172	32,562,453,472
Tools expenses	5,654,329,622	9,233,577,069
Depreciation and amortisation	2,175,104,491	2,638,846,004
	525,519,799,590	470,224,851,770

32 ADDITIONAL INFORMATION FOR THE ITEMS OF THE CASH FLOWS STATEMENT

(a) Non-cash transactions

	2016 VND	2015 VND
Current portion of long-term loans	698,863,203	2,677,797,640

(b) Amount of loan actually withdrawn during the year

	2016 VND	2015 VND
Proceeds from borrowings following normal borrowing contracs	280,925,819,802	184,792,531,026
Proceeds from bonds issuance	-	96,772,500,000

(c) Amount of loan principal actually paid during the year

	2016 VND	2015 VND
Repayments for borrowings following normal borrowing contracs	266,233,320,673	184,045,445,831
Repayments for bonds	73,374,500,000	15,000,000,000
Repayment for principal of finance leases	755,527,785	755,527,785

33 RELATED PARTY DISCLOSURES

During the year, the Group has transactions and balances with related parties as below:

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

	2016 VND	2015 VND
i) Rendering of services		
Vietnam Online Service Trade Joint Stock Company	301,295,454	66,743,685
ii) Purchases of services		
Vietnam Online Service Trade Joint Stock Company	-	254,861,237
iii) Compensation of key management		
Gross salaries and other benefits	824,168,000	1,440,000,000
iv) Dividend paid		
DFJ Vinacapital Venture Investment Ltd.	1,671,046,504	-
v) Financing activities		
Loan repayment		
DFJ VinaCapital Venture Investment Ltd.	-	15,000,000,000
Vietnam Online Service Trade Joint Stock Company	-	3,411,895,050
	-	18,411,895,050
Loan interest during the year		
VinaCapital Investment Management	-	1,467,123,287
Vietnam Online Service Trade Joint Stock Company	-	49,323,398
	-	1,516,446,685

33 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2016 VND	2015 VND
v) Financing activities (continued)		
Lending		
Vietnam Online Service Trade Joint Stock Company	8,657,982,782	-

(b) Year end balances with related parties

	2016 VND	2015 VND
Trade account receivable (Note 5)		
Vietnam Online Service Trade Joint Stock Company	331,425,000	-
Other short-term receivables (Note 7)		
Vietnam Online Service Trade Joint Stock Company	11,445,918,526	2,787,935,744
Mr. Vo Thai Phong	7,214,456,098	7,153,757,065
Mr. Nguyen Anh Nhuong Tong	5,038,745,099	371,626,391
Mr. Dao Phuc Tri	-	1,285,751,065
	23,699,119,723	11,599,070,265
Short-term trade accounts payable (Note 12)		
Vietnam Online Service Trade Joint Stock Company	-	20,990,300
Other short-term payables (Note 15)		
Mr. Vo Thai Phong	16,953,927	-
Mr. Nguyen Anh Nhuong Tong	12,591,760	-
Mr. Dao Chieu Minh	4,362,167	-
	33,907,854	-

34 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases are as follows:

	Office rental		Television license rental		Total	
	2016	2015	2016	2015	2016	2015
	VND	VND	VND	VND	VND	VND
Within 1 year	4,166,441,333	1,100,050,000	20,408,666,667	46,743,712,121	24,575,108,000	47,843,762,121
1 – 5 years	42,301,278,667	12,358,725,000	42,689,183,034	77,468,420,379	84,990,461,701	89,827,145,379
Over 5 years	-	7,823,825,000	-	11,680,352,957	-	19,504,177,957
Total minimum payment	46,467,720,000	21,282,600,000	63,097,849,701	135,892,485,457	109,565,569,701	157,175,085,457

35 CAPITAL EXPENDITURE COMMITMENTS

As presented in Note 15, the Group's subsidiary had commitment to contribute its following capital obligation according to the signed business cooperation contracts as at 31 December 2016:

	2016 VND
Galaxy Media and Entertainment Joint Stock Company	1,413,207,857
Fortune Projects Company Limited	96,000,008
	1,509,207.865

	2016 VND
Within 1 year	1,509,207,865

The consolidated financial statements were approved by the Board of Management on 10 July 2017.

CÔNG TY CỔ PHẦN TẬP ĐOÀN ĐẠI SỨ TRẺ

Tran Thi Lao
Chief Accountant/Preparer

Nguyen Anh Nhuong Tong
Chairman