

Annual Report 2010



Connecting
Partners



HO CHI MINH CITY SECURITIES CORPORATION

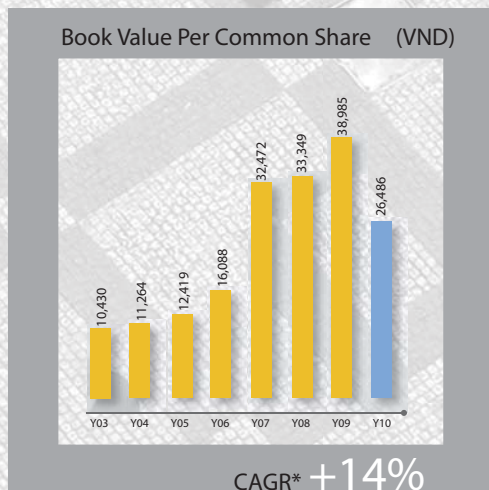
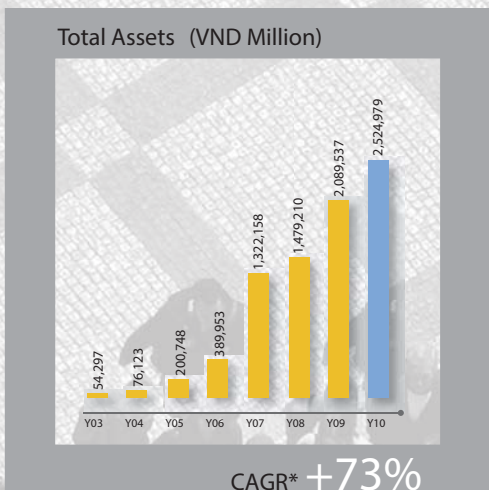
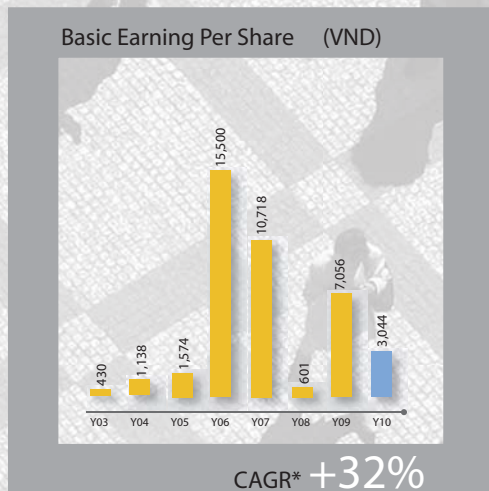
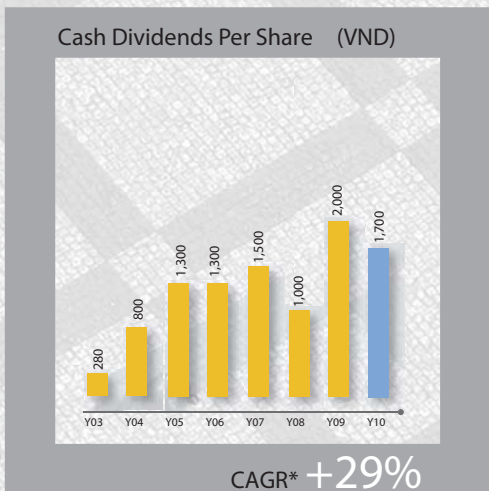
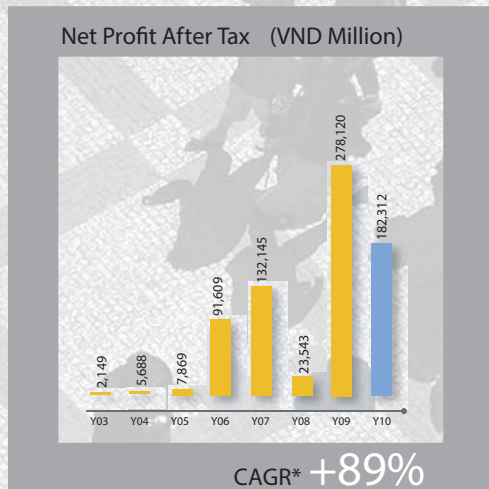
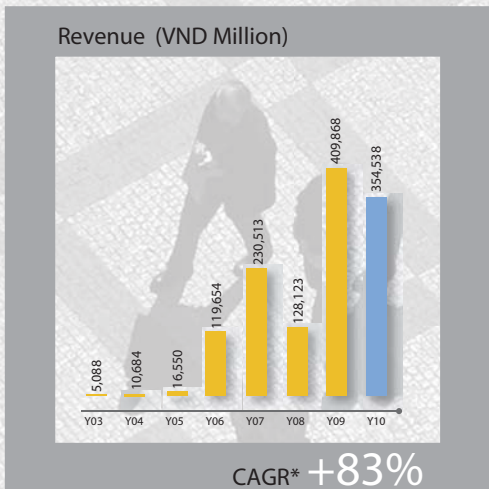


Everyday, **HSC IS CONNECTING** capabilities in research, technology and knowledge to provide clients with relevant and trusted information and deliver customized strategic financial solutions. We grow in parallel with our clients by constantly upgrading resources and realigning priorities to build a strong reputation in finance and investment.

In 2010, HSC's consistent efforts at maintaining the highest standards were substantiated by the achievement of becoming the only Vietnamese securities company included in the Top 20 Equity Houses in the Pan-Pacific Region based on the Thomson Reuters Extel Surveys, putting HSC in the league of multinational securities companies.

Using this accomplishment as a springboard to future success, HSC continues to reinforce our strengths to become the preferred bridge for investors and clients and a connecting point for all our **PARTNERS.**

Financial Highlights



CAGR*: 8 years compounded annual growth rate

| STATEMENT OF INCOME (VND MILLION) | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|-----------------------------------------|-----------|-----------|-----------|------------|------------|------------|------------|-------------------|
| Revenue (net) | 5,088 | 10,684 | 16,550 | 119,654 | 230,513 | 128,123 | 409,868 | 354,538 |
| In which: | | | | | | | | |
| - Brokerage and sales (net) | 99 | 509 | 706 | 7,650 | 33,517 | 32,601 | 91,736 | 109,171 |
| - Principal investment (net) | 926 | 7,932 | 12,380 | 103,033 | 174,179 | (6,676) | 216,514 | (13,566) |
| - Investment Banking | | | | | | | - | 39,986 |
| - Advisory Services | 1,396 | 1,182 | 2,054 | 2,897 | 3,543 | 8,719 | 3,039 | 4,576 |
| - Credit income | - | - | 457 | 4,886 | 13,301 | 30,547 | 43,296 | 153,015 |
| - Interest income | 2,667 | 1,061 | 953 | 1,188 | 5,973 | 62,932 | 55,283 | 61,355 |
| Operating expenses | 2,915 | 3,328 | 10,065 | 18,313 | 50,275 | 71,922 | 85,361 | 127,509 |
| Provision/(reversal) for doubtful debts | - | - | - | - | 32,082 | 32,654 | (11,807) | (872) |
| Operating profit | 2,173 | 7,356 | 6,485 | 101,341 | 148,156 | 23,547 | 336,314 | 227,901 |
| Extraordinary profit/(loss) | (24) | (1,668) | 1,872 | (135) | (58) | (4) | - | - |
| Profit before tax | 2,149 | 5,688 | 8,357 | 101,206 | 148,098 | 23,543 | 336,314 | 227,901 |
| Profit after tax | 2,149 | 5,688 | 7,869 | 91,609 | 132,145 | 23,543 | 278,120 | 182,312 |
| BALANCE SHEET (VND MILLION) | | | | | | | | |
| Total assets | 54,297 | 76,123 | 200,748 | 389,953 | 1,322,158 | 1,479,210 | 2,089,537 | 2,524,979 |
| Shareholders' equity | 52,149 | 56,318 | 62,094 | 160,881 | 649,443 | 1,316,046 | 1,538,496 | 1,589,171 |
| FINANCIAL INDICATORS | | | | | | | | |
| Return on average equity (ROAE) | 4% | 10.3% | 11.4% | 50.7% | 25.4% | 1.8% | 19.5% | 11.7% |
| Return on average assets (ROAA) | 4% | 8.7% | 5.7% | 31.0% | 15.4% | 1.7% | 15.6% | 7.9% |
| EQUITY VALUE | | | | | | | | |
| Number of issued shares | 5,000,000 | 5,000,000 | 5,000,000 | 10,000,000 | 20,000,000 | 39,463,400 | 39,463,400 | 59,999,686 |
| Number of shares in circulation | 5,000,000 | 5,000,000 | 5,000,000 | 5,910,334 | 12,329,627 | 39,200,372 | 39,415,855 | 59,900,668 |
| Basic earning per share - VND | 430 | 1,138 | 1,574 | 15,500 | 10,718 | 601 | 7,056 | 3,044 |
| Diluted earning per share - VND | 36 | 95 | 132 | 1,526 | 2,217 | 400 | 4,704 | 3,044 |
| Book value per common share - VND | 10,430 | 11,264 | 12,419 | 16,088 | 32,472 | 33,349 | 38,985 | 26,486 |
| Dividends - VND | 280 | 800 | 1,300 | 1,300 | 1,500 | 1,000 | 2,000 | 1,700* |

(*) Estimated for Y2010

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2010 Highlights

2010 was a successful year for HSC. In terms of our core business development and expansion, we further anchored the fundamental pillars of our business functionalities in both brokerage and investment banking. HSC also received several distinctions which further cemented our reputation as a leading securities company in Vietnam.

HIGHER RANKING, INCREASED MARKET SHARE

We grew our total market share from 4.8% in 2009 to 5.9% in 2010. This raised our ranking from #4 to #3 in terms of market share for brokerage. Profit-wise, HSC made VND182 billion after tax, and contributed to shareholders' earnings of VND3,044 per share.

REAPING RECOGNITIONS

HSC received the highest distinction as the Top Brokerage Firm and Top Brokerage Firm in Equity Research in Vietnam from the Extel Awards by Thomson Reuters. This recognition is made even more exceptional since the Extel Awards represent the explicit, independent endorsement of our customers and target markets with all nominated companies being ranked based on expertise, competency and client service. HSC also received a commendation from the prestigious LACP Awards for Annual Reports, earning the Platinum Award for the Best Annual Report in 2009 for its category, Financials—Capitals Market. The annual LACP Awards receive more than 4,000 entries from all over the world and from top multinational companies, marking HSC as having world-class standards that can compete with the best in the industry.

NETWORK EXPANSION

Officially started operations in Tran Hung Dao and Ba Trieu transaction offices in March 2010 and opened Kim Lien and Ba Thang Hai transaction offices in August 2010, bringing the total number of offices up to 8, with 4 in Hanoi and 4 in Ho Chi Minh City.

FURTHER INVESTMENT IN PHYSICAL INFRASTRUCTURE

HSC moved its headquarters into the AB Tower on Le Lai Street, one of the landmark buildings in HCMC and situated in the middle of the bustling downtown district. Occupying levels 5 & 6, HSC's new offices also contains an improved IT Data Center as well as a spacious and modern working environment.

IMPROVED COLLECTIVE MANAGEMENT STRUCTURE

A few changes in the management were also implemented in 2010 in line with the collective management system initiated in 2009. We have appointed a new Chief Operating Officer (COO) whose primary responsibility is risk management. We also hired a new Head of Retail and promoted a new Head of Northern Region. We reinforced our Investment Banking Division with two Managing Directors to take the lead. We merged Research and Institutional Sales together to establish the Institutional Division. With these changes, HSC is confident of having the highest quality top management team than other firms in the industry.





In 2011, HSC intends to use its achievements as a springboard for the next phase of growth. We will continue to run at full speed, to take advantage of the momentum that we have built, and to maintain our position as one of the top securities firms in this country.



Company Overview

Overview

HSC is a prominent and award-winning professional securities brokerage and equity firm in one of the fastest growing Asian economies, Vietnam. HSC delivers a comprehensive list of financial products for Private and Institutional Clients, providing professional investment advisory backed by solid, trusted research. For Investment Banking Clients, HSC has established an exceptional track record of connecting businesses to investors and creating long-term partnerships.

Established in April 2003, HSC was borne of a partnership between two financial powerhouses, the Ho Chi Minh City Investment Fund for Urban Development (HIFU), the investment arm of the government, and Dragon Capital Group, a UK-based integrated investment group centred on the emerging financial markets of Vietnam.

Listed on the Hochiminh City Stock Exchange on May 19, 2009 under the ticker HCM, HSC's total shareholders' equity of VND1,600 billion (approximately US\$76.7 million), makes it one of the biggest securities companies in the country with a strong financial base and investment capacity.

HSC continuously hones its core competencies in Research, Technology and Human Capital to enable the development of new and improved financial services such as equity financing, mergers & acquisitions and underwriting capabilities. We continue to place emphasis on relationship building and providing value-added products, growing our scope of business based on clients' growing needs.

Vision

We aim to lead the securities industry and capital markets in Vietnam, to become the country's most admired, trusted, and valued financial institution, and to be a major contributor to the sustainable development of Vietnam's capital markets.

Mission

In order to attain our ambition, we set ourselves apart, in a class of our own, and raise the standard for professionalism, innovation, ethics and human interaction.

Core Values

At HSC, we strive to be true to our corporate values and to apply them in everything we do...

HIGH LEVEL OF INTEGRITY

To build a high level of trust from our clients, investors and those in the securities business in Vietnam and beyond.

HIGH STANDARD OF WORK ETHICS

At all levels, our staff are dedicated to providing the best service to our clients, going the extra mile for our partners, and forging strong relationships with all our stakeholders.

HIGH LEVEL OF PROFESSIONALISM

Constantly developing and adopting best practices; upgrading our expertise and processes to execute all transactions in the best interest of our valued clients.



Corporate Milestones

2009

- Officially listed on the Hochiminh City Stock Exchange (HOSE) with the stock code HCM.
 - Upgraded internet trading platform (VI-Trade system) and launched VIP-Trade, a more advanced version of the portal that allows real-time transactions.
 - Established Lang Ha transaction office in Hanoi.
 - Recognized as one of the top 4 securities companies with the largest market share compared to more than 100 securities firms across the country.
-

2008

- Further increased charter capital to VND394.634 billion.
 - Secured a strategic partnership with DAISHIN, one of the three leading securities companies in Korea.
 - Launched the Call Center PBX support system and VI-Trading system which allowed open trading over the Internet.
 - Established Hau Giang transaction office in HCMC.
-

2007

- Raised charter capital to VND200 billion.
 - Established the Hanoi branch on Le Thanh Tong, Hoan Kiem District.
 - Issued shares for strategic shareholders HDBANK and IDICO.
-

2006

- Increased charter capital to VND100 billion.
 - Headquarters were transferred to Capital Place and opened new transaction office on Thai Van Lung Street, District 1, HCMC.
-

2003

- Officially started operations after receiving Certificate of Business Registration No. 4103001573 from the Department of Planning and Investment of Ho Chi Minh City on 23 April 2003, and Business Permit No. 11 / SSC-GPHDKD from the State Securities Commission issued on 29 April 2003.
- With an initial capital of VND50 billion, HSC was among the few securities companies in the country with the largest amount of charter capital at the time.



Investors



We provide private clients and institutional investors with access to the Vietnam market via a wide range of equity and debt products, in both primary and secondary markets. We have one of the widest distribution networks which enables us to deliver reliable research and advisory services that equip investors with relevant market insights



In 2010, we achieved a total bid-offered matched value of VND52.2 trillion and increased our total market share in brokerage to 6%. We also upgraded our internet trading platforms, enhancing features to enable clients to conduct transactions through mobile and online channels at their convenience.

Connecting Investors to Markets

to Markets



2010 EXTEL AWARDS

Determining the Best in Class in Brokerage and Equity Research

EXTEL

IDENTIFYING EXCELLENCE

HSC is proud to be the sole Vietnamese representative ranked amongst the “best in class” in the Asia Pacific region and vows to continue improving the level of professionalism that has become its distinguishing mark in the industry.

The Thomson Extel Survey Awards, considered as the financial industry equivalent of the Oscars, recognize the best buy-side firms, brokerage houses and investor relations teams throughout Asia Pacific, Japan and Europe (Pan-Europe). Winners are determined based on the results of the annual Extel Surveys which gathers the votes of various private and institutional investors and listed companies, namely the audience of the companies under consideration.

The name Extel is derived from the Exchange Telegraph company, the first company to connect London and New York via telegraph and one of the leading news agencies/provider of financial information in the trans-Atlantic area in the 1900s. In 1974, the first Extel Survey was conducted to collect views and votes from fund managers on the services and advice they were getting from research analysts at stock-broking houses. From an initial participation of only 53 fund management firms, it grew annually, and recently has over 7,500 participants from 62 countries casting more than 250,000 votes (Based on the 2008 Thomson Reuters Extel Pan-European Survey).

The company was acquired by Thomson (now Thomson Reuters) in 2000 and the Extel Survey became the Thomson Reuters Extel. The survey which initially focused on UK-based fund management firms now extended its scope to North America, Asia Pacific



(including Australia and New Zealand) and Japan. The rankings currently include quoted companies and fund managers alongside the fundamental rankings of brokers. Brokers are ranked overall in terms of Economics & Strategy, Equity Research and Equity Sales. All Survey data and processes are assessed independently by the audit firm Deloitte.

Vietnam was included in the Asia Pacific line-up for the Thomson Reuters Survey for the first time in 2010, in recognition of the country's fast-growing financial and investment market. The Survey was conducted September to November last year and results were released in December.

In its initial survey of brokerage and equities companies in Vietnam, HSC received the following recognitions:

- Best Brokerage Firm (Overall) in Vietnam
- Best Brokerage Firm in Equity Research in Vietnam
- 14th Leading Firm in Economics & Strategy for Asia Pacific (excluding Japan)
- 19th Leading Brokerage Firm in Equity Research for Asia (excluding Japan)
- 20th Leading Equity House for Asia (excluding Japan)

The Extel Awards identify excellence in brokerage and equity research and enable institutional investors to choose the top firms in terms of industry expertise, analytical rigor and dedication to client service. This is the first time Extel has included Vietnam in its Asian rankings list and HSC is proud to be the sole Vietnamese representative ranked amongst the "best in class" in the Asia Pacific region and vows to continue improving the level of professionalism that has become its distinguishing mark in the industry.



Message from the CEO

HSC has accomplished many goals and milestones in the year and therefore have many reasons to celebrate 2010 as a successful year.





Dear shareholders, clients, colleagues and partners,

When we entered 2010, the world was entering an economic post trauma period, with both a fragile sense of relief from the bottoming out of the markets and a sense of cautious optimism amidst some signs of a recovery. However, there was still a cloud of fear for the aftershocks, even a suspicion for a double dip recession in a number of major economies in the world.

In Vietnam, we entered 2010 also with elements of stress on the country's economic and financial systems, including the looming threat of inflation, a pervasive high interest rate environment, and further devaluation of the currency. The Vietnamese stock market celebrated its 10th year anniversary with some fanfare and with the anticipation for a number of long awaited policy changes and additional latitude in the securities industry. However, most of us were disappointed that the much discussed policy changes did not occur in 2010 as they were sidetracked by various issues, perhaps including the preparations for the country's political Party Congress in early 2011.

At HSC, we entered 2010 after achieving a good financial year in 2009 given the turnaround of the market. But it was now a "clean plate" for us to carry out our core business lines in full force, and to embark upon our path for the next stage of sustainable growth, all amidst the uncertainties and challenges of a post crisis period.

2010: The challenges and our achievements:

Although we did not reach our bottom line profitability targets for 2010 given the many adverse market conditions, we still have accomplished many goals and milestones in the year and therefore have many reasons to celebrate 2010 as a successful year.

Growing core business lines:

To us, first and foremost it was a highly successful year in terms of our core business development and expansion. We further anchored the fundamental pillars of our main business functionalities in both brokerage and investment banking. In the Private Clients Division, we expanded our distribution network by establishing four additional transaction offices in the country: Tran Hung Dao and Ba Thang Hai in Hochiminh City, and Ba Trieu and Kim Lien in Hanoi. Our sales force grew to a team of about 350 in both the Private Clients and Institutional divisions. With the additional sales locations and a significant increase in the number of brokers, complemented by our ability to provide leverage support to investors, we grew our total market share from 4.8% in 2009 to 5.9% in 2010. The gain in market share in the Private Clients Division raised our ranking from 4th place to 3rd place among all securities firms in terms of combined market share on HOSE and HNX. On the Institutional brokerage side, we continued to maintain second place in terms of market share on total

5.9%

market share

Propelling HSC to the Top 3 position among all securities firms in terms of combined market share in HOSE and HNX.

350

brokers

in Private and Institutional Divisions

Message from the CEO

VND **182**
Billion
after tax profit

11.7%
Return on Average Equity

As “the Best Brokerage Firm in Vietnam”, we are determined to drive forward in 2011 at full speed, to take advantage of the momentum that we have built and expand our reach, and to cement our position as the top securities firm in this country.

foreigners’ trading. Combining Private Clients and Institutional divisions, we processed more trade orders and trading value, and earned more fee income and credit income in 2010, than we ever did in any prior year.

In investment banking and advisory, we made a profit for the first time in 2010 and recorded the highest amount of fee income on record. We engineered a sizeable mezzanine financing transaction for a pre-IPO name, and assisted them with both restructuring and private placement solutions. At any given point in time, we manage approximately 35 names in our origination pipeline of local corporate relationship. We entered into a co-lead, co-arranged deal with two other top-5 securities firms in the country to IPO a large property development company. This was the first co-lead / co-arranged deal ever in Vietnam which marked the beginning of a new level of development and cooperation in the investment banking industry. We advised on several landmark M&A deals including one in telecommunications, one in property and one in consumer retail. There are a number of ongoing deals in this segment and we believe that this will be a key revenue driver of investment banking this year. In addition, we have seen synergies between our business lines particularly between Investment Banking and Private Clients aligning to manage the liquidity of the shares in order to meet market demand and expectations.

We made a conscious decision to exit most of the positions in our proprietary portfolios early on in 2010 which has played positively given the downturn in the markets; resulting in minimal losses and provisions in 2010. Our strategy was to discontinue the reactive practice in our proprietary investment, which created a high degree of liquidity risk. The high number of open positions to be managed was a significant risk and in addition it was perceived to be a potential conflict of interest with our customers. Our new strategy in proprietary investment has taken an alignment and support approach where our Treasury function would manage the investment process as part of a larger liquidity function aimed at facilitating customers with liquidity and availability.

Seizing top recognition in the industry:

Our reputation as a firm with strong institutional brokerage and research capabilities extended beyond the borders of Vietnam. We were recognized by Thomson Reuters’ prestigious Extel program as “the Best Brokerage Firm in Vietnam 2010” and “the Best Equity Research Firm in Vietnam 2010”. On this particular occasion, we were also the

only Vietnamese firm recognized as one of the top 20 securities brokerage firms in the Asia Pacific region. We are extremely proud of this recognition as it has now placed Vietnam on the map of the region's securities industry.

Strengthening the top team:

In order for us to achieve the core business growth that we have, we took a critical review of our human capital and placed our most prized human resources where the most efficient performance can be achieved. For the first time we established the Chief Operating Officer position and placed Trinh Hoai Giang in this position with the tasks of enhancing our risk management functionalities and

processing capabilities. We welcomed Le Cong Thien – who was once the CEO of another securities firm - as the new Head of Private Clients Division. We upgraded our Hanoi branch to a regional office, created the Northern region, and promoted Bach Quoc Vinh to the MD ranks to manage the entire Northern region. We “doubled up” our coverage in Investment Banking with the appointment of Pham Minh Phuong who joined Kelly Wong as co-heads of IB. We merged Research and Institutional Sales to establish the Institutional Division which is co-headed by Johan Kruijmer and Fíachra MacCana. We are fully confident that we are now armed with the highest quality and most seasoned

of top management personnel in the industry in this market.

Investing further in technology and long term infrastructure:

Our long term approach on growth and expansion is reflected in our investment in IT infrastructure and office facilities. When the office rental market softened, we took the opportunity to secure a long term lease for two full floors of the AB Tower, a new grade A office building in the CBD of Hochiminh City. This move has allowed us to invest into a state-of-the-art data center and office space for our headquarters where we will enjoy stability in growth for the next forty years.

Combining Private Clients and Institutional divisions, we processed more trade orders and trading value, and earned more fee income and credit income in 2010, than we ever did in any prior year.

Warranting profitability and shareholders return:

Last but not least, despite the unfavorable market environment, we still achieved good profitability in a year when many of our peers made losses. Our after tax profit of VND182 billion contributed to shareholders' earnings of VND3,044 per share, which also translates to an ROAE of 11.7%. Our Board of Directors has agreed to recommend a 17% dividend payout (on the nominal price of VND10,000) to the general shareholders.

2011: A new era begins with new challenges and our new goals:

As “the Best Brokerage Firm in Vietnam”, we are determined to drive forward in 2011 at full speed, to take advantage of the momentum that we have built and expand our reach, and to cement our position as the top securities firm in this country.

Projections for better financial performance in 2011:

2011 has begun and we have seen indications of yet another highly challenging fiscal year ahead. With the lingering effects on the central bank's devaluation of the VND, coupled with the high interest rate and high inflation environment in the wake of further increases on energy and utility prices, the securities market has already encountered significant turbulence in mid-February. Nonetheless, our targets for 2011 are clearly defined. With the assumption that the average daily market trading value will increase 20% over 2010 and with the aim to increase our average brokerage market share from 5.9% to 6.8%, we set out to pursue an increase of 34% in total brokerage fee income for 2011. While we anticipate that at peak times, our margin portfolio outstanding might reach VND1.2 trillion, the average outstanding is forecast to remain basically unchanged from the average in 2010 at around VND800 billion. 2011 income from brokerage activities (currently 12% from the institutional division

Message from the CEO



We aim to reach out to larger, capable, complimentary and resourceful partners, to position ourselves strategically in order to mobilize further resources and fuel for our business engines.

and 88% from the Private Clients division) is projected to contribute to 33% of total revenue (up from 31% in 2010) while income from margin activities should make up 33% of total revenue (down from 40% the year before). Income from investment banking and treasury activities would comprise the remaining 33%, bringing our operating profit to VND297 billion and bottom line net profit to VND237 billion. This is a conservative projection that does not take into account any upside potential in proprietary investment activities on both equity and debt investments. In addition, we used a much lower average interest rate in our projections compared to current market interest rates.

Strengthening our capital base and putting our capital to work:

Our 2011 financial projections take into account the assumption that we can increase our capital base by an additional VND400 billion if the capital raising plan is approved by shareholders. Although we still possess more than VND500 billion in cash, the additional capital would raise our legal capital to VND1 trillion and total shareholders' equity to approximately VND2 trillion. At forecast peak market times, this capital base would prepare us for additional activities in margin lending, liquidity support to enhance our brokerage services, mezzanine financing and investment banking, and proprietary trading in both equity and debt markets. While in 2010 we have determined to fade out the previous proprietary equity trading activities, we foresee good opportunities and upside potential in the market in 2011, as we have seen a very good valuation of the shares in which we should take positions for long term investment as well as trading opportunities to move closer to market making capabilities.

Building a premium into our share price:

Besides the financial objectives, in 2011 we also aim to build a more deserved premium into our share price. While our achievements have proved that we possess stronger fundamentals than our peers, we have not been able to translate and transpire our achievements into HSC's share price (coded HCM on HOSE). With Vietnam's current macroeconomic challenges and the market taking a beating in mid-February, our share trading at 9% under Jan11 book value, at 7.8 times 2010's earnings and 7.2 times projected 2011 earnings (diluted price). Compared to peers and subject to "normal" market conditions in the Vietnam context, we aspire to bring our share price to a P/E multiple of between 12 to 14 when average market price multiple returns to around 10 times.

A premium in our share price should also reflect the “upside” potential in our proprietary investment and investment banking activities. We aim to generate a “healthy flow” of “deals” in our corporate advisory business which should produce investment banking opportunities. Our robust balance sheet (currently 39% in cash) has helped pave the way to a number of deals we initiated in 2010 by way of bridge or mezzanine financing activities. The deals also feed our brokerage business in both the institutional and retail customer segments as we aim to bring to our customers primary market as well as secondary market products.

Reaching out for strategic partnerships:

We aim to reach out to larger, capable, complimentary and resourceful partners, to position ourselves strategically in order to mobilize further resources and fuel for our business engines. One of the directions in which the investment banking industry will take us is the ability to align our investment products with those of the fund management industry, where the market’s appetite is projected to still be tremendous in Vietnam, and when open-ended funds are allowed. Our sister company Viet Fund Management (VFM – also majority owned by the Dragon Capital Group) would potentially become a channel for us to raise funds with investment requirements that can be met by our investment banking products. We have taken partial ownership in VFM, and endeavor to develop investment products through VFM at appropriate times. With full brokerage and investment banking capabilities in Vietnam, we also aim to develop external capabilities and access to cater to Vietnamese investors who may invest overseas. We have established ties with global brokerage firms in overseas markets and have effectively channeled foreign investment to Vietnam. We should be fully capable of utilizing these channels to provide access to Vietnamese investors for overseas investment, subject to Vietnamese regulatory approval. With ambitious growth and expansion

plans, we also want to keep open opportunities for mergers and acquisitions with one or two other strategic partners. In addition to Dragon Capital and the Hochiminh City Financial Investment Company, a domestic financial group or an industrial group with a business focus in the financial industry, or a global brokerage / investment banking power house is also within our aim for strategic alliance.

Grooming a leadership culture and growing the next generation of HSC leaders:

2011 marks the first year in the next phase of our growth. In the last four years, we have overcome the “Past”, accomplished the “Present” and will now shift gear toward the “Future”. Vietnam’s securities industry is young and it also attracts many young graduates. Judging by our relatively low staff turnover rate compared to peers, HSC has emerged as an employer of choice in the finance industry among young brokers, dealers, analysts, accountants, bankers, and others. When they are empowered and given opportunities to innovate and take charge, we have been very pleased to witness a high level of energy, capability, accountability, and commitment among many young colleagues. We have recognized that these are HSC’s FUTURE LEADERS who need to be nurtured and sharpened to become HSC’s CEOs, COOs, and managing directors of tomorrow. This is why at this juncture, we would like to adopt, and raise a strong awareness of the LEADERSHIP culture at HSC. Starting in 2011, we aim to implement formal programs to develop and train young colleagues with communication and leadership skills. We aim to identify and recognize young leaders with awards at quarterly team briefing events. We encourage managing directors and department heads to think about succession planning and we aim to promote young leaders from within HSC. In addition to promoting a leadership culture within HSC, we also reach out to undergraduates at prestigious university both in Vietnam and overseas, to attract these future team members. In order to

do this, HSC has collaborated with the University of Economic and Law (UEL) to set up and sponsor “stock market virtual trading competitions” to raise the university students’ awareness of the stock market and its operation. This year and going forward, HSC aims to establish programs and award scholarships to undergraduates at economic, finance and banking universities. In order to attract young graduates and undergraduates at overseas universities, we have sponsored internship programs, including the Sponsors for Educational Opportunity - Interns in Vietnam (SEO-IV) program whereby undergraduates from American and European universities spend their time during summer breaks at HSC in Research, Brokerage, and Investment Banking departments to learn the business first hand.

Conclusion:

We have and will continue to build significant value into the core businesses and brand of HSC. We have built a strong foundation on which the company will continue growing solidly and competitively even during difficult times like in 2010 and currently. We have been recognized as one of the 20 most capable securities firms in the Asia Pacific region and the best run firm in Vietnam. It might be very challenging for us to leapfrog at this point to even higher grounds in the future. However, we are fully confident that our horizons are wide and far, and we have a clear vision and roadmap, to reach those horizons. I would like to take this opportunity to thank all stakeholders for the support you have given us and the faith you have in us, to embrace the next phase of growth in our future.



Johan Nyvene
Chief Executive Officer

Shareholders' Information

Percentage of and changes in share ownership by members of the Management Team, Audit Committee, Board of Directors and those concerned:

| Name | Position | Number of shares owned as of 1/1/2010 | | Increase in shares | | Decrease in shares | | Number of shares owned as of 24/2/2011 | |
|--------------------------------|-------------------------|---------------------------------------|------|--------------------|------|--------------------|------|----------------------------------------|------|
| | | Quantity | % | | % | | % | Quantity | % |
| Board of Directors | | | | | | | | | |
| Ngo Kim Lien | Chairwoman | 0 | 0.00 | | | | | 0 | 0.00 |
| Le Anh Minh | Deputy Chairman | 14,070 | 0.02 | 7,035 | 0.01 | | | 21,105 | 0.04 |
| Do Hung Viet | Deputy Chairman | 57,750 | 0.10 | 28,875 | 0.05 | | | 86,625 | 0.14 |
| Hoang Dinh Thang | Member, BOD | 0 | 0.00 | | | | | 0 | 0.00 |
| Nguyen Quyet Chien | Member, BOD | 0 | 0.00 | | | | | 0 | 0.00 |
| Pham Nghiem Xuan Bac | Member, BOD | 262,216 | 0.44 | 131,108 | 0.22 | 15,000 | 0.03 | 378,324 | 0.63 |
| Johan Nyvene | Member, BOD, CEO | 50,000 | 0.08 | 85,200 | 0.04 | | | 135,200 | 0.23 |
| Audit Committee | | | | | | | | | |
| Vo Van Chau | Head, Audit Committee | 42,210 | 0.07 | 21,105 | 0.04 | 20,000 | 0.03 | 43,315 | 0.07 |
| Doan Van Hinh | Member, Audit Committee | 1,500 | 0.00 | 750 | 0.00 | | | 2,250 | 0.00 |
| Nguyen Thi Thanh Van | Member, Audit Committee | 94,093 | 0.16 | 47,046 | 0.08 | 94,000 | 0.16 | 47,139 | 0.08 |
| Management Team | | | | | | | | | |
| Johan Nyvene | CEO | 50,000 | 0.08 | 85,200 | 0.04 | | | 135,200 | 0.23 |
| Trinh Hoai Giang | Managing Director | 83,217 | 0.14 | 86,608 | 0.14 | 74,000 | 0.12 | 95,825 | 0.16 |
| Pham Minh Phuong | Managing Director | 30,850 | 0.05 | 52,295 | 0.09 | | | 83,145 | 0.14 |
| Chief Financial Officer | | | | | | | | | |
| Lam Huu Ho | Chief Financial Officer | 19,500 | 0.03 | 35,750 | 0.06 | | | 55,250 | 0.09 |

1. Ownership Structure

| Category | Domestic Shareholders | | Foreign Shareholders | | Total | |
|------------------------------------------|-----------------------|----------------|----------------------|----------------|-----------------|----------------|
| | Value | Percentage (%) | Value | Percentage (%) | Value | Percentage (%) |
| Total Equity Capital | 305,998,470,000 | 51.00 | 293,998,390,000 | 49.00 | 599,996,860,000 | 100.00 |
| State-owned Shareholders | 180,000,000,000 | 30.00 | | 0.00 | 180,000,000,000 | 30.00 |
| Shareholders with above 5% ownership | | 0.00 | 188,546,400,000 | 31.42 | 188,546,400,000 | 31.42 |
| Shareholders with 1% to 5% ownership | 20,268,520,000 | 3.38 | 68,623,890,000 | 11.44 | 88,892,410,000 | 14.82 |
| Shareholders with less than 1% ownership | 104,152,500,000 | 17.36 | 36,828,100,000 | 6.14 | 140,980,600,000 | 23.50 |
| Trade Union | | 0.00 | | 0.00 | 0 | 0.00 |
| Treasury Shares | 1,577,450,000 | 0.26 | | 0.00 | 1,577,450,000 | 0.26 |

2. Shareholder's Equity Ratio:

| Category | SL Stocks | Percentage | Number of shareholders | Shareholder Structure | |
|---------------------------------------------|------------|------------|------------------------|-----------------------|------------|
| | | | | Organization | Individual |
| Total number of shares | 59,999,686 | 100.00 | 2,543 | 77 | 2,466 |
| 1 Major Shareholders (above 5% ownership) | 36,854,640 | 61.42 | 2 | 2 | |
| Domestic | 18,000,000 | 30.00 | 1 | 1 | |
| Foreign | 18,854,640 | 31.42 | 1 | 1 | |
| 2 Securities Companies (above 5% ownership) | 12,254,839 | 20.42 | 33 | 33 | |
| Domestic | 2,374,940 | 3.96 | 13 | 13 | |
| Foreign | 9,879,899 | 16.47 | 20 | 20 | |
| 3 Other Shareholders | 10,732,462 | 17.89 | 2,508 | 42 | 2,466 |
| Domestic | 10,067,162 | 16.78 | 2,434 | 37 | 2,397 |
| Foreign | 665,300 | 1.11 | 74 | 5 | 69 |
| 4 Trade Union | | 0.00 | | | |
| 5 Treasury Shares | 157,745 | 0.26 | | | |

3. Shareholders with more than 5% ownership (Financial Institutions)

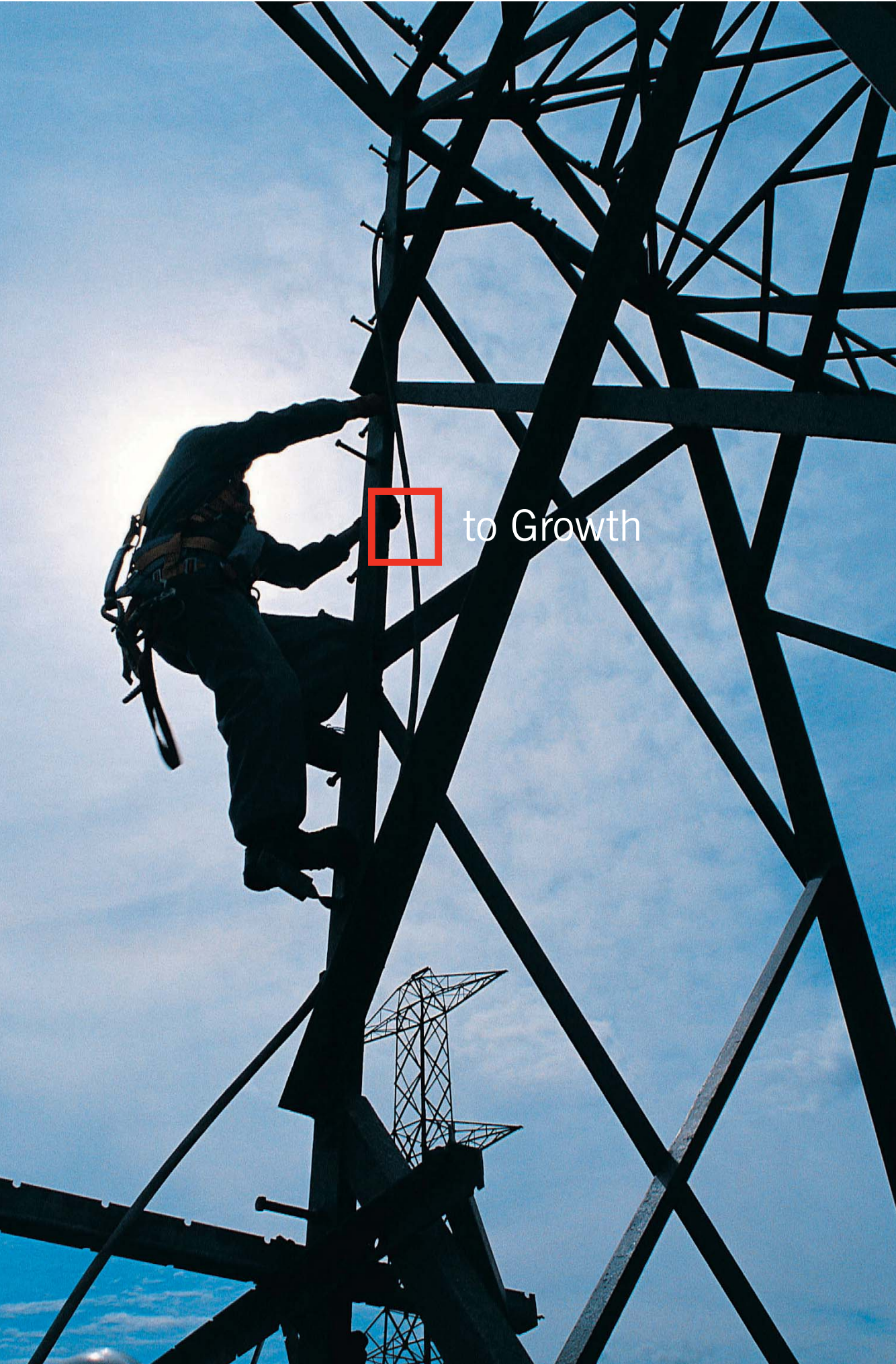
| Name of Organization/Individual | ID/Passport/Business Registration no. | Address | Number of stocks | Percentage of Ownership |
|----------------------------------------------------------|---------------------------------------|-------------------------------------------------------------------|-------------------|-------------------------|
| Major Shareholders (with above 5% ownership) | | | | |
| 1 HCMC Finance and Investment State-owned Company (HFIC) | 0300535140 dated 13/04/2010 | 33- 39 Pasteur, District 1, HCMC | 18,000,000 | 30.00 |
| 2 Dragon Capital Markets Limited (DC) | C00001 dated 27/07/2000 | Unit 1901, 19F Me Linh Point, 02 Ngo Duc Ke St., District 1, HCMC | 18,854,640 | 31.42 |
| TOTAL: | | | 36,854,640 | 61.42 |



Connecting Capital



Given our distribution network and capital strength, our Investment Banking capabilities can arrange mezzanine financing, private equity transactions, book building as well as underwriting deals to achieve the most efficient results for corporations and to connect the market's financial resources to Vietnam's fast paced economic growth.



to Growth

In 2010, HSC has managed to close some landmark deals which further reinforced Investment Banking competency and cemented our reputation as a top investment banking firm in Vietnam.

Connecting
Capital to Growth



Client Profile:

Viet Thai International Restructuring to Unlock Equity Value

HSC connected with VTI to develop a restructuring plan to improve operational efficiencies, increase financial transparency, more effectively allocate resources, and facilitate capital raising across the Company's operating businesses and ultimately unlock equity value.

Viet Thai International (VTI) is the company behind the biggest name in Vietnamese coffee, Highlands Coffee. Founded by David Thai in 1998, the company was the first to be established as a joint stock company (in 2000) by an 'overseas Vietnamese' or "Viet Kieu". Highlands Coffee is now a veritable Vietnamese superbrand, bringing the superb local brew to both native and foreign fans through its nearly 100 outlets in six cities and provinces across Vietnam: Hanoi, Ho Chi Minh City, Hai Phong, Da Nang, Vung Tau and Dong Nai. The company has expanded the sales of its coffee products to overseas and in 2010, launched a Ready-to-Drink (RTD) line that is distributed to more than 17 Asian countries and the USA.

Apart from its coffee business, VTI has leveraged its capabilities to build an organizational platform to address the same consumer demographic and enlarge its business scope. Today, VTI owns franchise rights in Vietnam for major international brands Nike, Aldo Shoes, La Vie en Rose lingerie and Hard Rock Café. VTI also owns 49% interest in the Vietnam branch of Grey Global Group, a WPP company, a leading full service



advertising agency serving numerous Fortune 1000 companies and leading international brands.

The company's pursuit to become the premier retail operator in Vietnam prompted the need for restructuring in 2010 to manage its growth and pave the way for bigger ventures. HSC connected with VTI to develop a restructuring plan to improve operational efficiencies, increase financial transparency, more effectively allocate resources, and facilitate capital raising across the Company's operating businesses and ultimately unlock equity value.

HSC was able to help VTI identify its key areas of growth in each of its business units and understand the capital requirements to finance the expansion. VTI was also able to realign its business interests around specific entities, which in turn, improved overall transparency and governance. For the first time, each individual business was now clearly identifiable and independently financeable.

This collaborative effort between HSC and VTI helped the latter to achieve not only its operational goals but also provided them the key to reach their financial targets, thereby contributing to the future growth of one of Vietnam's leading companies.



HSC's dynamic model now forecasts a FY2011 trade deficit of around US\$12.1 billion which is down by 3.9% from US\$12.6 billion last year.



Shaping our Future

HSC now forecasts a FY2011 GDP growth of 6.5% for Vietnam.

Vietnam's Economic Overview

GDP growth steady but not spectacular

Most economists were comfortable with a GDP forecast of 7.5% for FY2011 until a few weeks ago. Now with the U-turn on monetary policy we are all scrambling to access the effect of slower M2 and credit growth on GDP growth this year. Of course, how much GDP falls short of the original, and still by the way official, target depends on how long the relatively tight monetary policy lasts.

We say relatively tight because in most countries, even developing ones, an M2 growth of 15% plus credit growth target of 18% represents full steam ahead. And it is perhaps symptomatic of how inefficient the use of capital is in Vietnam (not to mention how inflationary it is) that these revised targets are likely to generate a GDP of 6.5-7% this year at best. HSC now forecasts a FY2011 GDP growth of 6.5% assuming that the tough monetary policy will stay in place until the middle of Q2 and that while rates may dip thereafter we further assume that the M2 and credit growth targets will stay in place for the rest of the year. This may seem rather brave given past history and targets but we sense that there is a change over at the SBV and hope that extends to sticking to targets once agreed.

Trade Balance

The trade deficit increased 7.7% y/y from US\$11.7 billion in FY2009 to US\$12.6 billion in FY2010. Exports increased 7.5% y/y to US\$60.0 billion while imports also increased

6.7% y/y to US\$72.6 billion. HSC's dynamic model now forecasts a FY2011 trade deficit of around US\$12.1 billion which is down by 3.9% from US\$12.6 billion last year. This optimistic look for trade deficit this year is due to several factors which are (1) the world political environment is now getting more complicated, especially in the Middle East, and therefore price of crude oil might keep increasing and Vietnam will definitely benefit from this as a net oil exporter; (2) given a new target of credit growth of less than 20% for the FY2011, we hope that imports will be contained at a reasonable level; and (3) after the devaluation of the domestic currency on February 11th, exports products from Vietnam became cheaper while foreign products are more expensive. Then, we should expect to see a reduction in imports and higher exports. However, due to the fact that import contents in our exports products are still very high (70%), both imports and exports in Vietnam will therefore reduce but the former will tend to reduce more strongly.

The Currency

It has been 2 weeks since the devaluation of the dong right after the Tet holiday, the pressure on the currency is finally easing a bit as of the last week of February with mid price rates moving below VND22,000. The unofficial and interbank mid-rates were quoted at VND21,850 and VND21,260 on February 23rd respectively or equivalent to the premium of 4.64% and then 1.8% over the

official ceiling. However, while some progress has been made to reduce the premiums, much more needs to happen before stability is restored. To achieve this, the SBV has raised interest rate; withdrawn money from the OMO and restricted bullion trading. Now they are adding further administrative measures. To this end, Resolution 11 or document No. 1535/NHNN-QLNH was issued on February 25th requiring all credit institutions to report the forex positions of all state-owned conglomerates by March 4th.

For a longer-term view, however, it is not easy to regain public confidence in the domestic currency unless the following things are done in order to stabilize the forex market.

- The situation of high dollarization in Vietnam still exists. In 2010, credit growth rates in total, in VND, and USD were 29.8%, 27.1%, and 51.3% respectively. This practice makes the situation more difficult to be controlled.
- The other factor at play here is the price of gold. There is a dual relationship between the premiums of domestic over international gold prices and then the underlying trend of all gold prices compared to daily movements in exchange rates. And by now it's well established and therefore encourages gold imports largely for speculative purposes. Net gold imports in FY2010 and Q4 FY2010 came to US\$1.7 billion and US\$2.1

Vietnam's Economic Overview

billion respectively. This is why the government recently announced that gold bullion trading businesses will be closely monitored.

- The Vietnamese dong and money supply as defined by M2 have a very close relationship as happens in every economy. M2, which comprises four key elements: time and demand deposits in the banking system, cash outside the banking system and foreign currency deposits, is the best proxy for dong liquidity we have. And as the supply of dong has increased dramatically in and out of the banking system, its value has come under threat. The main drivers behind the increase in money supply have been an increase in both time and demand deposits in the banking system. This rate of expansion of the monetary base however has been over and above all other economic indicators and has created excess liquidity in the system. And this excess has led to higher prices of everything including US dollars and gold.
- VND should be pegged to a basket of some major currencies, not just to US dollars, because Vietnam is currently trading more actively with other countries other than the US alone.

CPI

It will be challenging for the government to maintain the inflation rate for 2011 at the target level of 7%. Recent hikes in prices of oil and electricity to 17.68% and 15.28% respectively are contributing to higher inflationary expectations in Vietnam. The fact is that Vietnam is still facing both demand-pull and cost-push inflation. The former

resulted from a too-aggressive credit growth policy with a rate of 29.8% for FY2010 whose delayed effect to CPI is now phasing out. The latter type is due to increasing both internal and external costs of inputs such as oil, gas, and food. In addition, inflation will certainly be adversely affected by a recent 8.5% devaluation of the domestic currency in February 11, 2011. If nothing is to be done to cool the situation down, then we forecast CPI for FY2011 to be about 14%.

On February 24th, however, the government responded by announcing a package to combat price and currency instability. According to this program, money supply will be about 15-16%, credit growth less than 20%, budget deficits under 5% and trade deficit will be kept not higher than 16% of total trade value. In addition, credits to non-manufacturing sectors will be restricted. Gold bullion trading will also be strictly monitored. So far the reaction has been muted, although it appears to be having a calming effect. Only when the government strictly monitors and firmly sticks to each and every target of those, then there should be a good reason to believe inflation can be limited to a one-digit figure. However, given a not-so-good track record of the government in terms of achieving the targets, we think that inflation this year is going to be a low double-digit number.

Interest rates should come down from Q2 but not by too much

Stock prices and interest rates have a well documented reverse relationship. And indeed the steady rise in real interest rates since the end of FY2008 has played

havoc with the market. Therefore in order to forecast a raging bull market for equities in FY2011 we would first need to be able to argue convincingly that interest rates will come down hard and fast. And that alas is hard to do. However, we do believe that interest rates have already peaked and will come down gradually from the end of Q1. But with inflation likely to remain similar to FY2010 levels for the rest of the year interest rates can only come down so far. And that argues more in favor of a gradual rise in equity prices this year.

And then there is the undeniable fact that monetary policy in Vietnam is still too loose. This may seem an odd thing to say in the context of 6% real interest rates (18% nominal rates) but the truth is that not everybody pays that. Those are the commercial rates paid by the private sector and individuals but we also have a well established system of "friends rates" whereby cheap money is lent by state owned banks to the SOEs. And that is where the policy leakage occurs. Plugging that hole will require a lot of political will. However, the post-Party Congress signs are that price stability and SOE reform have both moved to the top of the agenda.

All this means is that inflationary pressures will ease somewhat but not enough to allow interest rates to fall sharply. And then there is another curious factor at work. Due to the effect of new banking regulations the gap between deposit and interest rates has soared. With the maximum LDR now at a ceiling of 80%; many financial institutions have been scrambling to reduce the ratio of loans to deposits. And

with loans the most lucrative asset class amongst all interest bearing assets, they have tried to counter the effects by jacking up lending rates even higher in order to maintain NIMs. And this has pushed lending rates far higher than movements in deposit and benchmark yields would normally warrant.

Therefore, even though we can predict that benchmark yields and interbank rates will start to retreat from now as CPI pressures ease the premium between bond yields and lending rates, it is unlikely to be unwound for the time being as banks try to keep their margins intact. So HSC forecast that lending rates in FY2011 can fall to 15-16% or up to 300 bps below current levels. However, we think we would be hard-put to see rates fall much below that until secular inflationary pressures have been beaten. And that may take 12 months or so.

Fiscal Outlook for 2011

The estimated budget deficit in FY2010 was expected to come to around VND59.1 trillion (3.03% of GDP under GFS classification and 5.8% under local definition) which was much lower than the planned deficit of VND74.4 trillion. This was mainly thanks to improved tax revenues for FY2010 of VND486.7 trillion (+34.9% y/y).

According to the initial budget plan from the Ministry of Finance, fiscal deficit in 2011 is estimated at about VND120.6 trillion or equivalent to 5.3% of GDP. However, given the uncertainty in the macroeconomic picture in Vietnam with high inflationary expectation and currency volatility, the government is now giving higher priority to economic stabilization instead growing the

economy. Therefore, the new target for deficit-to-GDP ratio is now lower than 5%.

Also according to the MOF, the Government plans to raise VND595 trillion (+12.7% y/y) in revenues this year, of which VND559 trillion is expected to come from tax revenues with the balance coming from asset sales and grants. On the expenditure side, MOF is forecasting the spending worth of VND676.3 trillion (+14.98% y/y).

The financing gap between expenditure and revenues of VND71.36 trillion is expected to be met by net domestic bond issuance (total bond issuance less bonds being retired at maturity) of VND55trillion (+40.9% y/y) and net overseas financing of VND16.3 trillion (-18.7% y/y). However, the State Treasury recently announced that it planned to limit the bond issuances this year to an amount less than or equal to VND45 trillion in order to reduce the burden to the government budget.

Bond Market Outlook for 2011

The bond market in FY2011 will face several challenges due to uncertain macroeconomic picture. Inflationary expectation is being built given recent hikes in prices of oil & gas, electricity to 17.68% and 15.28% respectively. Bond yields, therefore, will remain high with current average yield remain at around 11.4%. Yields are recently increasing across all tenors as fears of higher inflation due also to currency instability sentiment. As a result, the primary trend for bond yields is still slightly to the upside. In terms of supply and demand for bonds, yields are not going down any time soon either. There will be



VND **64.87**
Trillion

worth of VGBs and VDBs
(both principle and interests)
maturing in FY2011.

about VND64.87 trillion worth of VGBs and VDBs (both principle and interests) maturing in FY2011. The planned net domestic issuances of VND45 trillion and net international issuances of VND16.3 trillion total to VND61.3 trillion which is not enough to cover that maturing amount. This does not yet include other quasi-government bonds also maturing this year, such as municipals, bonds from VN Banks for social policies, VN Expressway, VN Sovereign bonds, a total around VND16 trillion. This means that the potential supply of government bonds might be higher than planned while demand for bonds is not so high due to increasing inflation and currency fluctuations.

Vietnam Stock Market Review 2010

The stock market had a fairly tough time in FY2010 with the VNI and HNI indices trading in a tight range for the first seven months of the year before correcting sharply in late summer and then slowly clawing back some lost ground towards the end of the year.

The year began brightly with some of the euphoria from FY2009 carrying over at the very beginning of the year. But with monetary policy tight on inflationary concerns, the early spark went out and the market began to tread water. The narrow range of trading for both indices were to become a feature of the whole year.

However, this lack of movement in the index disguised a wide variance in terms of individual stock performance. A handful of blue chip stocks with good earnings and no dilution held up throughout the year and in some cases managed to post some nice gains. They were also joined by some special situation issues such as BVH which as the largest weight in the index was picked up by ETF and other active foreign players.

Then, towards the end of Q1 and into Q2, a slew of medium cap speculative issues which initially centred on some PV Group's newly embarked listed subsidiaries attracted a lot of attention from retail investors. A handful of these stocks jumped several fold over the space of a few months on pure momentum

trading. Brokers actively promoted these issues and in some cases offered financing help to investors who wished to participate.

However, after a quarter or so, the stories which in fact had very little to them began to wear thin and the new targets proved to have little allure. And as a result there was the inevitable collapse in late summer which coincided with a period of deepening gloom in the market.

Indeed, the general market, most blue chips and especially financial sector stocks had been in steady decline since the beginning of the year. The sector was dogged by concerns over earnings to begin with and this was later exacerbated by news of huge mandated capital raising in what turned out to be just one part of a regulatory revolution in the sector.

This gathered attention in late summer when a spate over the implementation of Circular 13 calling for much tighter rules concerning loan to deposit ratios (LDR) and capital adequacy ratios (CAR) went public.

Investors began to fear not only dilution in the sector but also that banks would be forced to sell a lot of their equity positions into the market in order to comply with the new rules. And sentiment which had been brittle for some given the lack of momentum in most stocks finally broke.

August then saw a sharp drop in prices across the board with the unwinding of positions in certain speculative issues also playing an important role in driving the markets lower. Banks also turned very cautious on lending money for stock trading purposes and this simply added another element to the selling trend. The bulk indeed came from retail investors who had waited patiently for another rally such as the one seen in FY2009.

The banking sector's capital raising was also seen as simply the most visible symptom of a tsunami of capital calls by what seemed to be virtually every listed company. Investors were overwhelmed by the desire of so many companies to increase chartered capital in Q3/Q4. Dilution became a dirty word and investors punished many companies who tried to raise capital without providing sufficient justification.

Markets however did finally bottom out in October when the PV Gas listing was seen to be successful and stocks were deemed to be very cheap in terms of valuations. Foreigners were also noticeably more active and played an important role in putting a floor on stock prices in Q4. Therefore by the end of the year both VN index and HN index had recovered much of their poise. And we are looking forward to FY2011 with cautious optimism.



By the end of the year both VN index and HN index had recovered much of their poise. And we are looking forward to FY2011 with cautious optimism.



Shaping our Performance

The year began brightly with some of the euphoria from FY2009 carrying over at the very beginning of the year.



Connecting Knowledge



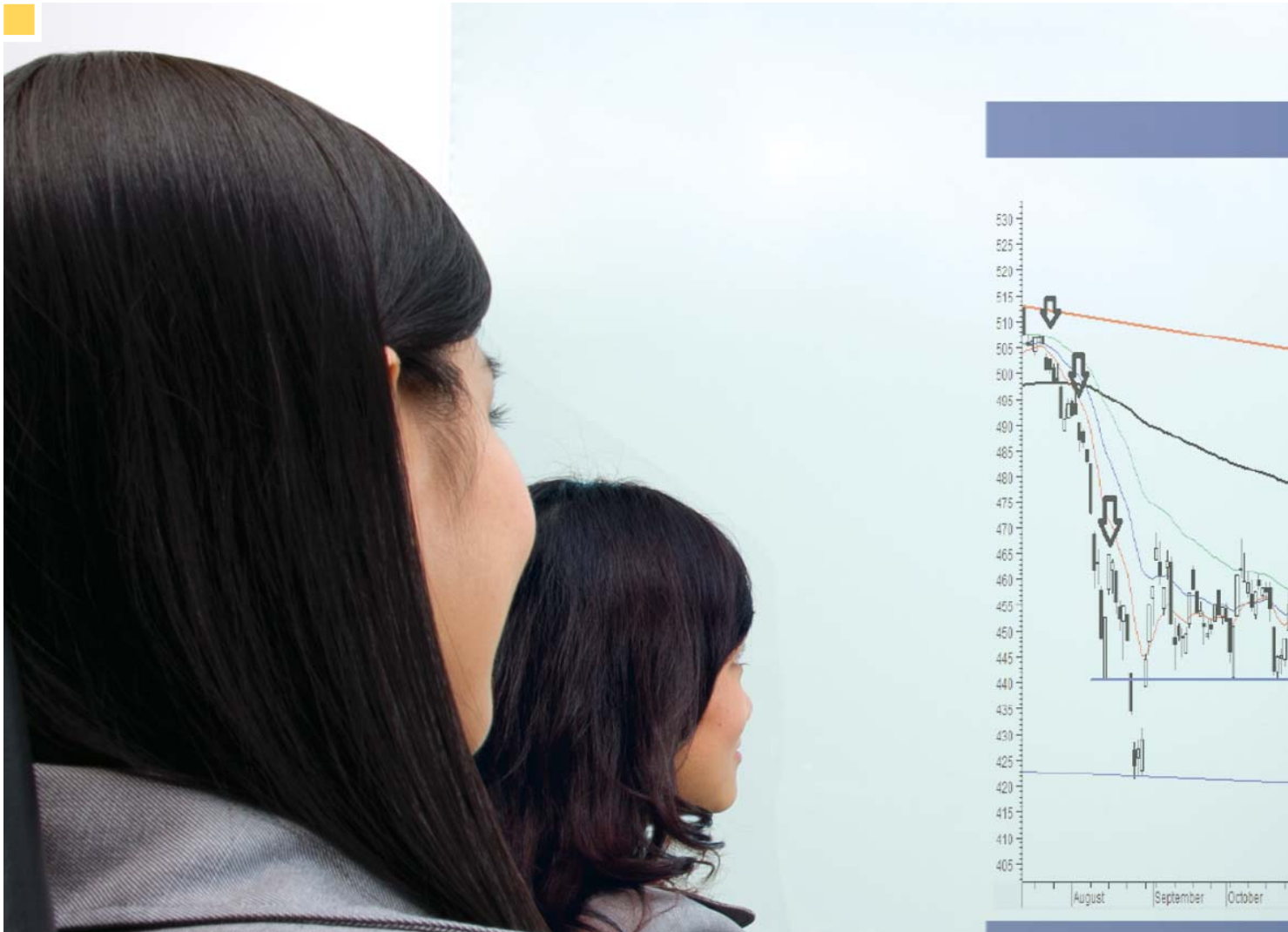
At HSC, we place significant emphasis on encouraging, fostering and nurturing leaders by building a foundation for future brokers and investment managers through various educational and internship programs created in collaboration with academic institutions.



 to Power

We maintain an annual “stock portfolio” management program and a virtual trading floor for the students of 6 universities in Ho Chi Minh City, and an internship program for qualified participants to teach them investment management and trading in a dynamic learning environment.

Connecting Knowledge to Power



Virtual Stock Exchange From the Classroom to the Trading Floor

The objectives of the competition are to encourage participants to work together and strategize their use of the stock exchange; incorporate analytical skills and their understanding of the market based on classroom learning and current market trends and learn the intricacies of dealing with shares on the stock exchange.

In a concerted effort to provide students with a means to obtain practical knowledge of stock market trading, HSC teamed up with several universities to provide a Virtual Stock Market program for finance and economics majors interested in expanding their education outside of their textbooks.

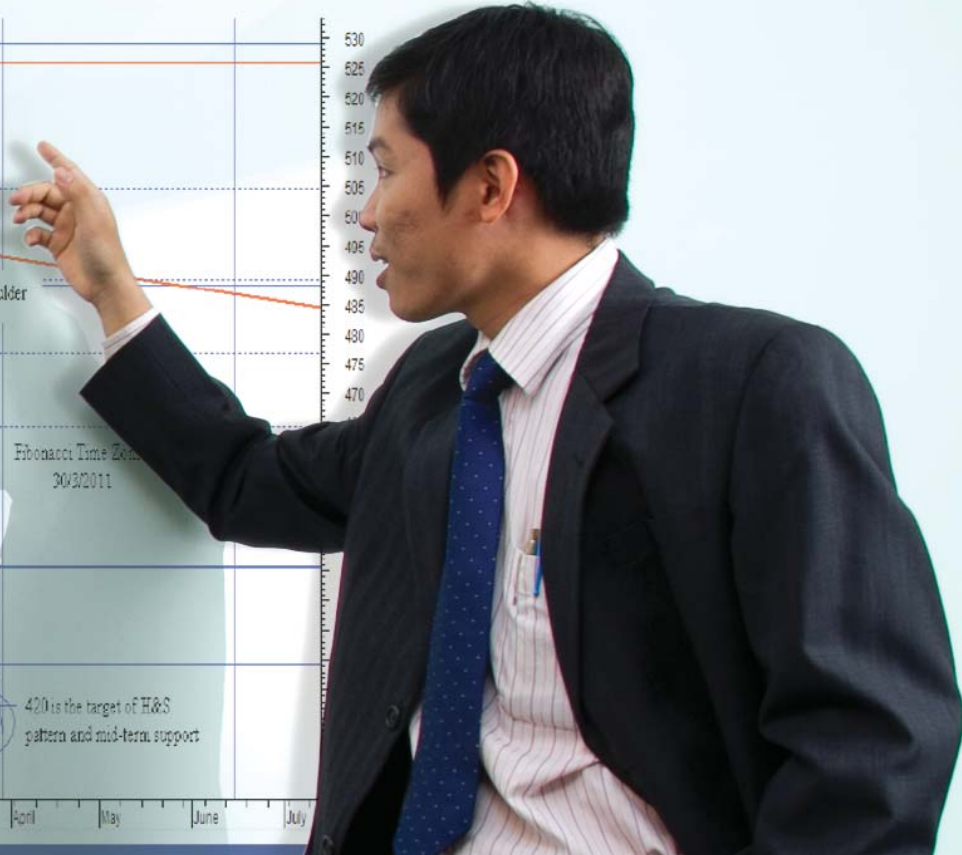
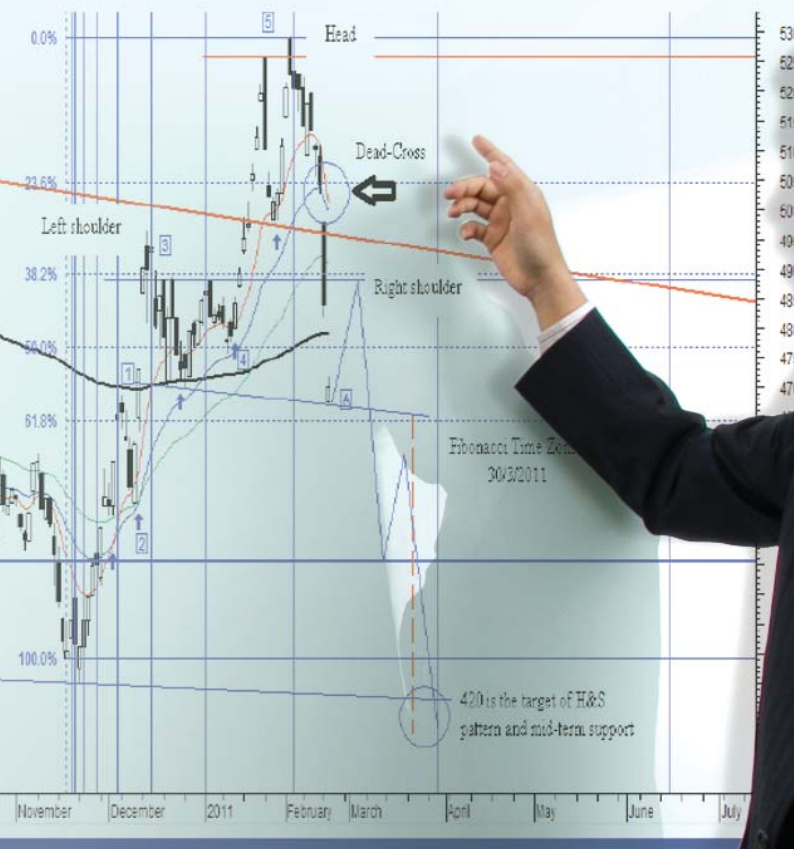
The Virtual Stock Market program is already in its 6th year and in 2010, had more than 3,000 registered accounts from six universities: University of Economics & Law, Foreign Trade University, HCMC Economic University, Open University, Technical University and University of Technical Education.

As an incentive, a competition was initiated between groups of students and individuals. The group and individual with the most earnings after the one-month program will receive a cash prize of VND5 million, while consolation prizes worth VND3 million were given to the runner-ups. The objectives of the competition are to encourage participants to work together and strategize their use of the stock exchange; incorporate analytical skills and their understanding of the market based on classroom learning and current market trends and learn the intricacies of dealing with shares on the stock exchange.

Starting with a virtual cash account to buy stocks, students strive to create the best-performing portfolio using a live trading simulation. They are able to buy and sell stocks during the trading period and at the end of the day, evaluate the performance of their trade. In building



HO CHI MINH CITY SECURITIES CORPORATION



a portfolio, students research and evaluate stocks, and make decisions based on what they've learned. They work together in teams, practicing leadership, organization, negotiation, and cooperation as they compete for the top spot. The setup is engaging, and the learning is a natural part of the experience. The students then understand how the economy works and how it affects returns. More than understanding, the students also apply these practical learning into their daily work right after they graduate. As a result, they earn high respect from customers, colleagues and trust from the top management of securities corporations in Vietnam.

The track records of these graduates are clearly exceptional, as they are able to rise to management positions at major Vietnam securities firms within 3-4 years of graduating from university, as opposed to the average 7-10 years for others.

One of the most active participants of the program, Nguyen Canh Thinh, an Economics graduate of the University of Economics & Law, was the leader of the pioneer group of 80 students that organized the Virtual Stock Exchange competition in 2006. According to Thinh, the competition, which initially lasted for only a day, was invaluable in teaching them the fundamentals of stock market trade. Thinh now practices the skills of team work, negotiation, cooperation and especially leadership in his daily duty as the Manager of HSC's Le Lai Transaction Office.

HSC remains keen to invest in the development of future financial experts of Vietnam and provides scholarship and internship opportunities to deserving students on top of the annual sponsorship for the Virtual Trading Floor competition. HSC is committed to help connect students to sources of knowledge to enable them to enhance their capabilities outside of the classroom and take the lead when they join the work force.

Board of Directors



From left to right:

Ms. Ngo Kim Lien
Mr. Le Anh Minh
Mr. Do Hung Viet
Mr. Johan Nyvene
Mr. Hoang Dinh Thang
Mr. Pham Nghiem Xuan Bac
Mr. Nguyen Quyet Chien

MS. NGO KIM LIEN

CHAIRWOMAN

A graduate of the Ho Chi Minh City University of Finance, Ms. Lien spent several years of service at the Ministerial Department of Finance where she held the position of Deputy Director. She was appointed Chairwoman of the Board of Directors of HSC in June 2007 and since then has made significant contributions in terms of corporate leadership and strategic direction that developed the company into a leading securities and advisory firm in Vietnam. She holds the position of Chairwoman of HCMC Finance and Investment State-owned Company (HIFC) from March 2010 till present.

MR. LE ANH MINH

DEPUTY CHAIRMAN

A Fulbright Research alumnus with a Bachelor's Degree from Banking University and post-graduate diploma from Wharton Business School, University of Pennsylvania, USA, he started his career at Peregrine Capital in 1991 and later joined Dai Nam

Bank as Deputy Director from 1994 to 1996. He also worked as Finance Director of Coca-Cola Southeast Asia for 4 years. He joined Capital Dragon Group as Director in 2002, in charge of the financial responsibilities of the Group.

MR. DO HUNG VIET

DEPUTY CHAIRMAN

After studying law at Saigon University of Law from 1972 to 1975, Mr. Viet obtained a degree in Banking at HCM University of Economics in 1977 and a degree in Business Administration from the same university in 1995. He worked as Fund Manager of HIFU from 1998 to 2002 and was one of the active members of the HSC Establishment Operating Committee. He was appointed Director of HSC from 2003 to 2006 and became ad hoc Deputy Chairman of the Board of Directors since mid-2006 and made substantial contributions to HSC operations in view of his vast experience in fund management and stock exchange.

Audit Committee



From left to right:

Mr. Vo Van Chau
Ms. Nguyen Thi Thanh Van
Mr. Doan Van Hinh


MR. JOHAN NYVENE
MEMBER

Educated in Finance at Philadelphia University and La Salle University in Philadelphia, Pennsylvania, USA, Mr. Nyvene spent 9 years with First Union Bank (Wachovia) prior to holding several senior management positions in HSBC Vietnam from 1998 to 2007. He also served as Board Governor for the American Chamber of Commerce in Vietnam. In 2007, he joined Dragon Capital Group as Director after 17 years in corporate and institutional banking and was appointed as a member of the Board of Directors and Chief Executive Officer of HSC.

MR. HOANG DINH THANG
MEMBER

After obtaining a Ph.D. in Economics from the Central Asia Economics Institute, Taskent (in the former USSR), Mr. Thang was employed as Planning Manager of the HCMC Investment Fund for Urban Development (HIFU), presently known as HCMC Finance and Investment

State-owned Company (HIFC), since 1997. Prior to that, he held the position of Deputy Investment Manager of Lisin Company from 1990 to 1993. He made contributions to the development of HSC as a member of the Board of Directors since June 2007 due to his training in investment consulting, bidding and project management, expertise in Economics and experience working with foreign companies.

MR. PHAM NGHIEM XUAN BAC
MEMBER

Mr. Bac has an impressive list of educational achievements, namely: Bachelor's Degree in Automotive Engineering from Moscow Engineering Institute in 1984, post-graduate studies at Moscow Intellectual Property Lay Institute in 1985, Bachelor of Law from Hanoi Law University in 1995 and an MBA from Henley Management University in London in 2001. He held prior prestigious positions such as Legal Expert at Patent Bureau of the

Ministry of Science and Technology, as well as Deputy Chairman, First Deputy General Director and Lawyer at InvestGroup Vietnam. He was appointed as General Director of Vision & Associates in 1999 and became a member of the Board of Directors since 2003 where he made significant contributions to HSC in areas relating to legal compliance.

MR. NGUYEN QUYET CHIEN
MEMBER

Mr. Chien obtained a Ph.D. in Business Administration from HCM University of Economics in 2003 and held the positions of Head of Finance and Securities Committee of HIFU from 1997 to 2006. He served as Director of Planning & Administration at Ho Chi Minh City Infrastructure Corporation since 2006 and was appointed as a member of the Board of Directors of HSC in 2003.

MR. VO VAN CHAU
HEAD

Head of HSC Audit Committee and Consultant for the Board of Management of TrustBank.

MS. NGUYEN THI THANH VAN
MEMBER

Member of HSC Audit Committee, Chief Executive Officer and Chairwoman of Thien Phu Company.

MR. DOAN VAN HINH
MEMBER

Member of HSC Audit Committee and Chief Financial Officer of Saigon Co.op Joint Stock Investment and Development Company.

Management Team

■
Johan Nyvene
Chief Executive Officer



■
Trinh Hoai Giang
Chief Operating Officer



■
Kelly Yin Hon Wong
Managing Director
& Co-Head of
Investment Banking



■
Pham Minh Phuong
Managing Director
& Co-Head of
Investment Banking

MR. JOHAN NYVENE
CHIEF EXECUTIVE OFFICER

Mr. Nyvene was appointed as Chief Executive Officer and member of the Board of Directors of HSC in 2007, after he joined Dragon Capital Group as Director. Under his leadership, HSC rapidly climbed up the ranks of the leading securities companies in Vietnam and is now distinguished as the top 3 in terms of market share. His years of experience in the banking and finance industry both in the US and in Vietnam have enabled him to spearhead the management of HSC and implement innovations to secure its position and improve its performance.

MR. TRINH HOAI GIANG
CHIEF OPERATING OFFICER

A graduate of Information Technology from Technology University and of Finance from HCM University of Economics, Mr. Giang also earned an MBA from Thunderbird School of Global Management in the US. He began his career at Vietcombank and was nominated for the prestigious Fulbright Program. He served as the Corporate Finance Director of Dragon Capital prior to joining HSC. He is also a current Vice Chairman of Vietnam Bond Market Association.

MR. PHAM MINH PHUONG
MANAGING DIRECTOR & CO-HEAD
OF INVESTMENT BANKING

After obtaining a degree in Economics at HCM University of Foreign Trade, Mr. Phuong started his career at PETEC Investment & Trading Company. He took dual Masters in Business Administration and Finance from Bentley University and held several senior management positions in HIFU prior to joining HSC.

MR. KELLY YIN HON WONG
MANAGING DIRECTOR & CO-HEAD
OF INVESTMENT BANKING

Mr. Wong graduated from University of British Columbia, Canada with a double degree in Accounting and Management Information Systems and obtained the Asia Pacific Management Coop Diploma in 2004 from McRae Institute of International Management in Canada. He started his career with Pepsi Bottling Group as Sales Representative in 2002 after internship at Zefer Corp in Boston, USA and held the position of Corporate Relationship Manager in HSBC Vietnam prior to joining HSC.



■ **Johan Kruimer**
Managing Director
& Co-Head of
Institutional Division



■ **Fiachra Mac Cana**
Managing Director
& Co-Head of
Institutional Division



■ **Le Cong Thien**
Managing Director
& Head of Brokerage and Sales,
Private Clients Division



■ **Bach Quoc Vinh**
Managing Director
& Head of Northern Region

MR. LE CONG THIEN

MANAGING DIRECTOR & HEAD OF BROKERAGE & SALES, PRIVATE CLIENTS DIVISION

With a degree in Banking & Finance from HCM University of Banking and an MBA from Maastricht University, Netherlands, Mr. Thien held a number of senior corporate banking roles with Vietcombank, Deutsche Bank AG, Citibank and ANZ Vietnam prior to joining HSC. He has a strong track record with 18 years of experience in banking products, risk assessment and local business development

MR. BACH QUOC VINH

MANAGING DIRECTOR & HEAD OF NORTHERN REGION

Graduated with a Bachelor of Foreign Economics from Hanoi Foreign Trade University in 2007 and an MBA major in Finance from Orwint University, UK in 2009, Mr. Vinh started his career in Sales with Coca-Cola Hanoi from 1997 to 2000. He received several top sales awards throughout the course of his subsequent career with Prudential Vietnam, holding several management positions for the insurance company such as Unit Manager, Branch Manager in Hanoi and Director of General Agency in Nghe An and Ha Tinh provinces prior to joining HSC. Mr. Vinh started in HSC as Branch Director of Hanoi branch in June 2007 before being promoted to Managing Director and Head of Northern Region in February 2010.

MR. JOHAN KRUIER

MANAGING DIRECTOR & CO-HEAD OF INSTITUTIONAL DIVISION

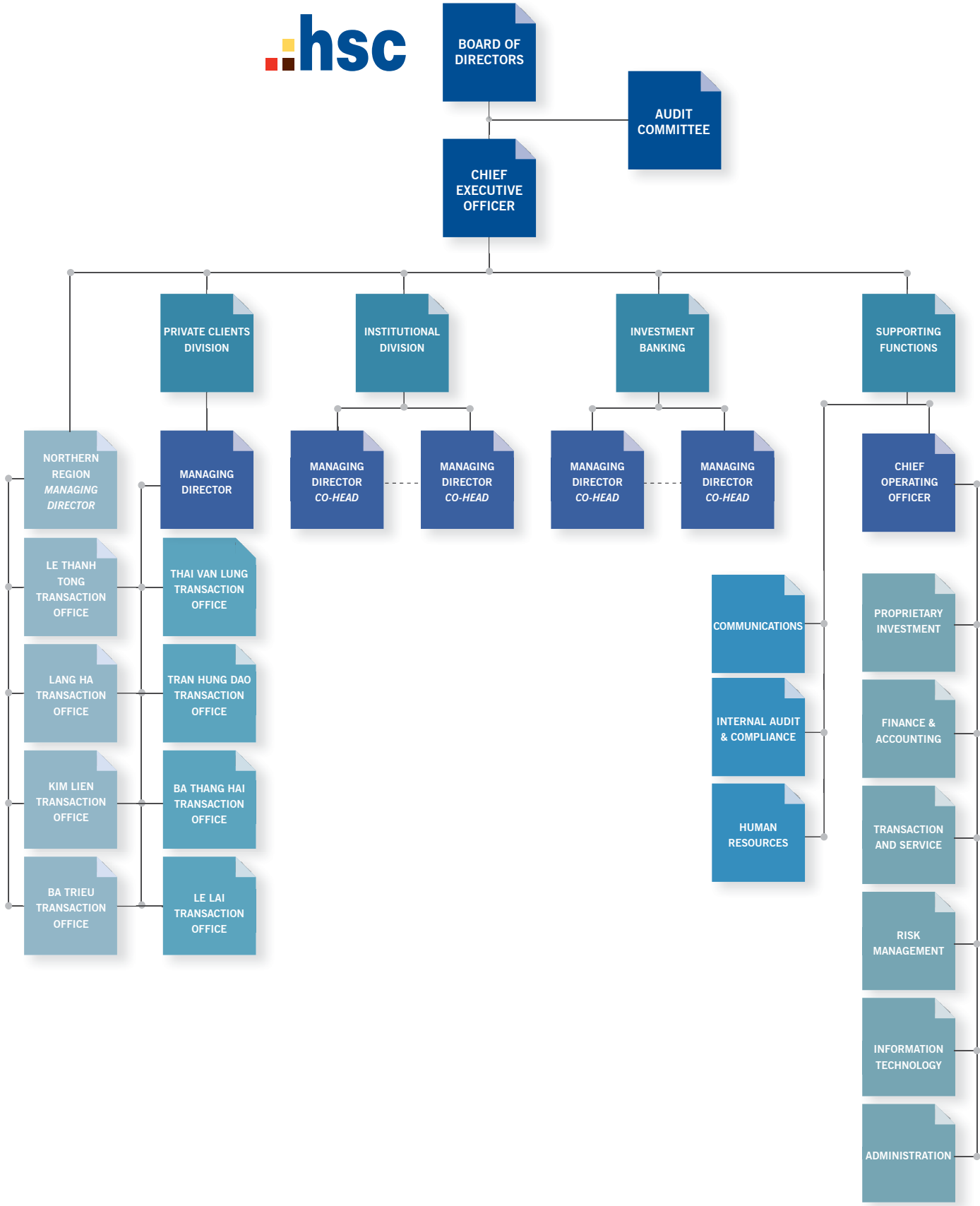
Founder and Managing Director of Asian Pacific Partners in Amsterdam, Mr. Kruimer has a Master's degree in Finance and Investment from Free University of Amsterdam. He has over 20 years of experience in securities brokerage in Europe and Asia and held senior management positions at Pacific Basin Invest B.V., ABN-AMRO Bank and Krediet Bank Luxembourg prior to joining HSC.

MR. FIACHRA MAC CANA

MANAGING DIRECTOR & CO-HEAD OF INSTITUTIONAL DIVISION

Mr. Mac Cana graduated with a Bachelor of Commerce (Honors) in Dublin, Ireland and was the founder of JCN Network, a leader in Japanese corporate news, which led to his recognition as one of the Top 15 Japanese strategists in 2003 by Asia Money. He has over 18 years experience in Investment Banking in London and Tokyo and was the former head of VinaCapital's Research Department. Mr. Mac Cana held the position of Managing Director and Head of Brokerage in VinaSecurities prior to joining HSC.

Organizational Chart





These upgrades enable HSC to reach the top speed in order execution turnaround time, giving our customers the quickest response time possible for their transactions.

TECHNOLOGY

Information Technology is a crucial tool to create connections. HSC acknowledges this fact and has enhanced its capabilities in technology to enable a faster response time and secure transaction platform for the modern, active customers of today.

HSC introduced innovations to present trade customers with easy, convenient and secure modes of transactions using mobile phones and the Internet. With the launch of HSC mobile trading, customers receive real-time information straight from the trading floor, enabling immediate reaction to take advantage of opportunities or prevent loss. Meanwhile, HSC also facilitated online cash transfer and account opening, improving accessibility and ease of transactions.

The increase in online transactions in 2010 is also proof of the changing preference of the modern customer to conduct trading activities through the internet. Convenience and security remain priorities in the creation of systems, and HSC has proved itself able to deliver, with 50% of trading transactions now done online compared to last year's 35%.

In 2010, HSC upgraded its back office system, named G3B (Generation 3 Back Office) to enable to do more than settlements and custodian services. The G3B system now generates advance products that allow customers to access the system and personally monitor even multiple accounts due to a sophisticated client-account relationship model. The system which was developed in early 2010 underwent the testing phase in September and parallel run in December before finally going live in February 2011. Apart from secure account monitoring using personalized username and password, the G3B also provides the foundation for enabling online rights subscription and online IPOs.

The new headquarters in AB Tower contains the IT Data Center which houses 40 IBM servers and upgraded infrastructure that conforms to international IT standards for the Tier 3 system of physical set-up. These upgrades enable HSC to reach the top speed in order execution turnaround time, giving our customers the quickest response time possible for their transactions.

HSC also improved its resiliency and security for the branch networks, providing them with a steady connection in case of electricity and network failure by enabling access through Internet using the Virtual Private Network (VPN) technology, ensuring that branches remain online despite unexpected power failures.

The VIS system, HSC's Information Terminal, also underwent feature enhancements in 2010 such as heatmap technology which creates a visual representation of developing trends in terms of stock movement and market changes. VIS is also able to report the fluctuations of the Index Contribution and Relative Volume of transactions.



HSC introduced innovations to present trade customers with easy, convenient and secure modes of transactions using mobile phones and the Internet.



Core Competencies

HSC places great emphasis on the quality of its research output and aims to consistently deliver both relevant & credible reports to clients on a daily basis, employing and training a team of highly qualified specialists for this purpose.

RESEARCH

Clients always have direct access to analysts and specialists that provide them with in-depth studies and references, enabling them to make informed decisions on their investments.

The research capabilities of HSC have been recognized extensively by customers and the industry. In 2010, HSC placed 1st in Vietnam and 19th in the list of Leading Brokerage Firms in Equity Research for Asia (excluding Japan) compiled by Thomson Reuters. This recognition reinforces HSC's commitment to provide best of breed research that raises the bar in terms of quality and trustworthiness.

In late 2010, HSC merged the Institutional Sales and Research functionalities into one unit, now called the Institutional Division. This restructuring will pair analysts directly with account executives to better serve our client's specific needs. Clients always have direct access to analysts and specialists that provide them with in-depth studies and references, enabling them to make informed decisions on their investments.

The current research team has a total of 10 sector analysts, plus a team of three macroeconomic and fixed income specialists headed by our Chief Economist, all reporting to the Head of Research. In addition, we have a small production team to enable us to produce reports that look striking in terms of visual impact.

Currently we have 6 types of regular reports: the HSC Daily, basic company reports, company updates, Strategy reports, Sector reports and Macroeconomic and Fixed Income reports. Recently, the team published a 200-page sectoral study of the Vietnamese Banking sector; the first in-depth study of its kind ever done. At the same time, the research team provides numerous brief email updates on a daily basis to keep clients up to date with market and corporate developments.

The engine of the research team's effort is our constant contact with both corporates who provide us with our information and our clients who pose many interesting questions. Our audience is always challenging us to try harder and deliver a better product and this holds the key to our continuing efforts to excel.

A new product launched last year, the Fixed Income Report is a weekly report focused on the burgeoning Bond Forex and Money Market and prepared by a senior economist. Research has also allocated resources to Private Clients Division, providing a specialist that is able to condense the regular reports down to single page briefs for private clients to use as reference.

It is HSC's ability to anticipate audience needs and innovate accordingly that differentiates the Company and helps it grow in a knowledge-driven industry.





Core Competencies

Professionalism, ethics, and leadership are characteristics expected of HSC personnel and HSC contributes to their development through skill enhancement exercises, management training and leadership seminars.

HUMAN CAPITAL

HSC is a company driven by expertise and competency, thus human resource is one of our greatest assets. The collective management system serves as a key growth driver, combining the strengths and capabilities of our leadership team to create synergy, initiate and implement robust practices and steer the company to bigger challenges and avenues for expansion.

HSC also places significant emphasis in obtaining and maintaining quality people. HSC offers above-industry remuneration and benefits, as well as a dynamic working environment which fosters teamwork and innovation to encourage employees to take initiative and develop leadership skills. HSC also implements a contemporary human resource policy system to keep employees engaged and well-compensated based on performance.

One such policy is the Employee Stock Ownership Program (ESOP), wherein qualified employees and managers are able to obtain company shares as part of their performance bonus or through preferential rates in recognition of their valuable contribution to the company. Another benefit is the comprehensive health insurance package available to long-term employees, managers and their families. HSC offers 100% coverage for employees and 50% for direct family members.

HSC encourages, cultivates and nurtures future leaders that show potential from the time they join the ranks of the company. Professionalism, ethics, and leadership are characteristics expected of HSC personnel and HSC contributes to their development through skill enhancement exercises, management training and leadership seminars.

Staff activities aimed at strengthening interdepartmental cooperation, communication, and camaraderie including programs such as the quarterly Team Briefing, the annual Team Building, and the HSC Family Day events were warmly received and encouraged participation from all employees. HSC employees also participated in sports and cultural events organized by other entities such as HCMC Stock Exchange and the HCMC Finance Investment Company.

HSC also prioritizes the development of a customer-centric working philosophy and ensures that every employee embodies professionalism and credibility. Employees are trained to value the needs of customers, both internal and external, and to listen, understand and provide prompt solutions. This service philosophy ensures that customers get the best care and employees are able to deliver commitments consistently on a daily basis.



Employees are trained to value the needs of customers, both internal and external, and to listen, understand and provide prompt solutions.

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------|------|------|------|------|------|
| Employee Headcount | 81 | 112 | 171 | 212 | 416 |

Risk Management & Corporate Governance



HSC has instituted a strong risk management system to enable risk forecast and mitigation through rigorous monitoring of sales operations and administration.

A strict code of conduct is in place as HSC places the utmost importance in maintaining a sterling reputation to safeguard the trust of stakeholders.

As with any and all existing operations, HSC faces several risk factors which require mitigating policies in order to reduce or eliminate any potential financial or organizational impact. These risks, such as market, liquidity, credit, operational, legal, regulatory and reputational risks are inherent in the securities business, but it doesn't mean that one should not prepare for such contingencies.

HSC has instituted a strong risk management system to enable risk forecast and mitigation through rigorous monitoring of sales operations and administration. The risk management committee which is composed of qualified board members and management team members meet regularly to discuss and refine policies to ensure relevance to current context. Policy changes must take into account new laws and legislation as well as market situation both locally and abroad.

Professionalism and ethics are placed in the highest regards in all transactions, both internal and external. A strict code of conduct is in place as HSC places the utmost importance in maintaining a sterling reputation to safeguard the trust of stakeholders.

To ensure neutrality, the Board of HSC is composed of independent directors and the role of Chairman and Chief Executive Officer are separate. The Board of Directors is in-charge of overseeing the company's financial performance and creating policies to improve business efficiency.

The role of Chief Operating Officer is a new role created to focus primarily on risk management and operational improvements. All managing directors also take additional roles in managing HSC overall. Besides their business or supporting functions, managing directors also sit on various committees to manage credit, investment, and other risk issues.

Corporate governance in HSC plays a vital role in creating sustainable growth and future expansion. HSC employs clear processes between frontlines and back office functions to conduct proper checks and balances with every transaction. HSC also ensures transparency in report generation and feedback processes. These practices uphold the trust of shareholders and customers and preserve the integrity of HSC's reputation.





The HSC website (www.hsc.com.vn) is the main portal that connects investors to relevant information regarding HSC performance and plans.

Engaging Investors

In 2009, HSC was listed in the Hochiminh Stock Exchange (HOSE) under the ticker code HCM. The influx of new investors prompted the creation of a formal Investor Relations unit to deal with enquiries and concerns.

The HSC website (www.hsc.com.vn) is the main portal that connects investors to relevant information regarding HSC performance and plans. The bilingual website (in Vietnamese and English) is regularly updated to provide on-time business results and other important developments.

In its capacity as one of the leading securities company in Vietnam, HSC is also able to interact with other institutional investors, both domestic and foreign to create partnerships and collaborations which add further value to shareholders.

Ensuring Good Corporate Governance

The Board of Directors (BOD) of HSC consists of 7 members, six of whom remain independent and serve in non-executive capacity. The 3 members of the Audit Committee are also independent and non-members of the management team. Among the members of the BOD, Management Team and Audit Committee, 5 members have attended formal training in corporate governance. The high number of independent members follows international standards to ensure effective corporate governance. The profiles and background of the members of the Board of Directors, Audit Committee and Management Team can be found in pages 32 to 35 of this Annual Report.

In terms of remuneration, the BOD and Audit Committee are compensated in compliance with Resolution No. 02-2007/NQ-DHDCD dated 30 June 2007 instituted during the AGM of Shareholders in 2006. In 2010, the total remuneration received by the Board of Directors was VND425,866,688, while the Audit Committee received VND186,660,000.

HSC maintains the highest standard in corporate governance to safeguard the interests of shareholders and ensure continued, sustainable growth for the company in the years to come.





We, at HSC, aim to share our success and contribute to the improvement of society by participating in charitable activities that allow us to “pay forward” to the community. For the past few years, HSC has participated in the annual HCMC Cyclo Challenge and in other charitable programs.



HSC staff also show awareness for global warming as an active participant of the Earth Hour initiated by the World Wildlife Fund (WWF). On the designated day in March, HSC employees come together and shut down the lights for one hour starting at 8:30pm together with millions of people across the city and all over the world as a statement against climate change.

Connecting
Business to Society

 to Society



CSR Activities

Creating a Balance between People, Planet and Profits

HSC has been one of the proud participants of the Saigon Cyclo Challenge since 2008. HSC employees also took part in a global event for the environment, the Earth Hour organized by the World Wildlife Fund.

Now on its 11th year, the Saigon Cyclo Challenge brings together companies and organizations in one day of fun and activities for a greater good. Organized by the Saigon Children's Charity, this annual event has quickly grown into a premier sporting event in the city's Charity Calendar and draws an increasing number of participants every year. The proceeds raised from the event helps support the educational programs for disadvantaged children in Vietnam.

Apart from its humanitarian cause, the Saigon Cyclo Challenge is also a venue for teambuilding and cooperation amongst organizations. Each sponsor can send a representative team to race and the rest of the company to cheer and support them.

The results of this event have been exceptional. For the past ten years, this popular event has helped to keep 40,000 children in school, build 225 school classrooms and offer 1,960 children vocational training courses. The 2010 event, held at the Taipei School in Ho Chi Minh City, was the SCC's 10th Anniversary



Cyclo Challenge and gathered nearly 50 teams from Ho Chi Minh City's businesses, schools, consulates and other organizations. HSC has been one of the proud participants of the Saigon Cyclo Challenge since 2008.

HSC employees also took part in a global event for the environment, the Earth Hour organized by the World Wildlife Fund. The Earth Hour started in Sydney, Australia in 2007, where 2.2 million individuals and more than 2,000 businesses turned off their lights for one hour to take a unified stand against climate change.

This event is now a global sustainability movement and millions all over the world gather during this hour to participate in activities and attend seminars that promote environmental protection and awareness for the alarming effects of global warming. In 2010, a record number of 128 countries worldwide joined the Earth Hour, and in Vietnam, HSC employees gathered with the rest of the supporters in Vietnam to represent one voice for environmental awareness.

Engaging the Community, Contributing to Causes



HSC nurtures the trust of stakeholders by leading by example, engaging in socially and environmentally-responsible practices

HSC is aware of the significance of Corporate Social Responsibility in creating a balance between business and community development. HSC promotes CSR activities which allow employees to become actively involved, such as providing relief assistance to victims of natural disasters and spending a day with the elderly poor and young children stricken with cancer. HSC also upholds environment-friendly practices to ensure sustainable office resource management policies.

Caring for the Community

Apart from its regular participation in the Saigon Cyclo Challenge and with Earth Hour, HSC is involved in other charitable activities. In 8 August 2010, HSC employees joined an estimated 10,000 people in downtown Ho Chi Minh City in the Walk to support Agent Orange (Dioxin) victims. The event was organized by the Vietnam Red Cross Society.

In October 2010, the central province of Ha Tinh, which is located 340kms south of Hanoi, was struck by a series of floods that left the area devastated

and caused an estimated damage of tens of billions of VND. HSC sent relief assistance to the victims in cooperation with the local government to enable those affected by the floods to start their lives anew.

Early 2011, HSC employees convened to bring gifts and useful items for the elderly residents living in the orphanage at the Lam Quang Pagoda in District 8 and ill children under the care of the Cancer Hospital in Ho Chi Minh City. HSC also handed out cash in celebration of the traditional Lunar New Year or Tet. The event brought together employees from various departments and enabled them to give back to the community by helping the underprivileged.

Caring for the Environment

HSC has taken steps to lessen its carbon footprint and become an environmentally-friendly entity. Energy conservation methods and recycling practices are in



HSC has taken steps to lessen its carbon footprint and become an environmentally-friendly entity. Energy conservation methods and recycling practices are in place to ensure that each employee does his part in reducing waste inside the workplace.

place to ensure that each employee does his part in reducing waste inside the workplace. Employees are also encouraged to submit their suggestions on how to practice the 3Rs (Reduce, Reuse and Recycle) and viable suggestions are implemented as policy to further improve environmental practices.

The Value of Charity

As a leading securities company, HSC places the highest value in the trust of stakeholders. HSC nurtures this trust by leading by example, engaging in socially and environmentally-responsible practices that highlight the values of the company and ensure goodwill from employees, customers, partners, the industry, the community and the government.





Connecting Vietnam



As a leading firm in the Vietnam securities market, we represent Vietnam to the world, and in collaboration with major prime brokers in top markets like US, Hong Kong & Singapore, we have linked foreign investors with local enterprises.

| | |
|--------|------|
| 4.4 | 7767 |
| 6.6 | 33.6 |
| 7.9 | 74 |
| 1.3 | 2985 |
| 85.25 | 411 |
| 201.25 | |
| 3.80 | |



In partnership with Auerbach Grayson & Co., a New York-based stockbroker that deals predominantly in the equity of non-US based companies, a series of roadshows took place in 2010 which introduced foreign investments into Vietnam and vice-versa.

Connecting Vietnam to the World

to the World

A
TOWER



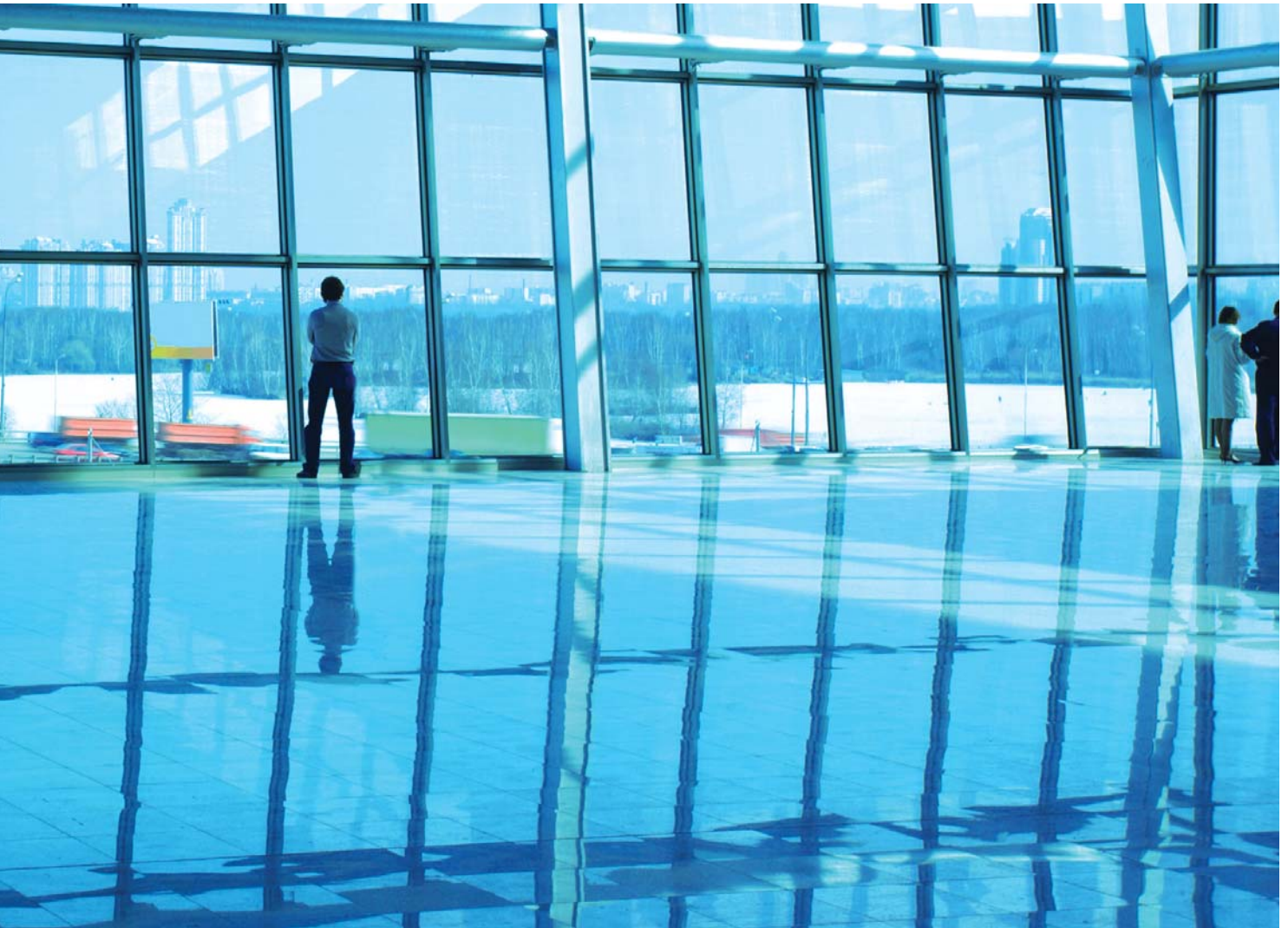
Connecting Vietnam to the World

HSC has taken full advantage of this growth potential and has steadily introduced foreign and domestic institutional investors to the best investment opportunities in Vietnam over the past few years.

Vietnam remains one of the fastest growing economies in the world. The economy is growing at a staggering pace and despite a number of imbalances, is likely to continue growing at an impressive rate for the coming years. The economy expanded by 6.78% in 2010 and for 2011 and beyond the outlook remains very bright.

This positive outlook has already attracted large amounts of foreign direct investment into all sectors of the Vietnamese economy over the past decade. Foreign indirect investment (FII) has also been very significant over the past years, albeit rather volatile in terms of net annual inflows. FII picked up sharply in 2010 to some US\$600 million, which is a clear confirmation that Vietnam remains one of the preferred investment destinations for global financial investors. Renewed efforts by the Vietnamese government to speed up the privatization process and further deregulation of the economy will continue to attract foreign capital looking for solid long term investment opportunities.

HSC has taken full advantage of this growth potential and has steadily introduced foreign and domestic institutional investors to the best investment



opportunities in Vietnam over the past years. Our network of foreign institutional clients has grown steadily and our strategic partnership with New York-based emerging market specialist broker Auerbach Grayson has proven to be a very important step in our strategy to diversify our international client base. Over 2010, road shows were organized within the Asian region as well as to the USA and Europe. This will remain an ongoing part of our business as it is our firm belief that a growing number of foreign investors are looking into Vietnam as a serious investment destination.

In order to remain one of Vietnam's leading brokerage companies for domestic as well as foreign institutional investors, we need to have a global mindset. We need to be creative, we have to be capable of aligning ourselves with international standards and we must prepare for what is to come. HSC has therefore already established a fixed income desk, despite the relatively early stage of development of the bond market in Vietnam. This gives HSC a competitive advantage and ensures enhanced expertise in the fixed income market for institutional investors.

HSC has established a very professional reputation with our institutional brokerage services, whether that be on the research side or on the brokerage side. And in order to remain competitive, we will continue to allocate resources to our institutional department.



HSC's Private Clients Division achieved 26% growth in its brokerage service as reflected through the bid-offered matched value of VND52.2 trillion in 2010.



2010 was a remarkable year in terms of performance for HSC. Aside from reaping recognitions both in Vietnam and abroad, HSC was able to improve on its performance in the past few years, despite several hindrances, such as below-average economic recovery and fluctuations in monetary valuation, which prevented us from reaching the full target for the year.

Significant Growth in Brokerage Services

Based on figures released by HOSE and HNX, the total matched value of the two trading floors in 2010 was roughly VND621 trillion, slightly down from VND630 trillion in 2009. Regardless of the downturn, HSC's Private Clients Division did achieved 26% growth in its brokerage service as reflected through the bid-offered matched value in 2010 which reached a high of VND52.2 trillion compared to VND41.4 trillion in 2009. These figures contributed to the increase in market share for brokerage services which is presently at 5.9% from 4.82% in 2009, landing HSC in the top 3 position in the industry.

The above achievements may be attributed to:

Cost-Controlled Growth

In 2010, HSC opened three new transaction offices to expand its network in Hanoi and Ho Chi Minh City. HSC employed a cost-controlled growth method whereas new transaction offices are run by qualified personnel promoted from existing branches, while brokers on hand came from a mix of members of existing branches and newcomers. This method helps HSC assure consistency in quality of service as middle managers and a portion of employees have already inculcated the culture of professionalism and credibility of the Company.

Employees are provided clear career paths to management positions and are empowered and enabled to fill in gaps in management level through internal promotions that also tend to improve personnel morale.

This method is the key to the new branches' prompt ability to contribute to the bottom line. The new branches contributed an estimated VND9.9 trillion or approximately 19% of the total matched value of the Division in 2010.

Increase in Investment Specialists

At present, HSC has 320 full-time account executives to serve the needs of private investors. In 2009, HSC pioneered the broker program, and was the first company in the country to adapt this international practice of hiring independent financial advisors or brokers that work on commission-basis. Due to legislative and administrative concerns, HSC has decided to forego the program and has instead, focused on providing the best training to upgrade skills such as sales, presentation and negotiation, customer care and technical analysis.

Through an "Upgrading Skills" program, HSC intends to develop these investment specialists in a results-oriented working environment and reward them based on performance and initiative to further promote exceptional delivery and customer service.

Research Support

The Private Clients Division now receives dedicated support from the Research Team through an economic analyst that provides single-page briefs containing condensed market reports and stock recommendations for reference of retail customers. These briefs are straightforward and

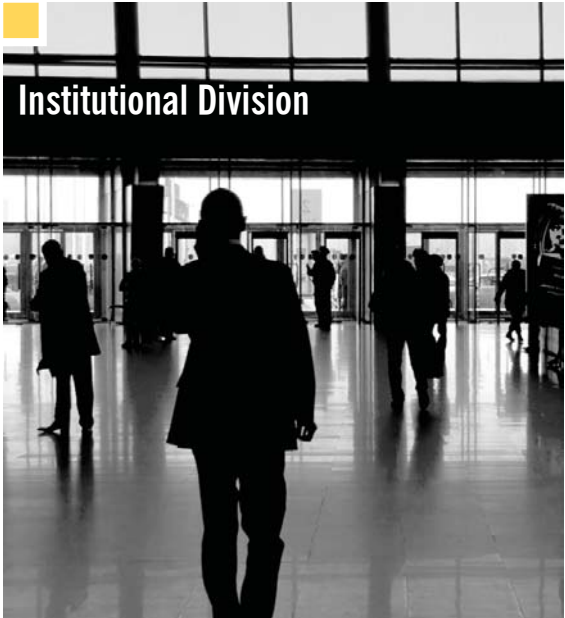
comprehensive, suitable for private-client consumption. The single-page reports are prepared upon receipt of request from the account executives, but have a prompt turnover time within four hours per report, based on demand.

Delivering Value

Due to groundbreaking technological developments, the mobile phone is not only a tool for verbal communication or text messages; it's also transforming the way we do business. HSC launched its mobile trading platform to provide customers with an alternative means of keeping track of transactions and market movement. The improved back office system also allowed customers to monitor multiple accounts at their convenience. HSC customers are also able to open accounts online and conduct limitless cash transfers. These value-added services are HSC's way of delivering its commitment to provide customers with ease of access and increased consumer touch-points.

HSC also continued its tradition of providing investors with expert advice and held workshops to share and update market trend for customers. In-house specialists as well as independent experts came to provide valuable tips and tools for both new and existing investors.

Upgrades in technology gave HSC the added advantage of speed, ensuring prompt placement of orders and immediate confirmation from the trading floor. HSC aims to continue developing its investment specialists and improving its trading system to provide clients with the exceptional customer experience that is fast-becoming the trademark of HSC.



HSC creates connections between institutional investors and local investments and opens doors for foreign investment to enter and explore Vietnam.



Attracting Investments, Enabling Growth

In 2010, HSC merged the Institutional Sales Department with the Research functionalities to create a stronger, more efficient team under the Institutional Division. By combining the strengths of the professional account management team and the focused expertise of the research analysts, HSC achieved improved efficiency and quicker response time for customers' transactions.

Responsive Research

Research remains one of HSC's key drivers and differentiating factors. The prestigious news agency, Thomson Reuters, has acknowledged the strength of HSC in research with its inclusion in the list of Leading Brokerage Firm in Equity Research for Asia (excluding Japan) (number 19th overall) and the recognition of Top Brokerage Firm overall and Best Equity Research team in Vietnam.

Institutional clients are assured of receiving quality, viable and thoroughly-analyzed research everyday with a broad range of in-depth research reports and market comments. HSC's Daily Market Watch, is the only report of its kind in Vietnam developed by the largest and most experienced team of analysts in the industry. Institutional clients also have direct access to analysts who can promptly respond to their enquiries. This unique value proposition sets HSC apart and increases customers' confidence in our research capabilities.

Specialized Service

In order to take the first mover advantage and fortify our foothold in the Vietnamese capital market, HSC

has established the Fixed Income unit and releases a Fixed Income Report on a regular basis. The bond market in Vietnam is relatively new and dominated by two of the biggest financial institutions in the Country. However, HSC believes that by laying the groundwork early, the company is able to develop a strong reputation in the market as well as improve our expertise early.

It is only a matter of time before the bond market will expand as it is a crucial part of the capital market. Vietnam has enormous potential in growing an efficient and complete bond market that will definitely bring in additional investments. Thus, HSC is prepared for this event with bond specialists in place and dedicated research capabilities reserved for the Fixed Income Market.

Enhancing Partnerships

HSC has developed the Institutional Division into a full service brokerage service able to service the various types of institutional investors such as banks, insurance companies, retirement or pension funds, hedge funds, investment advisors and mutual funds. HSC also creates connections between institutional investors and local investments and opens doors for foreign investment to enter and explore Vietnam.

In 2010, HSC established partnerships with foreign brokers to gain a foothold in markets abroad. HSC is now the Vietnam counterpart of global agency broker Auerbach Grayson, which is based in the USA and provides direct access to local research and ideas with direct execution through its presence in over 127 markets worldwide.

Auerbach Grayson is based in New York and provides services for US-based investors through their network of broker partners.

As a broker partner, HSC gains access to the US stock market and to Auerbach Grayson's extensive expertise. In return, HSC provides Auerbach Grayson with local independent research and execution and clearance of orders in equities and fixed-income instruments in Vietnam.

Exploring Foreign Markets

HSC arranged a series of "investment roadshows" in 2010 to key investment destinations such as US, Hong Kong and Singapore. These trips have allowed HSC to touch base with existing clients and potential investors in these countries and introduce to them the immense investment potential in Vietnam.

The Institutional Division also receives regular visits from foreign investors conducting their homework prior to fully engaging in local investments. On average, HSC receives 3 to 4 visits per month, or once per week. For these visitors, HSC arranges company site visits, meetings with key management and access to research archives to better assist them in their decision-making.

The Institutional Division will continue to deliver solid growth across both the foreign and local institutional investors, through award-winning research capabilities, and supported by a strong capital base that enables access to equity financing and underwriting support.

Investment Banking



Differentiating Service, Enhancing Expertise

By the end of 2009, the overall Investment Banking sector in Vietnam was positioned for a fundamental change in terms of types of transactions and approach to the market. While the traditional advisory business continues to be strong, growth rates are expected to slow from historical levels as the market matures and companies' ability to access sources of alternative forms of capital through private equity placements, straight bonds and convertible debt structures grow. This shift in financing approaches means increased competition in the traditional fee business but it also meant greater potential to diversify income streams from different products and services.

HSC Investment Banking has been well positioned for this change through its restructuring efforts in early in 2010.

As such we have been able to capture a strong part of this change in market dynamics early on by realigning our capabilities under the following products and services groups:

- Equity Capital Markets (ECM)
- Debt Capital Markets (DCM)
- Mergers & Acquisitions / Private Placements (M&A)
- Corporate Finance Services (CFS)

This realignment of our execution capabilities has helped us to build extensive knowledge and intellectual capital and we are now reaping the returns. This specialization has also helped us to be more effective in our execution, allowing us to become more client-focused. Increasing customer loyalty and confidence, coupled with a growing knowledge base meant that we were able to deploy our intellectual, human and financial capital into areas where the return was the highest.



Mergers & Acquisitions: Building Confidence in Vietnam

After years of extensive background work in Vietnam, Da Cin Construction Co. Ltd (DCC) made its first property acquisition through HSC with a local partner. HSC was retained to guide the process and coordinate all the different stakeholders through the process.

DCC is one of the largest and most successful construction companies in Taiwan with its shares listed on the TWSE. With a 43-year history in the industry, DCC has been involved in projects ranging from city infrastructure, public transportation, commercial towers and residential developments. As part of its growth strategy, DCC has been in Vietnam for over two years in order to analyze the potential investment opportunities here, particularly in real estate development. After reviewing numerous projects and opportunities, DCC finally decided to move ahead with an investment. In order to facilitate this, DCC retained HSC as the Lead Advisor for its property investments in Vietnam.

This transaction was unique for DCC as it was its first investment in Vietnam. Thus, there remained some reservations from the management, significantly on the practical aspects of the investment and the interpretation of the changing legal landscape. Apart from helping DCC navigate this process, HSC also needed to constantly reassure the stakeholders to win their trust for the investment structure, the execution process and also the legal process for the investment. As the lead advisor, it was HSC's role to manage the stakeholders carefully through each step of the process while minimizing the risk exposure for DCC through the transaction.

After several months of structuring, negotiation and discussions, the partnership was finally signed between DCC and the Vietnamese developer, resulting in a landmark transaction for DCC. HSC as the Lead Advisor played a critical role in DCC's investment process and continues to act as the trusted advisor for their investments in Vietnam.

Equity Capital Markets: Managing Market Risks

Facing uncertain market conditions, Habubank (HBB) made a decision to list its shares on the Hanoi Stock Exchange (HNX). To help HBB navigate this process HSC was selected as the Lead Advisor of a group of securities companies to design a comprehensive listing strategy and bring it to completion in less than 2 months.

After much contemplation and internal discussions, the Board of HBB decided that for the long-term benefit of its brand, its shareholders and to support its overall growth strategy, the Bank needed to list its shares on the HNX. The market conditions were difficult to gauge as investor sentiment had fluctuated greatly over the course of the year. Deciding that timing the market would be difficult, HBB instead came up with a strict list criterion in which to select a listing advisor to help manage the market risk. The goal was to select an advisor that would help HBB understand the potential risks, and also establish near-term and long-term strategies to mitigate these risks. After a stringent selection process, HBB selected HSC as its Lead Listing Advisor.

The goal for HBB was simply to have a well managed listing, which meant minimizing the risk factors, while maximizing the positive exposure for the Bank. HSC played a critical role in this process and went through the process of analyzing the potential risks and designing a listing strategy that coordinated a listing in a very tight timeline and also helped to limit the potential risks which the Bank faced pre and post listing.

HSC's partnership with HBB was largely successful due to the high level of collaboration between the two teams and the mutual understanding of the issues that needed to be addressed. The listing process was well managed and despite market conditions, resulted in a well planned and executed listing of HBB shares.

Mergers & Acquisitions: Forging New Paths

Confronted with a new direction for its mobile operations business, Saigon Post & Telecommunications (SPT) needed the knowledge and integrity of an advisor to help them navigate the buyout of their business partner.

After years of cooperation between SPT and its foreign partner, it was decided that a new direction would be taken and that SPT would assume control of the mobile operator business. It was at this time that SPT approached HSC to advise on the acquisition. The transaction was sensitive and complicated given the legal structure, partnership terms and long history between the two parties. HSC first task was to familiarize itself with the history between the parties while designing the new path forward for SPT.

The process was further complicated by timing, when both parties agreed that the resolution should be clear but also swift. In order to achieve the goals set out by SPT, HSC played multiple roles as the Lead Advisor, including valuator, strategist, and facilitator. The analysis proved to be the biggest challenge which HSC overcame by designing a customized analytical approach which was both financially reasonable and but simple enough for the negotiation team to understand and use. Ultimately an agreement was reached and both parties were able to achieve a desirable outcome.

The partnership between HSC and SPT relied heavily on trust, as both sides were navigating unclear territories, but ultimately HSC proved itself not only as a trusted advisor in a sensitive situation but also an effective executor.

Deal Highlights of 2010



Hanoi Building Commercial
Joint Stock Bank

Equity Capital Markets

Lead Advisor to Listing (HNX)

December 2010



Net Detergent
Joint Stock Company

Equity Capital Markets

Sole Advisor to Listing (HNX)

September 2010

Sacomreal

Sai Gon Thuong Tin
Real Estate Joint Stock
Company

Equity Capital Markets

Co-Advisor to Listing (HNX)

September 2010



Vung Tau Real Estate
and Construction
Joint Stock Company

Equity Capital Markets

Sole Advisor to Listing (HSX)

July 2010



The Southern Fertilizer
Joint Stock Company

Equity Capital Markets

Equitization Advisor

June 2010



CMC Investment
Joint Stock Company

M&A Advisory

Valuation & Transaction Advisory

August 2010



Saigon Post and
Telecommunications Services
Corporation

M&A Advisory

Sole Advisor Acquisition
of Sfone

January 2010



Da Cin Construction
Company Ltd.

M&A Advisory

Lead Advisory to
Property Acquisition

April 2010



Viet Thai International
Joint Stock Company

Corporate Finance

Sole Advisor to Restructuring

August 2010



Ho Chi Minh City Infrastructure
Investment Fund

Corporate Finance

Lead Advisor to Restructuring

August 2010

Awards & Accolades



Certificate of Merit from the Minister of Finance for contributions and achievements made in the development of the Vietnam Stock Market in 2006 – 2010



One of the “Best Annual Report 2010” in the 2010 Annual Report Awards organized by Hochiminh Stock Exchange (HOSE), Dragon Capital and Vietnam Investment Newspaper



The 2009 Annual Report of HSC received the Platinum Award, as the best Annual Report worldwide in its category, Financials—Capital Markets, in the 2009 Vision Awards Annual Report Competition organized by the League of American Communications Professionals (LACP)



HSC received the highest distinction as Top Brokerage Firm and Top Brokerage Firm in Equity Research in Vietnam from the Extel Awards by Thomson Reuters. HSC is also the sole Vietnamese firm to join the ranks of the leading firms in Asia Pacific (excluding Japan), receiving the following recognitions: 14th Leading Firm in Economics and Strategy, and 19th Leading Brokerage for Asia Pacific (excluding Japan)



The Top Brokerage Firm and the Top Equity Research Firm in Vietnam recognized by Thomson Reuters Extel Awards.

In 2010, HSC reaped the rewards of years of building the foundation in order to become a leading securities company in the country. Apart from local recognition, HSC made a name in the global arena with a couple of prestigious international awards now under its belt. In 2010, HSC plans to run at full speed, to take advantage of the momentum built, and to maintain its position as one of the top three securities firm in Vietnam.



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Connecting Competencies
to Performance

2010 Financial Statements

REPORT OF THE BOARD OF DIRECTORS

Ho Chi Minh City Securities Corporation

The Board of Directors of Ho Chi Minh City Securities Corporation (“the Company”) is pleased to present its report and the financial statements of the Company as at 31 December 2010 and for the year then ended.

THE COMPANY

The Company is a joint stock company incorporated under the Law on Enterprises of Vietnam pursuant to the Business Registration Certificate No. 4103001573 issued by the Ho Chi Minh City Department of Planning and Investment on 23 April 2003 and Business License No. 11/UBCK-GPHDKD issued by the State Securities Commission on 29 April 2003.

The principal activities of the Company are brokerage services, securities trading, underwriting for share issues, custodian services, finance and investment advisory services.

The Company’s head office is located at Floor 1, 2 and 3 at 6 Thai Van Lung Street, District 1, Ho Chi Minh City and its branch is located in Ha Noi, and transaction offices in Ho Chi Minh City and Ha Noi.

In October 2010, the Company reallocated its head office to Floor 5 and 6 of AB Tower at 76 Le Lai Street, Ben Thanh Ward, District 1, Ho Chi Minh City and the registration of the change to the authorities is in progress.

RESULTS AND DIVIDENDS

| | <i>VND</i> | |
|-------------------------------------------------------|-----------------|-----------------|
| | 2010 | 2009 |
| Net profit for the year | 182,311,697,653 | 278,119,318,635 |
| Dividend paid during the year | 158,704,190,250 | 20,769,370,960 |
| Dividend declared but not paid at the end of the year | 3,461,084,209 | 42,405,496,459 |
| Retained earnings at the end of the year | 356,020,232,399 | 328,805,412,265 |

SIGNIFICANT EVENTS

On 1 Feb 2010, the Company received Decision No. 19/QD-SGDHCM from the Ho Chi Minh City Stock Exchange which approved the Company to list its additional bonus shares issued related to increasing capital from share premium and Notice No. 79/TB-SGDHCM on listing and official trading of the bonus shares on the Ho Chi Minh City Stock Exchange on 9 February 2010. The number of the additional new shares issued was 19,699,386 shares.

On 14 May 2010, the Company received Decision No. 93/QD-SGDHCM from the Ho Chi Minh City Stock Exchange which approved the listing of additional new shares issued related to increasing capital by cash. The number of additional new shares issued was 836,900 shares.

On 11 June 2010, the Company received Adjustment License No. 332/UBCK-GP from the State Securities Commission for the approval to increase the share capital to VND599,996,860,000.

2010 Financial Statements

REPORT OF THE BOARD OF DIRECTORS (continued)

Ho Chi Minh City Securities Corporation

BOARD OF DIRECTORS

The Members of the Board of Directors during the year 2010 and at the date of this report are:

| | | |
|--------------------------|-----------------|-----------------------------|
| Ms. Ngo Kim Lien | Chairwoman | Appointed on 30 June 2007 |
| Mr. Do Hung Viet | Deputy Chairman | Appointed on 30 June 2007 |
| Mr. Le Anh Minh | Deputy Chairman | Appointed on 30 June 2007 |
| Mr. Nguyen Quyet Chien | Member | Reappointed on 30 June 2007 |
| Mr. Pham Nghiem Xuan Bac | Member | Reappointed on 30 June 2007 |
| Mr. Johan Nyvene | Member | Appointed on 30 June 2007 |
| Mr. Hoang Dinh Thang | Member | Appointed on 30 June 2007 |

BOARD OF SUPERVISORS(Audit Committee)

Members of the Board of Supervisors(Audit Committee) during the year and at the date of this report are:

| | | |
|--------------------------|----------------------------------------------------|-----------------------------|
| Mr. Vo Van Chau | Chief of Board of Supervisors (Audit Committee) | Reappointed at 30 June 2007 |
| Mr. Doan Van Hinh | Member | Appointed at 30 June 2007 |
| Ms. Nguyen Thi Thanh Van | Member | Appointed at 30 June 2007 |

BOARD OF MANAGEMENT(Management Team)

Members of the Board of Management(Management Team) during the year and at the date of this report are:

| | | |
|----------------------|--------------------------------|-------------------------------|
| Mr. Johan Nyvene | Chief Executive Officer | Appointed at 15 May 2007 |
| Mr. Pham Minh Phuong | Deputy Chief Executive Officer | Appointed at 10 April 2007 |
| Mr. Trinh Hoai Giang | Deputy Chief Executive Officer | Appointed at 15 May 2007 |
| Mr. Johan Kruimer | Managing Director | Appointed at 26 July 2007 |
| Mr. Fiachra Mac Cana | Managing Director | Appointed at 01 March 2008 |
| Mr. Kelly Wong | Managing Director | Appointed at 26 November 2009 |
| Mr. Bach Quoc Vinh | Managing Director | Appointed at 01 February 2010 |
| Mr. Le Cong Thien | Managing Director | Appointed at 22 February 2010 |

EVENTS SINCE THE BALANCE SHEET DATE

There have been no significant events occurring from the balance sheet date to the issuing date which would require adjustments or disclosures to be made in the financial statements.

AUDITORS

The auditors, Ernst & Young Vietnam Ltd., have expressed their willingness to accept reappointment.

2010 Financial Statements

REPORT OF THE BOARD OF DIRECTORS (continued)

Ho Chi Minh City Securities Corporation

STATEMENT OF THE MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Company's management is responsible for the financial statements of each financial year which give a true and fair view of the state of affairs of the Company and of the Company's results and cash flows for the year. In preparing those financial statements, management is required to:

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

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

The Company's management has confirmed to the Board of Directors that the Company has complied with the above requirements in preparing the accompanying financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2010, and the results of its operations and its cash flows for the financial year then ended in accordance with the Vietnamese Accounting Standards and System, and accounting policies applicable to securities companies according to Circular No. 95/2008/TT-BTC issued by the Ministry of Finance on 24 October 2008 and comply with the relevant statutory requirements.

On behalf of the Board of Directors:



The stamp is circular and red, containing the following text: 'S.D.K.K.D. 41030L', 'CÔNG TY CỔ PHẦN CHỨNG KHOÁN', 'TP. HỒ CHÍ MINH', and 'QUẬN 1 TP. HỒ CHÍ MINH'.

Ms. Ngo Kim Lien
Chairwoman



Mr. Johan Nyvene
Member

Ho Chi Minh City, Vietnam
11 February 2011

Reference: 60790272/14473213

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of Ho Chi Minh City Securities Corporation

We have audited the balance sheet of Ho Chi Minh City Securities Corporation ("the Company") as at 31 December 2010, the income statement, the cash flow statement for the year then ended and the notes thereto as set out on pages 65 to 100 ("the financial statements"). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with Vietnamese and International Standards on Auditing applicable in Vietnam. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2010, the results of its operations and the cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System, and accounting policies according to Circular No. 95/2008/TT-BTC issued by the Ministry of Finance on 24 October 2008 which guides on accounting policies applied to the securities companies and comply with the relevant statutory requirements.



Ernst & Young Vietnam (H2)
Ernst & Young Vietnam Limited

Vo Tan Hoang Van

Vo Tan Hoang Van
Deputy General Director
Registered Auditor
Certificate No. 0264/KTV

Nguyen Xuan Dai

Nguyen Xuan Dai
Auditor in charge
Registered Auditor
Certificate No. 0452/KTV

Ho Chi Minh City, Vietnam

11 February 2011

2010 Financial Statements

BALANCE SHEET

B01-CTCK

as at 31 December 2010

VND

| Code | ASSETS | Notes | 31 December 2010 | 31 December 2009 |
|------------|---------------------------------------------|------------|--------------------------|--------------------------|
| 100 | A. CURRENT ASSETS | | 2,336,386,799,783 | 1,992,037,321,030 |
| 110 | I. Cash and cash equivalents | 5 | 1,239,484,828,799 | 826,814,983,238 |
| 111 | 1. Cash | | 1,239,484,828,799 | 826,814,983,238 |
| 112 | 2. Cash equivalents | | - | - |
| 120 | II. Short-term financial investments | 7.1 | 176,894,977,382 | 267,505,454,106 |
| 121 | 1. Short-term investments | | 246,027,552,048 | 348,596,184,618 |
| 129 | 2. Provision for short-term investments | | (69,132,574,666) | (81,090,730,512) |
| 130 | III. Short-term receivables | | 916,024,962,385 | 888,641,398,684 |
| 131 | 1. Trade receivables | 8 | 1,187,219,000 | 1,129,867,100 |
| 132 | 2. Advances to suppliers | | 249,323,003 | 150,000,000 |
| 133 | 3. Intercompany receivables | | - | - |
| 135 | 4. Receivables from securities trading | 8 | 846,655,755,480 | 655,156,686,651 |
| 138 | 5. Other receivables | 8 | 86,767,393,297 | 253,052,082,667 |
| 139 | 6. Provision for doubtful debts | 8 | (18,834,728,395) | (20,847,237,734) |
| 140 | IV. Inventories | | - | - |
| 150 | V. Other current assets | | 3,982,031,217 | 9,075,485,002 |
| 151 | 1. Short-term prepaid expenses | | 3,447,856,603 | 3,647,183,496 |
| 152 | 2. Value added tax deductible | | - | - |
| 154 | 3. Tax and other receivables from the State | | - | 4,151,843,810 |
| 158 | 4. Other current assets | 9 | 534,174,614 | 1,276,457,696 |

2010 Financial Statements

BALANCE SHEET (continued)

B01-CTCK

as at 31 December 2010

VND

| Code | ASSETS | Notes | 31 December 2010 | 31 December 2009 |
|------------|-----------------------------------------------------------|-------|--------------------------|--------------------------|
| 200 | B. NON-CURRENT ASSETS | | 188,592,026,079 | 97,500,118,701 |
| 210 | I. Long-term receivables | | - | - |
| 211 | 1. Long-term trade receivables | | - | - |
| 212 | 2. Paid-in capital in wholly-owned subsidiaries | | - | - |
| 213 | 3. Long-term intercompany receivables | | - | - |
| 218 | 4. Other long-term receivables | | - | - |
| 219 | 5. Provision for doubtful long-term receivables | | - | - |
| 220 | II. Fixed assets | | 27,047,265,840 | 18,187,800,019 |
| 221 | 1. Tangible fixed assets | 10 | 15,989,696,602 | 8,150,351,057 |
| 222 | - Cost | | 30,850,717,382 | 16,659,017,280 |
| 223 | - Accumulated depreciation | | (14,861,020,780) | (8,508,666,223) |
| 224 | 2. Financial leases | | - | - |
| 225 | - Cost | | - | - |
| 226 | - Accumulated depreciation | | - | - |
| 227 | 3. Intangible fixed assets | 11 | 8,374,447,148 | 7,907,930,446 |
| 228 | - Cost | | 17,258,224,280 | 12,022,890,751 |
| 229 | - Accumulated amortization | | (8,883,777,132) | (4,114,960,305) |
| 230 | 4. Constructions in progress | 12 | 2,683,122,090 | 2,129,518,516 |
| 240 | III. Investment properties | | - | - |
| 241 | - Cost | | - | - |
| 242 | - Accumulated amortization | | - | - |
| 250 | IV. Long-term financial investments | | 20,596,836,384 | 52,671,336,384 |
| 251 | 1. Investments in subsidiaries | | - | - |
| 252 | 2. Investments in associates, jointly controlled entities | | - | - |
| 253 | 3. Long-term securities | | 20,596,836,384 | 52,671,336,384 |
| 254 | - Available-for-sale securities | 7.2 | 20,596,836,384 | 52,671,336,384 |
| 255 | - Held-to-maturity securities | | - | - |
| 258 | 4. Other long-term investments | | - | - |
| 259 | 5. Provision for long-term financial investments | | - | - |
| 260 | V. Other long-term assets | | 140,947,923,855 | 26,640,982,298 |
| 261 | 1. Long-term prepaid expenses | 13 | 132,596,758,965 | 21,929,076,164 |
| 262 | 2. Deferred tax assets | | - | - |
| 263 | 3. Deposits to Settlement Support Fund | 14 | 4,286,134,881 | 2,339,036,386 |
| 268 | 4. Other long-term assets | 15 | 4,065,030,009 | 2,372,869,748 |
| 270 | TOTAL ASSETS | | 2,524,978,825,862 | 2,089,537,439,731 |

2010 Financial Statements

BALANCE SHEET (continued)

B01-CTCK

as at 31 December 2010

VND

| Code | RESOURCES | Notes | 31 December 2010 | 31 December 2009 |
|------------|----------------------------------------------|-------|------------------------|------------------------|
| 300 | A. LIABILITIES | | 935,807,516,076 | 541,145,556,242 |
| 310 | I. Current liabilities | | 933,987,026,498 | 539,363,206,242 |
| 311 | 1. Short-term loans and borrowings | | - | - |
| 312 | 2. Trade payables | | 15,596,861 | 161,048,250 |
| 313 | 3. Advances from customers | | - | - |
| 314 | 4. Taxes and other payable to State Budget | 16 | 12,537,710,692 | 35,830,723,378 |
| 315 | 5. Payables to employees | | - | - |
| 316 | 6. Accrued expenses | 17 | 12,300,881,597 | 9,216,419,476 |
| 317 | 7. Intercompany payable | | - | - |
| 320 | 8. Payables for securities trading | 18 | 819,534,999,561 | 448,761,967,063 |
| 321 | 9. Dividend, principal and interest payables | | 5,755,863,307 | 1,898,531,325 |
| 322 | 10. Payables to securities issuers | | - | - |
| 323 | 11. Bonus and welfare fund | 3.2 | 15,960,699,468 | - |
| 327 | 12. Buying/selling Government bonds payable | | - | - |
| 328 | 13. Other payables | 19 | 67,881,275,012 | 43,494,516,750 |
| 329 | 14. Short-term provision | | - | - |
| 330 | II. Non-current liabilities | | 1,820,489,578 | 1,782,350,000 |
| 331 | 1. Long-term trade payables | | - | - |
| 332 | 2. Long-term intercompany payables | | - | - |
| 333 | 3. Other long-term liabilities | | - | - |
| 334 | 4. Long-term loans and debts | | - | - |
| 335 | 5. Deferred tax liabilities | | - | - |
| 336 | 6. Provision for severance allowances | | 1,820,489,578 | 1,782,350,000 |
| 337 | 7. Long-term provision | | - | - |
| 339 | 8. Provision for compensation of investors | | - | - |

2010 Financial Statements

BALANCE SHEET (continued)

B01-CTCK

as at 31 December 2010

VND

| Code | RESOURCES | Notes | 31 December 2010 | 31 December 2009 |
|------------|----------------------------------------------|------------|--------------------------|--------------------------|
| 400 | B. OWNERS' EQUITY | 20 | 1,589,171,309,786 | 1,548,391,883,489 |
| 410 | I. Capital | | 1,589,171,309,786 | 1,538,496,366,573 |
| 411 | 1. Share capital | | 599,996,860,000 | 394,634,000,000 |
| 412 | 2. Share premium | | 560,834,915,000 | 757,828,775,000 |
| 413 | 3. Other capital belonging to owners' equity | | - | - |
| 414 | 4. Treasury shares (buy back shares) | | (3,971,077,360) | (1,941,442,200) |
| 415 | 5. Asset revaluation reserve | | - | - |
| 416 | 6. Foreign exchange differences reserve | | - | - |
| 417 | 7. Investment and development fund | | 3,961,374,994 | 3,961,374,994 |
| 418 | 8. Financial reserve | | 72,329,004,753 | 54,097,834,988 |
| 419 | 9. Other funds belonging to owners' equity | | - | 1,110,411,526 |
| 420 | 10. Undistributed earnings | | 356,020,232,399 | 328,805,412,265 |
| 430 | II. Bonus and welfare funds | 3.2 | - | 9,895,516,916 |
| 440 | TOTAL RESOURCES | | 2,524,978,825,862 | 2,089,537,439,731 |

2010 Financial Statements

BALANCE SHEET (continued)

B01-CTCK

as at 31 December 2010

OFF BALANCE SHEET ITEMS

VND

| Code | ITEMS | 31 December 2010 | 31 December 2009 |
|------|------------------------------------------------------------------|-------------------|-------------------|
| 001 | 1. Fixed assets under operating lease | - | - |
| 002 | 2. Goods, valuable certificates held under trust | - | - |
| 003 | 3. Assets held by the Company on consignment | - | - |
| 004 | 4. Bad debts written off | - | - |
| 005 | 5. Foreign currencies | 55,770,975 | 91,436,195 |
| 006 | 6. Custody securities | 4,827,682,100,000 | 2,041,245,200,000 |
| | <i>Included:</i> | | |
| 007 | 6.1. Trading securities | 4,253,557,280,000 | 1,883,974,420,000 |
| 008 | 6.1.1. Trading securities of custody members | 37,135,900,000 | 144,269,780,000 |
| 009 | 6.1.2. Trading securities of local investors | 4,058,588,990,000 | 1,667,783,750,000 |
| 010 | 6.1.3. Trading securities of foreign investors | 157,832,390,000 | 71,920,890,000 |
| 011 | 6.1.4. Trading securities of other organizations | - | - |
| 012 | 6.2. Temporarily un-tradable securities | 177,678,660,000 | 85,951,930,000 |
| 013 | 6.2.1. Temporarily un-tradable securities of custody members | 515,900,000 | 1,680,000,000 |
| 014 | 6.2.2. Temporarily un-tradable securities of local investors | 176,212,760,000 | 82,997,690,000 |
| 015 | 6.2.3. Temporarily un-tradable securities of foreign investors | 950,000,000 | 1,274,240,000 |
| 016 | 6.2.4. Temporarily un-tradable securities of other organizations | - | - |
| 017 | 6.3. Mortgaged securities | 252,500,000,000 | 43,909,450,000 |
| 018 | 6.3.1. Mortgaged securities of custody members | - | - |
| 019 | 6.3.2. Mortgaged securities of local investors | 252,500,000,000 | 43,909,450,000 |
| 020 | 6.3.3. Mortgaged securities of foreign investors | - | - |
| 021 | 6.3.4. Mortgaged securities of other organizations | - | - |
| 022 | 6.4. Temporarily blocked securities | - | - |
| 023 | 6.4.1. Temporarily blocked securities of custody members | - | - |
| 024 | 6.4.2. Temporarily blocked securities of local investors | - | - |
| 025 | 6.4.3. Temporarily blocked securities of foreign investors | - | - |
| 026 | 6.4.4. Temporarily blocked securities of other organizations | - | - |

2010 Financial Statements

BALANCE SHEET (continued)

B01-CTCK

as at 31 December 2010

OFF BALANCE SHEET ITEMS (continued)

| | | VND | |
|------|---------------------------------------------------------------------|------------------|------------------|
| Code | ITEMS | 31 December 2010 | 31 December 2009 |
| 027 | 6.5. <i>Securities awaiting settlement</i> | 122,503,600,000 | 27,409,400,000 |
| 028 | 6.5.1. Securities awaiting settlement of custody members | 14,900,000 | 4,606,100,000 |
| 029 | 6.5.2. Securities awaiting settlement of local investors | 122,428,200,000 | 22,722,100,000 |
| 030 | 6.5.3. Securities awaiting settlement of foreign investors | 60,500,000 | 81,200,000 |
| 031 | 6.5.4. Securities awaiting settlement of other organizations | - | - |
| 032 | 6.6. <i>Frozen securities awaiting withdrawal</i> | 190,000,000 | - |
| 033 | 6.6.1. Frozen securities awaiting withdrawal of custody members | - | - |
| 034 | 6.6.2. Frozen securities awaiting withdrawal of local investors | 190,000,000 | - |
| 035 | 6.6.3. Frozen securities awaiting withdrawal of foreign investors | - | - |
| 036 | 6.6.4. Frozen securities awaiting withdrawal of other organizations | - | - |
| 037 | 6.7. <i>Securities awaiting trading</i> | 21,252,560,000 | - |
| 038 | 6.7.1. Securities awaiting trading of custody members | 315,620,000 | - |
| 039 | 6.7.2. Securities awaiting trading of local investors | 19,263,390,000 | - |
| 040 | 6.7.3. Securities awaiting trading of foreign investors | 1,673,550,000 | - |
| 041 | 6.7.4. Securities awaiting trading of other organizations | - | - |
| 042 | 6.8. <i>Securities mortgaged for a loan</i> | - | - |
| 043 | 6.8.1. Securities mortgaged for a loan of custody members | - | - |
| 044 | 6.8.2. Securities mortgaged for a loan of local investors | - | - |
| 045 | 6.8.3. Securities mortgaged for a loan of foreign investors | - | - |
| 046 | 6.8.4. Securities mortgaged for a loan of other organizations | - | - |
| 047 | 6.9 <i>Securities for correcting transaction errors</i> | - | - |

2010 Financial Statements

BALANCE SHEET (continued)

B01-CTCK

as at 31 December 2010

OFF BALANCE SHEET ITEMS (continued)

VND

| Code | ITEMS | 31 December 2010 | 31 December 2009 |
|------------|------------------------------------------------------------------|-----------------------|-----------------------|
| 050 | 7. Unlisted custody securities | 79,918,980,000 | 33,059,090,000 |
| | <i>Included:</i> | | |
| 051 | 7.1. Trading securities | 78,082,700,000 | 32,930,290,000 |
| 052 | 7.1.1. Trading securities of custody members | 3,978,190,000 | - |
| 053 | 7.1.2. Trading securities of local investors | 74,104,510,000 | 31,623,970,000 |
| 054 | 7.1.3. Trading securities of foreign investors | - | 1,306,320,000 |
| 055 | 7.1.4. Trading securities of other organizations | - | - |
| 056 | 7.2. Temporarily un-tradable securities | 172,500,000 | 76,600,000 |
| 057 | 7.2.1. Temporarily un-tradable securities of custody members | - | - |
| 058 | 7.2.2. Temporarily un-tradable securities of local investors | 172,500,000 | 76,600,000 |
| 059 | 7.2.3. Temporarily un-tradable securities of foreign investors | - | - |
| 060 | 7.2.4. Temporarily un-tradable securities of other organizations | - | - |
| 061 | 7.3. Mortgaged securities | - | - |
| 062 | 7.3.1. Mortgaged securities of custody members | - | - |
| 063 | 7.3.2. Mortgaged securities of local investors | - | - |
| 064 | 7.3.3. Mortgaged securities of foreign investors | - | - |
| 065 | 7.3.4. Mortgaged securities of other organizations | - | - |
| 066 | 7.4. Temporarily blocked securities | - | - |
| 067 | 7.4.1. Temporarily blocked securities of custody members | - | - |
| 068 | 7.4.2. Temporarily blocked securities of local investors | - | - |
| 069 | 7.4.3. Temporarily blocked securities of foreign investors | - | - |
| 070 | 7.4.4. Temporarily blocked securities of other organizations | - | - |

2010 Financial Statements

BALANCE SHEET (continued)

B01-CTCK

as at 31 December 2010

OFF BALANCE SHEET ITEMS (continued)

| | | VND | |
|------|---------------------------------------------------------------------|------------------|------------------|
| Code | ITEMS | 31 December 2010 | 31 December 2009 |
| 071 | 7.5. <i>Securities awaiting for settlement</i> | 75,000,000 | 52,200,000 |
| 072 | 7.5.1. Securities awaiting for settlement of custody members | - | - |
| 073 | 7.5.2. Securities awaiting for settlement of local investors | 75,000,000 | 52,200,000 |
| 074 | 7.5.3. Securities awaiting for settlement of foreign investors | - | - |
| 075 | 7.5.4. Securities awaiting for settlement of other organizations | - | - |
| 076 | 7.6. <i>Frozen securities awaiting withdrawal</i> | 1,588,780,000 | - |
| 077 | 7.6.1. Frozen securities awaiting withdrawal of custody members | - | - |
| 078 | 7.6.2. Frozen securities awaiting withdrawal of local investors | 1,588,780,000 | - |
| 079 | 7.6.3. Frozen securities awaiting withdrawal of foreign investors | - | - |
| 080 | 7.6.4. Frozen securities awaiting withdrawal of other organizations | - | - |
| 081 | 7.7. <i>Securities for correcting transaction errors</i> | - | - |
| 082 | 8. Uncustodied securities of customers | - | - |
| 083 | 9. Uncustodied securities of securities companies | - | - |
| 084 | 10. Entrusted securities for auction | - | - |

2010 Financial Statements

INCOME STATEMENT

B02-CTCK

for the financial year ended 31 December 2010

VND

| Code | ITEMS | Notes | 2010 | 2009 |
|-----------|--------------------------------------------------------------------|-----------|--------------------------|--------------------------|
| 01 | 1. Revenue | | | |
| | <i>Included:</i> | | | |
| 01.1 | Revenue from brokerage services | | 151,050,984,169 | 121,204,323,347 |
| 01.2 | Revenue from securities investments | | 59,435,391,796 | 267,795,435,514 |
| 01.3 | Revenue from securities underwriting services | | - | 150,000,000 |
| 01.4 | Revenue from securities issuance agency services | | 32,375,137 | 52,741,959 |
| 01.5 | Revenue from finance advisory services | | 3,973,594,730 | 2,674,026,591 |
| 01.6 | Revenue from securities custody services | | - | - |
| 01.7 | Revenue from trust auction activities | | - | 270,024,519 |
| 01.8 | Revenue from property lease | | - | - |
| 01.9 | Other revenue | 21 | 256,356,223,319 | 99,131,623,782 |
| 02 | 2. Deductions | | - | - |
| 10 | 3. Net revenues from operating activities | | 470,848,569,151 | 491,278,175,712 |
| 11 | 4. Operating expenses | 22 | (170,485,886,322) | (131,126,700,465) |
| | <i>In which:</i> | | | |
| | <i>Operating expenses</i> | | (203,792,408,530) | (281,416,752,641) |
| | <i>Reversal of provision for a decline in value of investments</i> | | 33,306,522,208 | 150,290,052,176 |
| 20 | 5. Gross profit from operating activities | | 300,362,682,829 | 360,151,475,247 |
| 25 | 6. General and administrative expenses | 23 | (72,532,012,678) | (38,272,543,336) |
| | <i>In which:</i> | | | |
| | <i>General and administration expenses</i> | | (74,552,250,178) | (51,130,997,336) |
| | <i>Reversal of provision for doubtful debts</i> | | 2,020,237,500 | 12,858,454,000 |
| 30 | 7. Net profit from operating activities | | 227,830,670,151 | 321,878,931,911 |
| 31 | 8. Other income | | 70,196,144 | 14,434,532,505 |
| 32 | 9. Other expenses | | - | - |
| 40 | 10. Other profit | 24 | 70,196,144 | 14,434,532,505 |
| 50 | 11. Profit before tax | | 227,900,866,295 | 336,313,464,416 |
| 51 | 12. Current enterprise income tax expense | 25 | (45,589,168,642) | (58,194,145,781) |
| 52 | 13. Deferred income tax expense | | - | - |
| 60 | 14. Net profit after enterprise income tax | | 182,311,697,653 | 278,119,318,635 |
| 70 | 15. Earnings per share | | | |
| | - Basic | 26 | 3,044 | 7,056 |
| | - Diluted | 26 | 3,044 | 4,704 |

2010 Financial Statements

CASH FLOW STATEMENT

B03-CTCK

for the financial year ended 31 December 2010

VND

| Code | ITEMS | Notes | 2010 | 2009 (as restated) |
|-------------------------------------------------|--------------------------------------------------------------------------------------------|--------|-------------------------|--------------------------|
| I. CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| 01 | 1. Net profit before tax | | 227,900,866,295 | 336,313,464,416 |
| | 2. Adjustments for: | | | |
| 02 | - Depreciation and amortization | 10, 11 | 11,523,528,011 | 6,226,131,251 |
| 03 | - Provisions | 22, 23 | (13,970,665,185) | (119,817,718,106) |
| 04 | - Unrealised foreign exchange gains/(losses) | | - | - |
| 05 | - Profits from investing activities | | (266,609,598,299) | (181,168,598,741) |
| 06 | - Interest expense | | - | - |
| 08 | 3. Operating (loss)/profit before changes in working capital | | (41,155,869,178) | 41,553,278,820 |
| 09 | - Increase in receivables | | (17,420,872,255) | (768,646,700,578) |
| 10 | - Decrease in short-term investments | | 102,568,632,570 | 20,575,018,148 |
| 11 | - Increase in payables (other than interest, enterprise income tax) | | 439,219,937,390 | 311,936,583,035 |
| 12 | - Increase in prepaid expenses | | (110,468,355,908) | (15,531,967,018) |
| 13 | - Interest paid | | - | - |
| 14 | - Enterprise income tax paid | 25.2 | (69,381,901,196) | (19,802,631,429) |
| 15 | - Other cash inflows from operating activities | | - | - |
| 16 | - Other cash outflows from operating activities | | (11,678,194,827) | (3,009,443,076) |
| 20 | Net cash flows from/(used in) operating activities | | 291,683,376,596 | (432,925,862,098) |
| II. CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| 21 | 1. Purchase and construction of fixed assets and other long-term assets | | (20,382,993,832) | (8,707,222,476) |
| 22 | 2. Proceeds from disposals of fixed assets and other long-term assets | | 48,594,858 | - |
| 23 | 3. Loans to other entities and payments for purchase of debt instruments of other entities | | (493,714,200,000) | (563,890,140,078) |
| 24 | 4. Collections from borrowers and proceeds from sale of debt instruments of other entities | | 532,528,995,372 | 1,659,338,591,821 |
| 25 | 5. Payments for investments in other entities | | - | - |
| 26 | 6. Proceeds from sale of investments in other entities | | - | - |
| 27 | 7. Interest and dividends received | | 254,075,271,277 | 59,482,174,594 |
| 30 | Net cash outflows from investing activities | | 272,555,667,675 | 1,146,223,403,861 |

2010 Financial Statements

CASH FLOW STATEMENT (continued)

B03-CTCK

for the financial year ended 31 December 2010

VND

| Code | ITEMS | Notes | 2010 | 2009 (as restated) |
|--------------------------------------------------|---------------------------------------------------------------|-------|--------------------------|-------------------------|
| III. CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| 31 | 1. Capital contribution and issuance of shares | 20.1 | 8,369,000,000 | - |
| 32 | 2. Capital redemption | | (1,234,008,460) | (435,242,200) |
| 33 | 3. Drawdown of borrowings | | - | - |
| 34 | 4. Repayment of borrowings | | - | - |
| 35 | 5. Payment of finance lease liabilities | | - | - |
| 36 | 6. Dividends paid to equity holders | 20.3 | (158,704,190,250) | (20,769,370,960) |
| 40 | Net cash flows used in financing activities | | (151,569,198,710) | (21,204,613,160) |
| 50 | Net increase in cash and cash equivalents | | 412,669,845,561 | 692,092,928,603 |
| 60 | Cash and cash equivalents at the beginning of the year | | 826,814,983,238 | 134,722,054,635 |
| 61 | Impact of exchange rate fluctuation | | - | - |
| 70 | Cash and cash equivalents at the end of the year | | 1,239,484,828,799 | 826,814,983,238 |

NON-MONETARY TRANSACTION

VND

| ITEMS | 2010 | 2009 |
|----------------------------------------------|-----------------|------|
| Increase in share capital from share premium | 196,993,860,000 | - |

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

B09-CTCK

as at and for the financial year ended 31 December 2010

1. CORPORATE INFORMATION

The Company is a joint stock company incorporated under the Law on Enterprises of Vietnam pursuant to Business Registration Certificate No. 4103001573 issued by the Ho Chi Minh City Department of Planning and Investment on 23 April 2003 and Business License No. 11/UBCK-GPHDKD issued by the State Securities Commission on 29 April 2003.

The principal activities of the Company are brokerage services, securities trading, underwriting for share issues, custodian services, finance and investment advisory services.

The Company's head office is located at Floor 1, 2 and 3 at 6 Thai Van Lung Street, District 1, Ho Chi Minh City and its branch is located in Ha Noi, and transaction offices in Ho Chi Minh City and Ha Noi.

In October 2010, the Company reallocated its head office to Floor 5 and 6 of AB Tower at 76 Le Lai Street, Ben Thanh Ward, District 1, Ho Chi Minh City and the registration of the changes to the authorities is in progress.

The Company's number of employees as at 31 December 2010 is 512 persons (31 December 2009: 212 persons).

2. BASIS OF PREPARATION

2.1 Accounting Standards and System

The financial statements of the Company, which are expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System, accounting policies applicable to securities companies according to Circular No. 95/2008/TT-BTC issued by the Ministry of Finance on 24 October 2008 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 Standards on Accounting (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The accompanying balance sheet, income statement, cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 Registered accounting documentation system

The Company's registered accounting documentation system is the General Journal system.

2.3 Fiscal year

The Company's fiscal year starts on 01 January and ends on 31 December.

2.4 Accounting currency

The Company maintains its accounting records in VND.

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

B09-CTCK

as at and for the financial year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Compliance with the Vietnamese Accounting Standard and Accounting System for Securities Companies

Management confirms that the accompanying financial statements have been prepared in accordance with the Vietnamese Accounting Standards and Accounting System for Securities Companies.

3.2 Changes of accounting policies and notes

The accounting policies adopted by the Company in preparation of the financial statements are consistent with those followed in the preparation of the Company's financial statements for the previous years, except for the change in the accounting for bonus and welfare fund and other funds in according with Circular No. 244/2009/TT-BTC dated 31 December 2009. Accordingly, bonus and welfare fund and other funds belonging to owners' equity were presented as liabilities on the balance sheet. As Circular No. 244/2009/TT-BTC does not require a retrospective application for such change and in addition, Circular No. 20/2006/TT-BTC issued by the Ministry of Finance on 20 March 2006 guiding the treatment of changes in accounting policies permits the prospective treatment of change in accounting policies if it is the first time adoption of laws or accounting standards. Therefore, the opening balances of the accompanying financial statements do not include these adjustments.

Accounting Standard(s) and guidance issued but not yet effective

Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments. The adoption of the circular will require further disclosures and have impact on the presentation of certain financial instruments in the financial statements. The circular will become effective for financial years beginning on or after 1 January 2011.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term and 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.

Cash and cash equivalents also include investors' deposits for trading securities.

3.4 Receivables

Receivables are initially recorded at cost and subsequently stated at cost.

Provision for doubtful debts is made based on the age of overdue debts or expected losses which may occur in case where a debt has not been matured but an economic organization is bankrupted or liquidated; or individual debtor is missing, run away, being prosecuted, in prison, under a trial or pending execution of sentences or dead.

The incurred provision expense is recorded to "General and administrative expenses". The Company makes provision for doubtful debts under the guidance of Circular No. 228/2009/TT-BTC issued by Ministry of Finance on 7 December 2009 as follows:

| Overdue time | Provision rate |
|-------------------------------------------------|----------------|
| From six (6) months to less than one (1) year | 30% |
| From one (1) year to less than two (2) years | 50% |
| From two (2) years to less than three (3) years | 70% |
| More than three (3) years | 100% |

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

B09-CTCK

as at and for the financial year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.6 Operating lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

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

3.7 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

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

3.8 Depreciation and amortization

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

| | |
|-------------------------|-------------|
| Transportation vehicles | 6 years |
| Office equipments | 3 - 5 years |
| Computer software | 3 - 4 years |

3.9 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the balance sheet and amortized over the period for which the amount are paid or the period in which economic benefit are generated in relation to these expenses.

The following types of expenses are recorded as long-term prepaid expense and are amortized to the income statement over two (2) to forty years (40) years:

- Office renovation costs;
- Office rentals; and
- Office equipment costs

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

B09-CTCK

as at and for the financial year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Short-term and long-term investments in securities

Circular No. 95/2008/TT-BTC allows securities companies to recognize investments in securities at either cost or fair value. Therefore, the Company selects to recognize its investments in securities at cost.

Short-term financial investments

Short-term financial investments include those that are held for trading (“trading securities”) and recognized at cost at transaction date and are stated at cost subsequently.

Accrued interests received in the year are recognized as a deduction in carrying value of trading securities for the amount incurred before the purchasing date and as an investment income for the amount incurred after the purchasing date.

These securities are renewed for a possible decline in their value at the reporting date. Provision for a decline in value of securities is made when the carrying value is greater than market value of securities. Increased in provision for a decline in value of securities is charged into the income statement in “Operating expenses”.

Long-term financial investments

Long-term financial investments include the investments in bonds which are initially recognized at historical cost at transaction date and are subsequently stated at cost.

Accrued interests received in the year are recognized as a deduction in carrying value of trading securities for the amount incurred before the purchasing date and as an investment income for the amount incurred after the purchasing date.

These securities are renewed for a possibility possible decline in their value at the reporting date. Provision for a decline in value of securities is made when there is a prolonged decline in value. Provision for a decline in value of securities is charged into the income statement in “Operating expenses”.

Provision for short-term investments

Provision for a decline in value of securities is made for specific stocks which have market values lower than book values.

The market prices of listed securities are determined based on the quoted price on the stock markets (which are the average prices on the Hanoi Stock Exchange and the closing prices on the Ho Chi Minh City Stock Exchange) as at 31 December 2010.

The market prices of unlisted shares which are registered for trading on the UPCoM market are determined based on the average trading prices in the system at the closing date.

The market prices of unlisted securities which are not registered for trading on the UPCoM market are determined based on the average quoted prices obtained from at least three large-scaled securities companies in the stock market. Otherwise, securities are stated at cost.

For the unlisted securities which are not registered trading on UPCoM and not trading publicly on market, provision is made if the investees incur net loss (except for the loss is incurred in line with the business plan before the investment) in accordance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. The level of provision for impairment loss is determined as follows: (Total actual capital contributions of all parties to the investee minus (-) Owners' equity of the investee) multiplied (x) (Investment capital of the Company over the total actual capital contributions of all parties to the investee).

3.11 Repurchase and reverse repurchase agreements

Securities purchased under agreements to resell at a specified future date (“reverse repos”) (if any) are not recognized on the balance sheet. The corresponding cash paid is recognized as an asset in the balance sheet. The difference between the purchasing price and the resale price is accrued to the income statement over the life of the agreement using the straight-line method. For the overdue agreements, the difference between the resale price and the purchasing price is only recognized in the income statement when the amounts are actually received.

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

B09-CTCK

as at and for the financial year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Repurchase and reverse repurchase agreements (continued)

Securities sold under agreements to repurchase at a specified future date (“repos”) are still recognized in the financial statements. The corresponding cash received is recognized as a liability in the balance sheet. The difference between the selling price and repurchase price is allocated on straight-line basis to the income statement over the life of the agreement using the contractual interest rate.

3.12 Payable and accrual

Payable and accrual are recognized for amount to be paid in the future for goods and services received, whether or not billed to the Company.

3.13 Employee benefits

3.13.1 Post employment benefits

Post employment benefits are paid to retired employees of the Company by the Social Insurance Agency which belongs to the Ministry of Labor and Social Affairs. The Company is required to contribute to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 16.00% of an employee's basic salary on a monthly basis. The Company has no further obligation to fund the post employment benefits of its employees, other than the liability to pay Social Insurance Agency on a monthly basis.

Upon retirement due to restructuring of personnel, the Company's employees are entitled to one basic monthly salary for each year (12 months) of service and half of basic monthly salary for each month of early retirement (maximum 30 months), and these amounts are recorded to the Company's pension funds. In addition, they are entitled to an allowance equivalent to the aggregate amount of three months' current wages (taken from pension fund).

3.13.2 Voluntary resignation and retrenchment benefits

Voluntary resignation benefits: The Company has the obligation, under Section 42 of the Vietnam Labor Code amended on 2 April 2002, to pay allowance arising from voluntarily resignation of employees, equal to one-half month's salary for each year of employment to 31 December 2008 plus salary allowances (if any). From 1 January 2009, the average monthly salary used in this calculation will be the average monthly salary of latest the six-month period up to the reporting date.

Retrenchment benefits: The Company has the obligation, under Section 17 of the Vietnam Labor Code, to pay allowance to employees who are retrenched as a result of organisational restructuring or technological changes. In such case, the Company shall pay to employees an allowance for loss of work equivalent to the aggregate amount of one month's salary for each year of employment, but no less than two months' salary. Allowance increase or reverse is recorded in the “General and administrative expenses”.

3.13.3 Unemployment benefits

According to Circular No. 04/2009/TT-BLĐTBXH guiding Decree No. 127/2008/ND-CP on unemployment insurance, from 1 January 2009, the Company is obliged to pay unemployment insurance at 1.00% of its salary fund used for payment of unemployment insurance for insurance participants and deduct 1.00% of salary of each employee to simultaneously pay to the Unemployment Insurance Fund.

3.14 Foreign currency transactions

Transactions in currencies other than the Company's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at inter-bank exchange rates ruling at the balance sheet date. All realized and unrealized foreign exchange differences are taken to the income statement.

3.15 Treasury shares (buy-back shares)

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

B09-CTCK

as at and for the financial year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Appropriation of net profits

Net profit after tax is available for appropriation to investors after approval by the Annual General Meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnamese regulatory requirements.

3.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from brokerage services

Revenue from brokerage services is recognized in the income statement when the securities transaction of the customer has been processed.

Revenue from securities investment

Revenue from securities investment is determined by the differences between the selling prices and the average cost of securities sold.

Dividend

Income is recognized when the Company's entitlement as an investor to receive the dividend is established.

Interest

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

Rendering of services

Where the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion.

Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized which are recoverable.

3.18 Cost of securities sold

The Company applies the moving weighted average method to calculate cost of equity securities sold and the weighted average method to calculate long-term debt securities sold.

3.19 Taxation

Current income tax

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

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

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

Deferred 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 recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

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as at and for the financial year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Taxation (continued)

Deferred tax (continued)

Deferred tax assets are recognized 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 utilized, except:

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset realized 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 income statement, except when it relates to items recognized 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 to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity and the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the financial year ended 31 December 2010

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4. SEGMENT INFORMATION

4.1 Business segment

| For the financial year ended 31 December 2010 | Brokerage and customer services | Trading | Treasury activities | Others | Unallocated | Total | VND |
|--------------------------------------------------|------------------------------------|-------------------------|--------------------------|-------------------------|-----------------------|--------------------------|-----|
| | | | | | | | |
| 1. Revenue from operating activities | 151,050,984,169 | 59,435,391,796 | 253,733,969,328 | 6,628,223,858 | - | 470,848,569,151 | |
| 2. Direct expenses | 41,401,294,355 | 85,575,935,941 | 58,894,694,408 | 45,622,446,285 | - | 231,494,370,989 | |
| 3. Allocated depreciation expenses | 2,919,511,838 | 31,404,617 | 5,133,928,770 | 3,438,682,786 | - | 11,523,528,011 | |
| 4. Other income | - | - | - | 70,196,144 | - | 70,196,144 | |
| Profit before tax | 106,730,177,976 | (26,171,948,762) | 189,705,346,150 | (42,362,709,069) | - | 227,900,866,295 | |
| As at 31 December 2010 | | | | | | | |
| 1. Segment assets | 19,843,018,757 | 177,195,474,379 | 2,122,311,094,332 | 5,417,797,669 | - | 2,324,767,385,137 | |
| 2. Allocated assets | 102,619,369,319 | 547,303,303 | 4,925,729,727 | 32,017,243,228 | - | 140,109,645,577 | |
| 3. Unallocated assets | - | - | - | - | 60,101,795,148 | 60,101,795,148 | |
| Total assets | 122,462,388,076 | 177,742,777,682 | 2,127,236,824,059 | 37,435,040,897 | 60,101,795,148 | 2,524,978,825,862 | |
| 1. Segment liabilities | 822,330,224,508 | - | 61,686,667,000 | 223,100,689 | - | 884,239,992,197 | |
| 2. Allocated liabilities | - | 131,386,861 | 1,182,481,752 | 7,686,131,387 | - | 9,000,000,000 | |
| 3. Unallocated liabilities | - | - | - | - | 42,567,523,879 | 42,567,523,879 | |
| Total liabilities | 822,330,224,508 | 131,386,861 | 62,869,148,752 | 7,909,232,076 | 42,567,523,879 | 935,807,516,076 | |

4.2 Geographical segment

All operations of the Company are taken place within Vietnam territory.

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

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as at and for the financial year ended 31 December 2010

5. CASH AND CASH EQUIVALENTS

| | VND | |
|---------------|--------------------------|------------------------|
| | 31 December 2010 | 31 December 2009 |
| Cash on hand | 294,714,979 | 288,475,354 |
| Cash at banks | 1,239,190,113,820 | 826,526,507,884 |
| TOTAL | 1,239,484,828,799 | 826,814,983,238 |

At 31 December 2010, cash at banks included certain deposits which had term ranging from one (1) to two (2) months and bore the interest rate ranging from 13.50% p.a. to 16.80% p.a. (31 December 2009: 10.47% p.a. to 13.00% p.a.)

6. VALUE AND VOLUME OF TRADING RESULTS IN THE YEAR

| | VND | |
|-------------------------------------------|----------------------|---------------------------|
| | Quantity | Value |
| <i>a. Trading result of the Company</i> | | |
| - Shares | 31,808,420 | 1,294,493,305,000 |
| - Bonds | 3,650,000 | 363,770,950,000 |
| <i>b. Trading result of the investors</i> | | |
| - Shares | 2,168,096,312 | 69,073,465,495,700 |
| - Bonds | 50,830,000 | 5,625,606,420,000 |
| TOTAL | 2,254,384,732 | 76,357,336,170,700 |

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

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as at and for the financial year ended 31 December 2010

7. FINANCIAL INVESTMENTS

| VND | | | | | |
|--------------------------------------|-----------------|------------------------|------------------------------|-------------------------|------------------------|
| | Quantity (Unit) | Cost | Compared to the market value | | Total market value |
| | | | Increase | Decrease | |
| <i>Short-term investments</i> | | | | | |
| - Listed shares | 1,675,792 | 26,450,842,546 | 35,335,766 | (3,979,437,799) | 22,506,740,513 |
| - Unlisted shares | 9,314,175 | 219,576,709,502 | - | (65,153,136,867) | 154,423,572,635 |
| TOTAL | | 246,027,552,048 | 35,335,766 | (69,132,574,666) | 176,930,313,148 |
| <i>Long-term investments</i> | | | | | |
| <i>Available-for-sale securities</i> | | | | | |
| - Bonds | 200,000 | 20,596,836,384 | - | - | 20,596,836,384 |

7.1 Short-term investments

Detail of short-term investments of the Company is as follows:

| VND | | |
|------------------------------------------------------------|------------------------|------------------------|
| | 31 December 2010 | 31 December 2009 |
| Short-term investments in securities | 246,027,552,048 | 348,596,184,618 |
| Provision for a decline in value of short-term investments | (69,132,574,666) | (81,090,730,512) |
| Net value of short-term investments | 176,894,977,382 | 267,505,454,106 |

Movements of provision for a decline in value of short-term investments during the year were as follows:

| VND | | |
|---------------------------------------------|-----------------------|-----------------------|
| | 31 December 2010 | 31 December 2009 |
| Balance at the beginning of the year | 81,090,730,512 | 189,549,554,129 |
| Add: Provision created during the year | 21,348,366,362 | 41,831,228,559 |
| Less: Reversal of provision during the year | (33,306,522,208) | (150,290,052,176) |
| Balance at the end of the year | 69,132,574,666 | 81,090,730,512 |

7.2 Available-for-sale securities

| VND | | |
|-------------------------------------------|-----------------------|-----------------------|
| | 31 December 2010 | 31 December 2009 |
| Government bonds | 20,596,836,384 | 20,596,836,384 |
| Government bonds issued by local province | - | 32,074,500,000 |
| TOTAL | 20,596,836,384 | 52,671,336,384 |

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the financial year ended 31 December 2010

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8. SHORT-TERM RECEIVABLES

| ITEMS | Beginning balance | | Movement | | Ending balance | | Provision amount | | |
|-------------------------------------------------------------|------------------------|-----------------------|-----------------------|---------------------------|---------------------------|------------------------|----------------------|-----------------------|-----------------------|
| | Total | Overdue | Doubtful | Increase | Decrease | Total | | Overdue | Doubtful |
| 1. Trade receivables | 1,129,867,100 | 1,000,000,000 | 129,667,100 | 5,892,925,553 | 5,835,573,653 | 1,187,219,000 | - | 129,867,100 | 129,867,100 |
| - <i>Receivables from advisory services</i> | - | - | - | 5,892,925,553 | 4,835,573,653 | 1,057,351,900 | - | - | - |
| - <i>Receivables from securities investments</i> | 1,129,867,100 | 1,000,000,000 | 129,667,100 | - | 1,000,000,000 | 129,867,100 | - | 129,867,100 | 129,867,100 |
| 2. Receivables from securities trading | 655,156,686,651 | - | 15,781,390,634 | 10,213,895,430,375 | 10,022,396,361,546 | 846,655,755,480 | - | 15,788,918,795 | 15,788,918,795 |
| - <i>Receivables from foreign investors</i> | 479,981,990 | - | - | 31,249,358,331 | 31,170,084,920 | 559,255,401 | - | - | - |
| - <i>Receivables from advances to investors</i> | 44,397,250,080 | - | 15,781,390,634 | 2,303,909,969,350 | 2,308,332,898,757 | 39,974,320,673 | - | 15,788,918,795 | 15,788,918,795 |
| - <i>Deposit for share purchase</i> | - | - | - | 265,000,000,000 | 265,000,000,000 | - | - | - | - |
| - <i>Receivables from investment co-operation contracts</i> | 610,223,834,581 | - | - | 7,029,745,083,126 | 6,833,935,545,561 | 806,033,372,146 | - | - | - |
| - <i>Receivables from investors trading OTC shares</i> | 55,620,000 | - | - | 583,991,019,568 | 583,957,832,308 | 88,807,260 | - | - | - |
| 3. Other receivables | 253,052,082,667 | 27,893,372,903 | - | 382,217,913,762 | 548,502,603,132 | 86,767,393,297 | 2,915,942,500 | - | 2,915,942,500 |
| - <i>Interest of deposit for share purchase</i> | - | - | - | 39,985,876,737 | 39,985,876,737 | - | - | - | - |
| - <i>Bond interest</i> | 5,276,895,771 | - | - | 10,431,951,970 | 13,067,939,069 | 2,640,908,672 | - | - | - |
| - <i>Interest of deposit</i> | 2,863,305,148 | - | - | 2,825,169,299 | 2,583,946,327 | 3,104,528,120 | - | - | - |
| - <i>Receivables from reverse repurchase agreements (*)</i> | 244,893,372,903 | 27,893,372,903 | - | 328,408,250,648 | 492,707,957,696 | 80,593,665,855 | 2,915,942,500 | - | 2,915,942,500 |
| - <i>Other short-term receivables</i> | 18,508,845 | - | - | 566,665,108 | 156,883,303 | 428,290,650 | - | - | - |
| TOTAL | 909,338,636,418 | 28,893,372,903 | 15,911,057,734 | 10,602,006,269,690 | 10,576,734,538,331 | 934,610,367,777 | 2,915,942,500 | 15,918,785,895 | 18,834,728,395 |

(*): The ending balance included the amount of VND61,686,667,000 due from PetroVietnam Finance Corporation (PVFC) under the bond reverse repo contract No. 26/05/MBTP/HSC-PVFC dated 25 May 2010 and Annex No. 01 dated 18 August 2010. According to the contract, the Company purchased 100,000 bonds of Military Commercial Joint Stock Bank from PVFC and will resell to PVFC on 24 February 2011 at interest rate of 1.1% per annum.

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

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as at and for the financial year ended 31 December 2010

9. OTHER CURRENT ASSETS

VND

| | 31 December 2010 | 31 December 2009 |
|----------------------------------------|--------------------|----------------------|
| Advances | 322,576,014 | 312,279,535 |
| Shortage of assets awaiting resolution | 166,200,000 | 166,200,000 |
| Deposits of house rentals and software | 45,398,600 | 797,978,161 |
| TOTAL | 534,174,614 | 1,276,457,696 |

10. TANGIBLE FIXED ASSETS

VND

| | Transportation vehicles | Office equipment | Total |
|--------------------------------------------|-------------------------|------------------|----------------|
| Cost: | | | |
| As at 1 January 2010 | 3,219,787,884 | 13,439,229,396 | 16,659,017,280 |
| Newly purchased | - | 14,227,142,818 | 14,227,142,818 |
| Transferred from constructions in progress | - | 366,913,911 | 366,913,911 |
| Disposed | - | (402,356,627) | (402,356,627) |
| As at 31 December 2010 | 3,219,787,884 | 27,630,929,498 | 30,850,717,382 |
| <i>In which:</i> | | | |
| Fully depreciated | 13,640,000 | 4,582,802,892 | 4,596,442,892 |
| Accumulated depreciation: | | | |
| As at 1 January 2010 | 1,420,553,390 | 7,088,112,833 | 8,508,666,223 |
| Charge for the year | 538,904,647 | 6,215,806,537 | 6,754,711,184 |
| Disposed | - | (402,356,627) | (402,356,627) |
| As at 31 December 2010 | 1,959,458,037 | 12,901,562,743 | 14,861,020,780 |
| Net carrying amount: | | | |
| As at 1 January 2010 | 1,799,234,494 | 6,351,116,563 | 8,150,351,057 |
| As at 31 December 2010 | 1,260,329,847 | 14,729,366,755 | 15,989,696,602 |

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

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as at and for the financial year ended 31 December 2010

11. INTANGIBLE FIXED ASSETS

| | VND |
|--------------------------------------------|--------------------|
| | Computer softwares |
| Cost: | |
| As at 1 January 2010 | 12,022,890,751 |
| Newly purchased | 3,472,728,924 |
| Transferred from constructions in progress | 1,762,604,605 |
| As at 31 December 2010 | 17,258,224,280 |
| <i>In which:</i> | |
| Fully depreciated | 204,999,238 |
| Accumulated amortization: | |
| As at 1 January 2010 | 4,114,960,305 |
| Amortization for the year | 4,768,816,827 |
| As at 31 December 2010 | 8,883,777,132 |
| Net carrying amount: | |
| As at 1 January 2010 | 7,907,930,446 |
| As at 31 December 2010 | 8,374,447,148 |

12. CONSTRUCTIONS IN PROGRESS

| | VND | |
|---------------------------------------------------|----------------------|----------------------|
| | 31 December 2010 | 31 December 2009 |
| Installation of data center | 2,614,950,000 | - |
| Solution for financial and securities information | - | 1,762,604,605 |
| Purchases of other tangible fixed assets | 68,172,090 | 366,913,911 |
| TOTAL | 2,683,122,090 | 2,129,518,516 |

13. LONG-TERM PREPAID EXPENSES

| | VND | |
|---------------------------------------|------------------------|-----------------------|
| | 31 December 2010 | 31 December 2009 |
| Office rentals (*) | 126,866,386,442 | 18,595,617,764 |
| Prepaid expenses of office equipments | 4,895,378,141 | 1,543,724,826 |
| Office renovation costs | 834,994,382 | 1,789,733,574 |
| TOTAL | 132,596,758,965 | 21,929,076,164 |

(*): This included a full prepayment for lease of 1,802 m² in AB Tower for the period of 40 years amounting to VND112,365,389,652.

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

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as at and for the financial year ended 31 December 2010

14. DEPOSITS TO SETTLEMENT SUPPORT FUND

Deposits to Settlement Support Fund represent deposits at the Ho Chi Minh City Stock Exchange.

According to Decision No. 60/2004/QĐ-BTC dated 15 July 2004 and Decision No. 72/2005/QĐ-BTC dated 21 October 2005 issued by the Ministry of Finance and Decision No. 17/2007/QĐ-TTLK dated 2 April 2005 issued by the Custody Centre of State Securities Commission, the Company is required to deposit an initial amount of VND120 million at each stock exchange and make an annual additional contribution of 0.01% of total value trading of dealing and brokered securities in prior year.

Movements of deposits to Settlement Support Fund during the year were as follows:

| | VND |
|----------------------------------------------|----------------------|
| Opening balance | 120,000,000 |
| Interest income in 2006 and 2007 | 25,487,076 |
| Interest received in 2009 | 52,901,505 |
| Additional contribution in 2009 | 2,140,647,805 |
| Balance as at 31 December 2009 | 2,339,036,386 |
| Interest received in 2010 | 201,994,487 |
| Additional contribution in 2010 | 1,745,104,008 |
| Ending balance as at 31 December 2010 | 4,286,134,881 |

15. OTHER LONG-TERM ASSETS

This represents long-term deposits for the leases of the Company's offices.

16. TAXES AND OTHER PAYABLE TO STATE BUDGET

| | VND | |
|------------------------------------------------|-----------------------|-----------------------|
| | 31 December 2010 | 31 December 2009 |
| Enterprise income tax (Note 25.2) | 7,376,283,374 | 30,716,234,517 |
| Personal income tax of investors | 4,479,443,605 | - |
| Personal income tax of the Company's employees | 616,717,535 | 318,119,895 |
| Value added tax | 65,266,178 | 84,967,998 |
| Other taxes | - | 4,711,400,968 |
| TOTAL | 12,537,710,692 | 35,830,723,378 |

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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17. ACCRUED EXPENSES

| | VND | |
|--------------------------------------------------------|-----------------------|----------------------|
| | 31 December 2010 | 31 December 2009 |
| Allowance for working performance payable to employees | 9,000,000,000 | 7,167,892,437 |
| Brokerage fee payables to Stock Exchange | 2,795,224,947 | 1,925,527,037 |
| Other accrued expenses | 505,656,650 | 123,000,002 |
| TOTAL | 12,300,881,597 | 9,216,419,476 |

18. PAYABLES FOR SECURITIES TRADING

| | VND | |
|----------------------------------------------------------------|------------------------|------------------------|
| | 31 December 2010 | 31 December 2009 |
| Payable to Stock Exchange for settlement of securities trading | 513,321,240,000 | 113,172,421,000 |
| Investors' deposits for trading of securities | 303,038,955,561 | 332,387,192,063 |
| Deposits from investor for trading of OTC stocks | 3,026,000,000 | 3,026,000,000 |
| Other payables | 148,804,000 | 176,354,000 |
| TOTAL | 819,534,999,561 | 448,761,967,063 |

19. OTHER PAYABLES

| | VND | |
|-----------------------------------------|-----------------------|-----------------------|
| | 31 December 2010 | 31 December 2009 |
| Payables for repurchase agreements (*) | 61,686,667,000 | - |
| Dividend payables to shareholders | 3,461,084,209 | 42,405,496,459 |
| Trade union | 1,072,567,944 | 650,236,221 |
| Other funds belonging to owners' equity | 987,632,443 | - |
| Social insurance | 233,043,258 | 137,363,075 |
| Health insurance | 126,927,209 | 115,988,459 |
| Unemployment insurance | 90,252,260 | 74,745,260 |
| Other payables | 223,100,689 | 110,687,276 |
| TOTAL | 67,881,275,012 | 43,494,516,750 |

(*): This represents payable to Amersham Industries Limited under the bond repo contract No. 28/05/MBTP/HSC-DC dated 27 May 2010, Annex No. 01 dated 24 August 2010 and Annex No. 02 dated 24 November 2010. According to the contract, the Company sold 100,000 bonds of Military Commercial Joint Stock Bank to Amersham Industries Limited and will repurchase these bonds on 21 February 2011 at interest rate of 11.5% per annum. The interest period was from 28 May 2010 to 24 August 2010.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the financial year ended 31 December 2010

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20. OWNERS' EQUITY

20.1 Increase and decrease in owners' equity

For the financial year ended 31 December 2010

| | Share capital | Share premium | Treasury shares | Investment and development fund | Financial reserve | Undistributed earnings | Total |
|----------------------------------------------------------------|------------------------|------------------------|------------------------|---------------------------------|-----------------------|------------------------|--------------------------|
| | | | | | | | VND |
| Beginning Balance | 394,634,000,000 | 757,828,775,000 | (1,941,442,200) | 3,961,374,994 | 54,097,834,988 | 328,805,412,265 | 1,537,385,955,047 |
| - Increased in share capital from share premium (*) | 196,993,860,000 | (196,993,860,000) | - | - | - | - | - |
| - Capital contribution in cash (**) | 8,369,000,000 | - | - | - | - | - | 8,369,000,000 |
| - Net profit for the year | - | - | - | - | - | 182,311,697,653 | 182,311,697,653 |
| - Purchase of treasury shares | - | - | (2,029,635,160) | - | - | - | (2,029,635,160) |
| - Creation of financial reserve for 2010 | - | - | - | - | 18,231,169,765 | (18,231,169,765) | - |
| - Creation of bonus and welfare fund for 2009 | - | - | - | - | - | (13,905,965,931) | (13,905,965,931) |
| - Creation of other funds belonging to owners' equity for 2009 | - | - | - | - | - | (2,781,193,186) | (2,781,193,186) |
| - Dividends declared | - | - | - | - | - | (119,759,778,000) | (119,759,778,000) |
| - Under accrual of income tax in prior year | - | - | - | - | - | (435,208,637) | (435,208,637) |
| - Other adjustments | - | - | - | - | - | 16,438,000 | 16,438,000 |
| Ending Balance | 599,996,860,000 | 560,834,915,000 | (3,971,077,360) | 3,961,374,994 | 72,329,004,753 | 356,020,232,399 | 1,589,171,309,786 |

(*): On 1 Feb 2010, the Company received Decision No. 19/QĐ-SGDHCM from the Ho Chi Minh City Stock Exchange which approved the Company to additionally list the bonus shares related to the increasing capital from share premium and the Notice No. 79/TB-SGDHCM on listing and officially trading the bonus shares on the Ho Chi Minh Stock Exchange on 09 February 2010. The number of the additional listing was 19,699,386 shares.

(**): On 14 May 2010, the Company received the Decision No. 93/QĐ-SGDHCM from the Ho Chi Minh City Stock Exchange which approved for additional listing related to increasing capital by cash. The number of additional listing was 836,900 shares.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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20. OWNERS' EQUITY (continued)

20.1 Increase and decrease in owners' equity (continued)

For the financial year ended 31 December 2009

VWD

| | Share capital | Share premium | Treasury shares | Investment and development fund | Financial reserve | Bonus and welfare fund | Other funds belonging to owners' equity | Undistributed earnings | Total |
|-------------------------------------------|------------------------|------------------------|------------------------|---------------------------------|-----------------------|------------------------|-----------------------------------------|------------------------|--------------------------|
| Beginning balance | 394,634,000,000 | 757,828,775,000 | (645,000,000) | 3,961,374,994 | 26,458,301,498 | 7,401,986,128 | 1,538,895,415 | 132,269,417,751 | 1,323,447,750,786 |
| - Net profit for the year | - | - | - | - | - | - | - | 278,119,318,635 | 278,119,318,635 |
| - Purchase of treasury shares | - | - | (1,296,442,200) | - | - | 861,200,000 | - | - | (435,242,200) |
| - Creation of reserves and funds for 2008 | - | - | - | - | (172,398,374) | 2,354,301,112 | 235,430,111 | (2,417,332,849) | - |
| - Creation of reserves and fund for 2009 | - | - | - | - | 27,811,931,864 | - | - | (27,811,931,864) | - |
| - Utilisation of funds | - | - | - | - | - | (721,970,324) | (663,914,000) | - | (1,385,884,324) |
| - Dividends declared | - | - | - | - | - | - | - | (51,225,248,000) | (51,225,248,000) |
| - Other adjustments | - | - | - | - | - | - | - | (128,811,408) | (128,811,408) |
| Ending balance | 394,634,000,000 | 757,828,775,000 | (1,941,442,200) | 3,961,374,994 | 54,097,834,988 | 9,895,516,916 | 1,110,411,526 | 328,805,412,265 | 1,548,391,883,489 |

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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20. OWNERS' EQUITY (continued)

20.2 Share capital

| | VND | |
|-----------------------------|--------------------------|--------------------------|
| | 2010 | 2009 |
| Contributed by shareholders | 599,996,860,000 | 394,634,000,000 |
| Share premium | 560,834,915,000 | 757,828,775,000 |
| Treasury shares | (3,971,077,360) | (1,941,442,200) |
| TOTAL | 1,156,860,697,640 | 1,150,521,332,800 |

20.3 Capital transactions with share capital and distribution of dividends

| | VND | |
|-----------------------|------------------------|------------------------|
| | 2010 | 2009 |
| Share capital | | |
| Beginning balance | 394,634,000,000 | 394,634,000,000 |
| Increase | 205,362,860,000 | - |
| Ending balance | 599,996,860,000 | 394,634,000,000 |
| Dividends paid | 158,704,190,250 | 20,769,370,960 |

20.4 Dividends

| | VND | |
|------------------------------------------------------------------------|----------------|----------------|
| | 2010 | 2009 |
| Dividends declared and paid during the financial reporting year | | |
| <i>Dividends on ordinary shares</i> | | |
| Dividends for 2007: VND500 per share | - | 35,354,000 |
| Dividends for 2008: VND1,000 per share | 9,457,900 | 20,734,016,960 |
| Dividends for 2009: VND2,000 per share | 99,015,910,000 | - |
| Advance of dividends for 2010: VND1,000 per share | 59,678,822,350 | - |

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

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20. OWNERS' EQUITY (continued)

20.5 Shares

| | 31 December 2010 Share | 31 December 2009 Share |
|----------------------------------|---------------------------|---------------------------|
| Authorized shares | 59,999,686 | 39,463,400 |
| Issued shares | | |
| <i>Issued and paid-up shares</i> | | |
| Ordinary shares | 59,999,686 | 39,463,400 |
| Treasury shares | | |
| <i>Held by the Company</i> | | |
| Ordinary shares | 157,745 | 64,628 |
| Outstanding shares | | |
| Ordinary shares | 59,841,941 | 39,398,772 |

20.6 Funds belonging to owners' equity

The Company uses profit after tax to create the funds in accordance with Decision No. 27/2007QD-BTC issued by the Ministry of Finance on 24 April 2007 as below.

| | Percentage of profit after tax | Maximum level |
|---------------------------------------|--------------------------------|-------------------------|
| Charter capital supplementary reserve | 5% | 100% of charter capital |
| Financial reserve | 5% | 10% of charter capital |

In 2010, the Company has made an allocation to the supplementary capital reserve and financial reserve amounting to VND9,115,584,883 and VND9,115,584,883, respectively, which are subjected to final approval by the shareholders at the Company's Annual General Meeting.

20.7 Other funds belonging to owners' equity

Other funds belonging to owners' equity are created as the resolution of the Annual General Meeting.

21. OTHER REVENUE

| | VND | |
|------------------------------------------------|------------------------|-----------------------|
| | 2010 | 2009 |
| Revenue from investment co-operation contracts | 142,024,807,424 | 31,411,370,930 |
| Interest income from deposits at banks | 61,358,304,486 | 55,390,431,049 |
| Revenue from reverse repurchase agreements | 6,978,194,112 | 6,010,703,454 |
| Revenue from advances to investors | 3,386,786,569 | 4,811,538,359 |
| Other revenue | 42,608,130,728 | 1,507,579,990 |
| TOTAL | 256,356,223,319 | 99,131,623,782 |

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

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22. OPERATING EXPENSES

| | <i>VND</i> | |
|------------------------------------------------------------------------|------------------------|------------------------|
| | 2010 | 2009 |
| Securities investment expenses (*) | 84,677,908,119 | 172,770,586,748 |
| Staff cost | 44,217,570,457 | 28,259,600,083 |
| Brokerage expenses | 31,457,876,288 | 26,787,034,698 |
| Outsourced services | 12,412,296,519 | 6,739,331,892 |
| Depreciation and amortization | 6,940,634,484 | 3,325,595,986 |
| Office supplies | 270,311,410 | 318,102,575 |
| Other expenses | 2,467,444,891 | 1,385,272,100 |
| Provision for a decline in value of short-term investments | 21,348,366,362 | 41,831,228,559 |
| Reversal of provision for a decline in value of short-term investments | (33,306,522,208) | (150,290,052,176) |
| TOTAL | 170,485,886,322 | 131,126,700,465 |

(*): According to Circular No. 95/2008/TT-BTC dated 24 October 2008 issued by the Ministry of Finance guiding on the accounting policies for securities companies, gains (the excess of selling price over cost) on securities investments trading are recognized in revenue from securities investments and losses (the excess of cost over selling price) are recognized in securities investments expenses.

23. GENERAL AND ADMINISTRATIVE EXPENSES

| | <i>VND</i> | |
|------------------------------------------|-----------------------|-----------------------|
| | 2010 | 2009 |
| Staff cost | 32,133,113,098 | 22,606,369,054 |
| Office rental | 18,409,277,071 | 9,765,115,822 |
| Outsourced services | 12,390,962,169 | 8,737,800,103 |
| Office renovation expenses | 4,443,009,255 | 4,931,387,498 |
| Depreciation and amortization | 4,582,893,527 | 2,900,535,265 |
| Taxes and other fees | 595,550,149 | 558,762,469 |
| Office supplies | 284,370,590 | 209,695,521 |
| Other expenses | 1,705,346,158 | 369,584,593 |
| Provision for doubtful debts | 7,728,161 | 1,051,747,011 |
| Reversal of provision for doubtful debts | (2,020,237,500) | (12,858,454,000) |
| TOTAL | 72,532,012,678 | 38,272,543,336 |

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

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as at and for the financial year ended 31 December 2010

24. OTHER PROFIT

| | VND | |
|-------------------------------------------------|-------------------|-----------------------|
| | 2010 | 2009 |
| Other income | | |
| Income from transfer of right of investment (*) | - | 14,424,300,000 |
| Other income | 70,196,144 | 10,232,505 |
| | 70,196,144 | 14,434,532,505 |
| Other expenses | - | - |
| NET | 70,196,144 | 14,434,532,505 |

(*): This represents the income from transferring of the right of investment in apartments of Him Lam Co. Ltd.'s project.

25. ENTERPRISE INCOME TAX

The Company has the obligation to pay Enterprise Income Tax ("EIT") at the rate of 20% of taxable profits for the period in the first 10 years and 25% thereafter.

25.1 Enterprise income tax expense

| | VND | |
|------------------------------------------------------------|-----------------------|-----------------------|
| | 2010 | 2009 |
| EIT expense at rate of 20% | 44,958,466,123 | 54,845,020,502 |
| Under provision of income tax in prior years | 630,702,519 | 19,802,631,429 |
| Deductible EIT according to Circular No. 03/2009/TT-BTC | - | (16,453,506,150) |
| TOTAL | 45,589,168,642 | 58,194,145,781 |

25.2 Current enterprise income tax

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

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

B09-CTCK

as at and for the financial year ended 31 December 2010

25. ENTERPRISE INCOME TAX (continued)

25.2 Current enterprise income tax (continued)

A reconciliation between the profit before tax and taxable profit multiplied by the applicable tax rate for the year is presented below:

| | 2010 | 2009 |
|---------------------------------------------------------------------|------------------------|------------------------|
| Profit before tax | 227,900,866,295 | 336,313,464,416 |
| Adjustments to increases/(decreases) accounting profit | | |
| <i>Adjustments to increases:</i> | | |
| Non-deductible expenses | 355,949,072 | 108,000,000 |
| <i>Adjustments to decreases:</i> | | |
| Non-taxable dividend income | (3,464,484,750) | (6,174,580,324) |
| Reversal of provision for a decline in value of unlisted securities | - | (56,021,781,581) |
| Estimated current taxable profit | 224,792,330,617 | 274,225,102,511 |
| EIT expense at rate of 20% | 44,958,466,123 | 54,845,020,502 |
| Under provision of tax in prior years | 630,702,519 | 19,802,631,429 |
| Deductible EIT according to Circular No. 03/2009/TT-BTC | - | (16,453,506,150) |
| Estimated current EIT | 45,589,168,642 | 58,194,145,781 |
| EIT payable/(receivable) at the beginning of the year | 30,716,234,517 | (7,675,279,835) |
| Under provision of tax in prior years | 452,781,411 | - |
| EIT paid during the year | (69,381,901,196) | (19,802,631,429) |
| EIT payable at the end of the year | 7,376,283,374 | 30,716,234,517 |

25.3 Deferred enterprise income tax

There was no deferred tax recognized as at 31 December 2010 since there are no significant identified items treated as temporary differences between the carrying value and the tax base of assets and liability in the financial statements.

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

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as at and for the financial year ended 31 December 2010

26. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (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.

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

| | 2010 | 2009 |
|-------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Net profit after tax attributable to ordinary equity holders for basic earnings | 182,311,697,653 | 278,119,318,635 |
| Net profit attributable to ordinary equity holders adjusted for the effect of dilution | 182,311,697,653 | 278,119,318,635 |
| Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share | 59,900,668 | 39,415,855 |
| <i>Effect of dilution:</i> | | |
| Bonus shares (*) | - | 19,707,927 |
| Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution | 59,900,668 | 59,123,782 |

(*): According to Notice No. 784/TB-SDGHCM dated 23 December 2009 by the Ho Chi Minh City Stock Exchange, the last registered date on which the bonus shares of the Company using from the outstanding share premium were issued to the existing shareholders at the rate of 2:1 (one new share for every two existing shares) was on 29 December 2009.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

B09-CTCK

as at and for the financial year ended 31 December 2010

27. TRANSACTIONS WITH RELATED PARTIES

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

| Related parties | Relationship | Transactions | VND |
|----------------------------------------------------------------|--------------------|-----------------------|----------------|
| | | | Amounts |
| Dragon Capital Markets Limited (DC) | <i>Shareholder</i> | Dividend | 50,199,280,000 |
| | | Purchasing securities | 10,810,130,000 |
| | | Broker fee | 10,815,570 |
| Ho Chi Minh City Fund and Investment Corporation (HFIC) | <i>Shareholder</i> | Dividend | 48,000,000,000 |

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

| | Relationship | Transactions | VND |
|---------------------------------------------------------|--------------|---------------------------------|----------------|
| | | | Payable |
| <i>Payables in securities trading</i> | | | |
| Ho Chi Minh City Fund and Investment Corporation (HFIC) | Shareholder | Deposits for trading securities | 18,030,291,612 |

Transactions with other related parties

Remuneration to members of the Management Team and Board of Directors

| | VND | |
|--------------------|---------------|---------------|
| | 2010 | 2009 |
| Salaries and bonus | 6,567,864,743 | 6,607,370,305 |

2010 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

B09-CTCK

as at and for the financial year ended 31 December 2010

28. OPERATING LEASE COMMITMENT

The Company leases offices under operating lease agreements are as follows:

At Ho Chi Minh City:

- Head office at Floor 1, 2 and 3 at 6 Thai Van Lung, District 1.
- Branch office at 569-571-573 Tran Hung Dao, Cau Kho Ward, District 1.
- Transaction office at 614-616-618 Ba Thang Hai, Ward 14, District 10.
- Floor 5 & 6, AB Tower at 76 Le Lai, Ben Thanh Ward, District 1.

At Ha Noi:

- Branch office at 6 Le Thanh Tong, Hoan Kiem District.
- Transaction office at 19 Lang Ha, Ba Dinh District.
- Transaction office at 193C Ba Trieu, Hai Ba Trung District.
- Transaction office at Floor 2, B14 Building, Kim Lien Ward, Dong Da District.

The minimum lease commitment as at 31 December 2010 under the operating lease agreements is as follows:

| | 31 December 2010 | 31 December 2009 |
|-------------------|------------------|------------------|
| | | VND |
| Less than 1 year | 8,372,033,312 | 2,883,705,300 |
| From 1 - 5 years | 17,842,028,911 | 22,929,088,126 |
| More than 5 years | - | 102,144,892,331 |

29. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events occurring from the balance sheet date to the issuing date which would require adjustments or disclosures to be made in the financial statements.

Transaction Centers



1

1. HEAD OFFICE

Level 5 & 6, AB Tower, 76 Le Lai St.,
Ben Thanh Ward, District 1, HCMC
T: (+84 8) 3823 3299
F: (+84 8) 3823 3301

2. THAI VAN LUNG BRANCH

Level 1, Capital Place Building
6 Thai Van Lung St., District 1, HCMC
T: (+84 8) 3823 2981
F: (+84 8) 3823 2982

3. BA THANG HAI OFFICE

Level 2, 614-616-618 Ba Thang Hai St.,
Ward 14, District 10, HCMC
T: (+84 8) 3868 7179
F: (+84 8) 3868 7139

4. TRAN HUNG DAO OFFICE

Level 1 & 2, 569-571-573 Tran Hung
Dao St., Cau Kho Ward, District 1, HCMC
T: (+84 8) 3836 4189
F: (+84 8) 3836 4198

5. HANOI OFFICE

6 Le Thanh Tong St., Phan Chu Trinh
Ward, Hoan Kiem District, Hanoi
T: (+84 4) 3933 4693
F: (+84 4) 3933 4822

6. LANG HA OFFICE

19 Lang Ha, Ba Dinh District, Hanoi
T: (+84 4) 3514 7799
F: (+84 4) 3514 9521

7. BA TRIEU OFFICE

193C Ba Trieu, Le Dai Hanh Ward
Hai Ba Trung District, Hanoi
T: (+84 4) 3974 8748
F: (+84 4) 3974 8540

8. KIM LIEN OFFICE

B14 Kim Lien, Pham Ngoc Thach Ward
Dong Da District, Hanoi
T: (+84 4) 3574 5599
F: (+84 4) 3574 5959



2



3



4



5



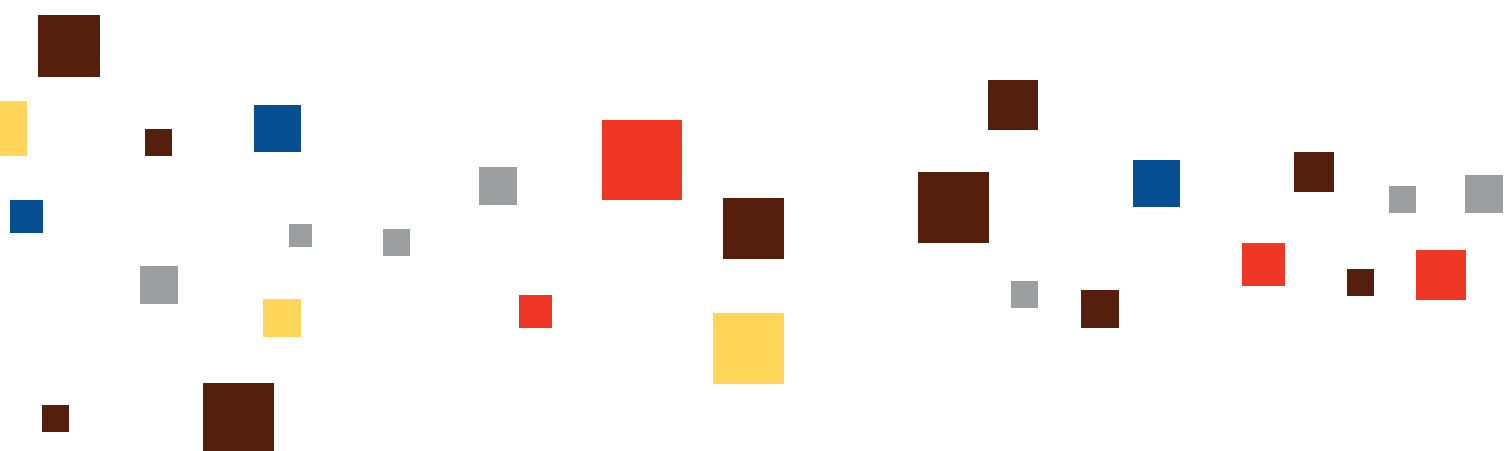
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8



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