



**Ho Chi Minh City Securities Corporation**

Financial Statements for the year ended  
31 December 2008



## **Ho Chi Minh City Securities Corporation Corporate Information**

### **Business Registration Certificate No.**

4103001573/GP 23 April 2003

The Business Registration Certificate was issued by the Ho Chi Minh City Department of Planning and Investment.

### **Securities Operating Licence No.**

11/UBCK-GPHDKD 29 April 2003  
15/UBCK-GPHDLK 2 May 2003  
74/UBCK-GP 27 September 2007  
130/UBCK/-GPDCCTCK 9 June 2008

The Securities Operating Licence and updates were issued by the State Securities Commission of Vietnam.

### **Board of Directors**

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

### **Board of Management**

Mr. Johan Nyvene	Chief Executive Officer
Mr. Trinh Hoai Giang	Deputy Chief Executive Officer
Mr. Pham Minh Phuong	Deputy Chief Executive Officer
Mr. Johan Kruimer	Managing Director
Mr. Fiachra Mac Cana	Managing Director (from 1 March 2008)
Mr. Ha Thanh To	Managing Director (from 3 November 2008)

### **Ho Chi Minh Head Office**

Level 1-2-3, Capital Place Building  
6 Thai Van Lung Street, District 1, Ho Chi Minh City  
Vietnam

### **Hanoi Branch**

6 Le Thanh Tong, Hoan Kiem District, Hanoi  
Vietnam

### **Auditors**

KPMG Limited  
Vietnam

## **Ho Chi Minh City Securities Corporation**

### **REPORT OF THE BOARD OF DIRECTORS**

The Board of Directors of Ho Chi Minh City Securities Corporation (“the Company”) presents its report and the Company’s financial statements for the year ended 31 December 2008.

#### **THE COMPANY**

Ho Chi Minh City Securities Corporation is a joint stock company incorporated in Vietnam on 29 April 2003.

The principal activity of the Company are to conduct securities brokerage activities, securities trading activities, securities investment advisory, securities underwriting and securities custodian services.

The registered office of the Company is located Level 1-2-3, Capital Place Building, 6 Thai Van Lung Street, District 1, Ho Chi Minh City, Vietnam.

#### **THE BOARD OF DIRECTORS AND BOARD OF MANAGEMENT**

The following are the current Directors of the Company during the year:

<b>Board of Directors</b>	Ms. Ngo Kim Lien	Chairperson
	Mr. Do Hung Viet	Vice Chairman
	Mr. Le Anh Minh	Vice Chairman
	Mr. Nguyen Quyet Chien	Member
	Mr. Johan Nyvene	Member
	Mr. Pham Nghiem Xuan Bac	Member
	Mr. Nguyen Huu Thanh	Member
	Mr. Hoang Dinh Thang	Member

The following are the current Members of Board of Management of the Company during the year:

<b>Board of Management</b>	Mr. Johan Nyvene	Chief Executive Officer
	Mr. Trinh Hoai Giang	Deputy Chief Executive Officer
	Mr. Pham Minh Phuong	Deputy Chief Executive Officer
	Mr. Johan Kruimer	Managing Director
	Mr. Fiachra Mac Cana	Managing Director (from 1 March 2008)
	Mr. Ha Thanh To	Managing Director (from 3 November 2008)

#### **AUDITORS**

The auditors, KPMG Limited, Vietnam, have expressed their willingness to accept re-appointment.

## Ho Chi Minh City Securities Corporation

### REPORT OF THE BOARD OF DIRECTORS (continued)

#### STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the financial statements, prepared in accordance with Decision No 99/2000/QD-BTC issued by the Ministry of Finance dated 13 June 2000 on the promulgation of accounting systems of securities companies, Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam, of each financial year which give a true and fair view of the state of affairs of the Company and of its results and cash flows for the year. In preparing those financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 in business.


The Board of Directors is also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the requirements of Decision No 99/2000/QD-BTC issued by the Ministry of Finance dated 13 June 2000 on the promulgation of accounting systems of securities companies, Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam. 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 Board of Directors confirm that they have complied with the above requirements in preparing the financial statements.

#### APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as of 31 December 2008 and of the related statements of income, changes in equity and cash flows for the year then ended in accordance with Decision No 99/2000/QD-BTC issued by the Ministry of Finance dated 13 June 2000 on the promulgation of accounting systems of securities companies, Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam.

On behalf of the Board of Directors



*Johan Nyvene*

**JOHAN NYVENE**  
Member

Ho Chi Minh City, Vietnam



**KPMG Limited**  
10<sup>th</sup> Floor, Sun Wah Tower  
115 Nguyen Hue Street  
District 1, Ho Chi Minh City  
The Socialist Republic of Vietnam

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## INDEPENDENT AUDITORS' REPORT

**To the Shareholders  
Ho Chi Minh City Securities Corporation**

### Scope

We have audited the accompanying balance sheet of Ho Chi Minh City Securities Corporation ("the Company") as of 31 December 2008 and the related statements of income, changes in equity and cash flows for the year then ended. 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.

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ho Chi Minh City Securities Corporation as of 31 December 2008 and the results of its operations and its cash flows for the year then ended in accordance with Decision No 99/2000/QD-BTC issued by the Ministry of Finance dated 13 June 2000 on the promulgation of accounting systems of securities companies, Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam.

**KPMG Limited**  
Vietnam  
Investment Certificate No: 011043000345  
Audit Report No: 08-01-345

John T. Ditty  
CPA No. N0885/KTV  
General Director

Tran Dinh Vinh  
CPA No.0339 /KTV

Ho Chi Minh City, 31 MAR 2009

**Ho Chi Minh City Securities Corporation**  
**Balance sheet at 31 December 2008**

	Code	Note	2008 VND	2007 VND
<b>ASSETS</b>				
<b>A- CURRENT ASSETS AND SHORT-TERM INVESTMENTS</b>	<b>100</b>		<b>424,512,702,959</b>	<b>1,258,228,252,546</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>134,722,054,635</b>	<b>581,787,772,199</b>
Cash on hand	111		406,867,526	360,070,207
Cash in banks	112		23,727,647,638	525,068,874,756
Cash from customers relating to securities transactions	114		110,587,539,471	56,358,827,236
<b>II. Short-term securities investments and other short-term investments</b>	<b>120</b>		<b>228,911,645,777</b>	<b>625,242,395,173</b>
Trading securities	121	5	369,171,202,766	390,158,215,112
Short-term investments	123	6	60,376,745,140	267,166,238,600
Allowance for diminution in the value of trading securities	126	5	(189,549,554,129)	(32,082,058,539)
Allowance for short-term investments	126	6	(11,086,748,000)	-
<b>III. Accounts receivable</b>	<b>130</b>	<b>7</b>	<b>57,521,033,068</b>	<b>49,576,690,615</b>
Other receivables	137		79,088,229,791	49,576,690,615
Allowance for doubtful debts	138		(21,567,196,723)	-
<b>IV. Other current assets</b>	<b>150</b>		<b>3,357,969,479</b>	<b>1,621,394,559</b>
Advances	151		206,761,874	637,488,522
Prepaid expenses	152		2,543,001,944	983,906,037
Short-term deposits	156		608,205,661	-

*The accompanying notes are an integral part of these financial statements*

**Ho Chi Minh City Securities Corporation**  
**Balance sheet at 31 December 2008 (continued)**

	Code	Note	2008 VND	2007 VND
<b>B - FIXED ASSETS AND LONG - TERM INVESTMENTS</b>	<b>200</b>		<b>1,054,696,973,332</b>	<b>63,930,459,294</b>
<b>I. Fixed assets</b>	<b>210</b>		<b>14,901,978,332</b>	<b>6,185,293,113</b>
Tangible fixed assets	211	8	7,794,520,395	5,725,174,348
<i>Cost</i>	212		12,702,454,983	8,178,303,094
<i>Accumulated depreciation</i>	213		(4,907,934,588)	(2,453,128,746)
Intangible fixed assets	217	9	7,107,457,937	460,118,765
<i>Cost</i>	218		8,645,993,297	1,510,854,020
<i>Accumulated amortisation</i>	219		(1,538,535,360)	(1,050,735,255)
<b>II. Long-term securities investments and other long-term investments</b>	<b>220</b>		<b>1,029,296,669,128</b>	<b>45,834,206,793</b>
Long-term securities investments	221	10	1,029,296,669,128	45,834,206,793
<b>III. Construction in progress</b>	<b>230</b>	<b>11</b>	<b>804,730,462</b>	<b>3,576,409,109</b>
<b>IV. Other long-term assets</b>	<b>240</b>		<b>9,693,595,410</b>	<b>8,334,550,279</b>
Long-term deposits	241	12	1,067,894,904	1,076,094,904
Deposits at Payment Support Fund	242	13	1,124,409,808	186,024,720
Long-term prepayments	243	14	7,501,290,698	7,072,430,655
<b>TOTAL ASSETS</b>	<b>250</b>		<b>1,479,209,676,291</b>	<b>1,322,158,711,840</b>

*The accompanying notes are an integral part of these financial statements*

**Ho Chi Minh City Securities Corporation**  
**Balance sheet at 31 December 2008 (continued)**

	Code	Note	2008 VND	2007 VND
<b>RESOURCES</b>				
<b>A- LIABILITIES</b>	<b>300</b>		<b>155,761,925,505</b>	<b>672,715,072,887</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>154,236,284,505</b>	<b>672,315,072,887</b>
Payables to Securities Depository Centre	315		32,773,638,005	47,679,968,030
Payables to suppliers	318		190,744,300	658,000,000
Advances from customers	319		740,409,000	6,018,167,828
Taxes payable to State Treasury	323	15	1,555,221,261	11,646,142,058
Payable to employees	324		1,710,350,260	-
Accrued expenses	325		749,578,520	5,681,085,561
Other payables	328	16	14,286,905,813	467,849,010,027
Settlements of securities transactions by customers	332		102,229,437,346	132,782,699,383
<b>II. Long-term liabilities</b>	<b>340</b>		<b>1,525,641,000</b>	<b>400,000,000</b>
Payable to delegators	345		191,103,500	-
Provision for severance allowance	346	17	1,334,537,500	400,000,000
<b>B- EQUITY</b>	<b>400</b>		<b>1,323,447,750,786</b>	<b>649,443,638,953</b>
<b>I. Capital</b>	<b>410</b>	<b>18</b>	<b>394,634,000,000</b>	<b>200,000,000,000</b>
Share capital	412		394,634,000,000	200,000,000,000
<b>II. Supplementary capital</b>	<b>420</b>	<b>18</b>	<b>757,828,775,000</b>	<b>236,099,785,000</b>
Share premium	421		757,828,775,000	236,099,785,000
<b>III. Reserves and retained profits</b>	<b>430</b>		<b>171,629,975,786</b>	<b>213,343,853,953</b>
Statutory reserves	433	19	26,458,301,498	10,717,087,214
Other equity funds	436	19	5,500,270,409	4,891,018,929
Bonus and welfare funds	439	19	7,401,986,128	3,140,567,259
Retained profits	438		132,269,417,751	194,595,180,551
<b>IV. Adjustment to capital</b>	<b>440</b>	<b>18</b>	<b>(645,000,000)</b>	<b>-</b>
Treasury shares	443		(645,000,000)	-
<b>TOTAL RESOURCES</b>	<b>450</b>		<b>1,479,209,676,291</b>	<b>1,322,158,711,840</b>

Prepared by:

Lam Huu Ho  
 Chief Financial Officer

Approved by:

Johan Nyvene  
 Chief Executive Officer



The accompanying notes are an integral part of these financial statements



**Ho Chi Minh City Securities Corporation**  
**Statement of income for the year ended 31 December 2008**

**PART I - PROFIT AND LOSS**

	<b>Code</b>	<b>Note</b>	<b>2008 VND</b>	<b>2007 VND</b>
<b>Revenue from securities trading activities</b>	<b>01</b>		<b>231,373,559,732</b>	<b>224,705,757,363</b>
Revenue from securities brokerage	02		28,972,268,359	32,835,148,535
Revenue from securities trading	03		96,195,397,327	168,372,368,484
Revenue from securities underwriting, issuance agency	05		1,007,500,000	131,327,129
Revenue from securities investment advisory	06		5,128,102,684	3,411,628,200
Revenue from operating capital	09	20	100,070,291,362	19,955,285,015
<b>Income from investment activities</b>	<b>13</b>		<b>54,223,046,536</b>	<b>5,806,745,800</b>
<b>Net revenue from securities trading and investment activities</b>	<b>14</b>		<b>285,596,606,268</b>	<b>230,512,503,163</b>
<b>Expenses for securities trading activities</b>	<b>15</b>	<b>21</b>	<b>(201,487,616,737)</b>	<b>(41,141,309,776)</b>
<b>Gross profit</b>	<b>20</b>		<b>84,108,989,531</b>	<b>189,371,193,387</b>
<b>General and administration expenses</b>	<b>30</b>	<b>22</b>	<b>(60,564,239,225)</b>	<b>(41,215,229,790)</b>
<b>Net profit from securities trading and investment activities</b>	<b>40</b>		<b>23,544,750,306</b>	<b>148,155,963,597</b>
Other income	41		169,683,141	869,539,364
Other expenses	42		(171,422,335)	(927,217,237)
<b>Profit before tax</b>	<b>60</b>		<b>23,543,011,112</b>	<b>148,098,285,724</b>
<b>Income tax expense - current</b>	<b>70</b>	<b>24</b>	<b>-</b>	<b>(15,953,137,742)</b>
<b>Income tax expense - deferred</b>	<b>71</b>	<b>24</b>	<b>-</b>	<b>-</b>
<b>Net profit</b>	<b>80</b>		<b>23,543,011,112</b>	<b>132,145,147,982</b>
<b>Earnings per share</b>		<b>29</b>		
Basic earnings per share			601	10,718
Diluted earnings per share			601	4,087

*The accompanying notes are an integral part of these financial statements*

**Ho Chi Minh City Securities Corporation**  
**Statement of income for the year ended 31 December 2008 (continued)**

**PART II - STATEMENT OF AMOUNTS PAID AND PAYABLE  
 TO THE STATE TREASURY**

	Code	Amounts brought forward VND	Amounts provided VND	Amounts paid VND	Amounts carried forward VND
<b>Taxes</b>					
Value added tax	11	-	234,294,868	(3,268,909)	231,025,959
Corporate income tax	17	8,984,065,620	(1,723,983,750)	(14,935,361,705)	(7,675,279,835)
Withholding tax	17	2,252,147,180	4,779,741,933	(5,967,000,269)	1,064,888,844
Others	17	409,929,258	4,205,362,474	(4,355,985,274)	259,306,458
<b>Total</b>	<b>21</b>	<b>11,646,142,058</b>	<b>7,495,415,525</b>	<b>(25,261,616,157)</b>	<b>(6,120,058,574)</b>

Prepared by:  Approved by: 

 The stamp contains the text: CÔNG TY CỔ PHẦN CHỨNG KHOÁN TP. HỒ CHÍ MINH QUẬN 1 TP. HỒ CHÍ MINH

Lam Huu Ho  
Chief Financial Officer

Johan Nyvene  
Chief Executive Officer

31 MAR 2009

*The accompanying notes are an integral part of these financial statements*

**Ho Chi Minh City Securities Corporation**  
**Statement of changes in equity for the year ended 31 December 2008**

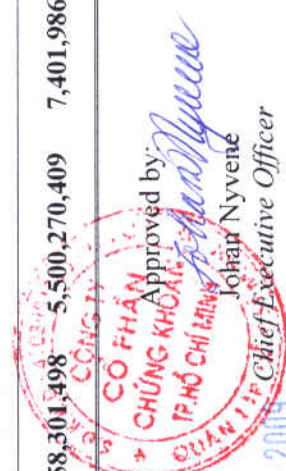
	Share capital VND	Treasury shares VND	Share premium VND	Statutory reserves VND	Other equity funds VND	Bonus and welfare funds VND	Retained profits VND	Total VND
<b>Balance at 1 January 2007</b>	100,000,000,000	(39,360,162,500)	5,275,000,000	1,570,647,862	1,415,371,975	371,019,783	91,608,877,252	160,880,754,372
Share capital issued	100,000,000,000	-	230,824,785,000	-	-	-	-	330,824,785,000
Net profit for the year	-	-	-	-	-	-	132,145,147,982	132,145,147,982
Transfer to reserves and funds	-	-	-	9,146,439,352	3,475,646,954	4,573,219,676	(17,195,305,982)	-
Utilisation of funds	-	-	-	-	-	(1,803,672,200)	-	(1,803,672,200)
Re-issuance of treasury shares	-	39,360,162,500	-	-	-	-	17,239,837,500	56,600,000,000
Dividends	-	-	-	-	-	-	(29,110,556,078)	(29,110,556,078)
Other adjustments	-	-	-	-	-	-	(92,820,123)	(92,820,123)
<b>Balance at 1 January 2008</b>	200,000,000,000	-	236,099,785,000	10,717,087,214	4,891,018,929	3,140,567,259	194,595,180,551	649,443,638,953
Share capital issued	184,634,500,000	-	512,460,990,000	-	-	-	-	697,095,490,000
Net profit for the year	-	-	-	-	-	-	23,543,011,112	23,543,011,112
Bonus shares	9,999,500,000	-	-	-	-	-	(9,999,500,000)	-
Shares repurchased	-	(645,000,000)	-	-	-	430,000,000	-	(215,000,000)
Transfer to reserves and funds	-	-	-	15,741,214,284	1,321,451,480	13,214,514,798	(30,277,180,562)	-
Utilisation of funds	-	-	9,268,000,000	-	(712,200,000)	(9,383,095,929)	-	(827,295,929)
Dividends	-	-	-	-	-	-	(47,316,077,100)	(47,316,077,100)
Other adjustments	-	-	-	-	-	-	1,723,983,750	1,723,983,750
<b>Balance at 31 December 2008</b>	394,634,000,000	(645,000,000)	757,828,775,000	26,458,301,498	5,500,270,409	7,401,986,128	132,269,417,751	1,323,447,750,786

Prepared by:

Lam Huu Ho  
 Chief Financial Officer

Approved by:

Johari Nyvené  
 Chief Executive Officer



31 MAR 2009

The accompanying notes are an integral part of these financial statements

**Ho Chi Minh City Securities Corporation**  
**Statement of cash flows for the year ended 31 December 2008**

	Code	Note	2008 VND	2007 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before tax</b>	<b>01</b>		<b>23,543,011,112</b>	<b>148,098,285,724</b>
<i>Adjustment for</i>				
Depreciation and amortisation	02		9,316,406,032	4,926,221,270
Allowances and provisions	03		191,055,977,813	32,482,058,539
Write-off of fixed assets	12		216,196,746	159,381,375
Loss from disposal of fixed assets	12		-	47,677,873
Dividend income	13		(19,073,614,567)	(5,740,230,800)
Gain on sales of long-term investments	13		(136,344,220,756)	-
<b>Operating profit before changes in working capital</b>			<b>68,713,756,380</b>	<b>179,973,393,981</b>
Change in trading securities, short-term investments, receivables and other current assets	21		204,203,671,545	(465,213,245,172)
Change in payables and other liabilities	23		(91,139,531,462)	503,384,151,764
Dividends paid	09		(38,019,370,900)	(25,117,647,559)
Income tax paid	07		(14,935,361,705)	(15,917,552,290)
Funds utilised	10		(827,295,929)	(1,803,672,200)
Other payments for operating activities	06		-	(92,820,123)
<b>Net cash generated from operating activities</b>	<b>40</b>		<b>127,995,867,929</b>	<b>175,212,608,401</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets	41		(2,827,644,680)	(6,514,090,889)
Payments for additions to construction in progress	41		(7,272,064,034)	(3,576,409,109)
Payment for long-term prepayments	41		(5,806,760,679)	(8,587,610,502)
Payments for long-term assets	41		(930,185,088)	-
Proceeds from disposal of fixed assets	42		-	590,909,090
Proceeds from sales of long-term investments	43		1,921,756,032,800	-
Payments for purchases of long-term investments	44		(2,768,874,274,379)	(27,037,051,324)
Receipts of dividend income	45		19,073,614,567	5,740,230,800
<b>Net cash used in investing activities</b>	<b>50</b>		<b>(844,881,281,493)</b>	<b>(39,384,021,934)</b>

*The accompanying notes are an integral part of these financial statements*

**Ho Chi Minh City Securities Corporation**  
**Statement of cash flows for the year ended 31 December 2008 (continued)**

	Code	Note	2008 VND	2007 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from shares issued	51		270,034,696,000	330,824,785,000
Acquisitions of treasury shares	52		(215,000,000)	-
Proceeds from re-issuance of treasury shares	51		-	56,600,000,000
Proceeds from short-term borrowings	53		-	247,795,939,000
Payments to settle short-term borrowings	54		-	(311,965,424,600)
<b>Net cash generated from financing activities</b>	<b>60</b>		<b>269,819,696,000</b>	<b>323,255,299,400</b>
<b>Net cash flows during the year</b>	<b>70</b>		<b>(447,065,717,564)</b>	<b>459,083,885,867</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>80</b>		<b>581,787,772,199</b>	<b>122,703,886,332</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>90</b>	<b>4</b>	<b>134,722,054,635</b>	<b>581,787,772,199</b>

**NON-CASH INVESTING AND FINANCING ACTIVITIES**

	2008 VND	2007 VND
Conversion from other payables to share capital	427,060,794,000	-

Prepared by:   
Lam Huu Ho  
Chief Financial Officer

Approved by:   
  
Johan Nyvene  
Chief Executive Officer

31 MAR 2009

*The accompanying notes are an integral part of these financial statements*

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008**

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

**1. Reporting Entity**

Ho Chi Minh City Securities Corporation (“the Company”) is a joint stock company incorporated in Vietnam. The principal activities of the Company are to conduct securities brokerage activities, securities trading activities, securities investment advisory, securities underwriting and securities custodian services.

As at 31 December 2008 the Company had 163 employees (31 December 2007: 123).

**2. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Company in the preparation of these financial statements.

**(a) Basis of financial statement preparation**

The financial statements, expressed in Vietnam Dong (“VND”), have been prepared in accordance with Decision No. 99/2000/QD-BTC issued by the Ministry of Finance on 13 June 2000 on the accounting system of securities companies, Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam.

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect method.

**(b) Fiscal year**

The fiscal year of the Company is from 1 January to 31 December.

**(c) Segment reporting**

The principal activities of the Company are to conduct securities brokerage activities, securities trading activities and securities investment advisory activities. The Company’s primary format for segment reporting is based on the Company’s core business segment including brokerage, trading and investment advisory. The Company does not report geographical segmental information as the majority of its activities are in Vietnam.

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**(d) Foreign currency transactions**

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling at the transaction dates. All realised and unrealised foreign exchange differences are recorded in the statement of income.

**(e) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents also include cash relating to customers' securities transactions.

**(f) Trading securities, short-term investments and long-term securities investments**

**(i) Classification**

The Company classifies its listed shares and unlisted shares which are purchased for trading purpose as trading securities.

The Company classifies securities purchased under agreements to resell (reverse securities repurchase agreements) as short-term investments.

Long-term securities investments are intended to be held for more than one year although the actual holding period may be longer or shorter depending on the post-acquisition performance of investees, and other circumstances.

**(ii) Recognition**

The Company recognises trading securities, short-term investments and long-term securities investments on the date it becomes a party to the contractual provisions of the investments (trade date accounting).

**(iii) Measurement**

Trading securities are stated at cost less allowance for diminution in value by reference to market prices of securities from the Ho Chi Minh City Stock Exchange and Hanoi Securities Trading Centre for listed shares and brokers' quotes for unlisted shares on the balance sheet date.

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

Securities purchased under agreements to resell (reverse securities repurchase agreements) are reported not as purchases of the securities, but as short-term investments and are carried in the balance sheet at cost. Interest earned on these agreements is recognised as interest income over the life of each agreement on an accrual basis.

Long-term securities investments are stated at cost, less any allowance for diminution considered necessary by the management. The management determines the diminution allowance after giving consideration to cost, market conditions, and expected cash flows.

The allowance for diminution of trading securities, short-term investments and long-term securities investments as mentioned above is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

**(iv) Derecognition**

Trading securities, short-term investments and long-term securities investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Cost of trading securities and long-term securities are determined on a weighted average basis.

**(g) Accounts receivable**

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

**(h) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the costs of dismantling and removing the asset and restoring the site on which they are located. Expenditures incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditures are capitalised as an additional cost of tangible fixed assets.



**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- motor vehicles 6 years
- office equipment 3 - 5 years

**(i) Intangible fixed assets**

***Software***

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 3 – 4 years.

**(j) Construction in progress**

Construction in progress represents the cost of construction which has not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

**(k) Long term prepayments**

***Tools and supplies***

Long-term prepayments comprise tools and supplies which are stated at cost and are amortised on a straight-line basis over 1-3 years.

**(l) Trade and other payables**

Trade and other payables are stated at their cost.

**(m) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous period.

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(n) Share capital**

**(i) Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

**(ii) Share premium**

On receipt of capital from shareholders, the difference between the issue price and the par value of the shares is credited to the share premium account in equity.

**(iii) Treasury shares**

When share capital recognised as equity is purchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When repurchased shares are reissued, the difference between the reissue price and the purchase price is recorded in share premium.

**(o) Statutory reserves, other equity funds and bonus and welfare funds**

Reserve to supplement share capital is calculated based on the profits after tax. The purpose of this reserve is to supplement share capital.

Financial reserve is allocated from profit after tax and is to cover losses incurred during the normal course of business. This reserve together with the reserve to supplement share capital is required by law and is non-distributable.

Other equity funds are allocated from profit after tax. The allocation from profit after tax and the utilisation of the other equity funds are approved by the Board of Directors. These funds are not required by law and are fully distributable.

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

Bonus and welfare funds are allocated from profit after tax and are used primarily to make payments to the Company's employees. The bonus and welfare funds are not required by law and are fully distributable.

**(p) Revenue**

**(i) Revenue from securities brokerage**

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

**(ii) Revenue from securities trading**

Revenue from securities trading activities is recognised in the statement of income upon receipt of the Notice for settlements of securities trading transactions from Ho Chi Minh City Stock Exchange or Hanoi Securities Trading Centre (for listed securities) and completion of the agreement on transfer of assets (for unlisted securities).

**(iii) Revenue from securities underwriting, issuance agency**

Revenue from securities underwriting and issuance agency activities is recognised in the statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to work performed.

**(iv) Revenue from securities investment advisory**

Revenue from securities investment advisory activities is recognised in the statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to work performed.

**(v) Revenue on operating capital**

Revenue on operating capital mainly represents interest income on deposits at banks and banks' notes, reverse securities repurchase agreements and cash advances. Revenue on operating capital is recognised in the statement of income on an accrual basis.

**(vi) Revenue from investment activities**

Dividend income from investment activities is recognised when the Company's rights to receive dividends are established.

Coupon income from bonds is recognised in the statement of income on an accrual basis.

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**(q) Operating lease payments**

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

**(r) Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying tangible fixed assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

**(s) Earnings per share**

The Company present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighed average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**(t) Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

**(u) Off balance sheet items**

Amounts which are defined as off balance sheet items under Decision No. 99/2000/QD-BTC dated 13 June 2000 issued by the Ministry of Finance on the promulgation of accounting system of securities companies are disclosed in the relevant notes to these financial statements.

**(v) Nil balances**

Items or balances required by Decision No. 99/2000/QD-BTC dated 13 June 2000, issued by the Ministry of Finance on the promulgation of accounting system of securities companies, that are not shown in these financial statements indicate nil balances.

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**3. Segment reporting by business**

	Securities brokerage		Securities trading		Securities investment Advisory		Unallocated		Total	
	2008 VND	2007 VND	2008 VND	2007 VND	2008 VND	2007 VND	2008 VND	2007 VND	2008 VND	2007 VND
Segment revenue	28,972,268,359	32,835,148,535	150,418,443,863	174,179,114,284	5,128,102,684	3,411,628,200	101,077,791,362	20,086,612,144	285,596,606,268	230,512,503,163
Segment expenses	(6,445,056,287)	(3,880,352,951)	(157,467,495,590)	(32,082,058,539)	-	-	(98,141,043,279)	(46,451,805,949)	(262,053,595,156)	(82,414,217,439)
Segment results	22,527,212,072	28,954,795,584	(7,049,051,727)	142,097,055,745	5,128,102,684	3,411,628,200	2,936,748,083	(26,365,193,805)	23,543,011,112	148,098,285,724
Segment assets	110,587,539,471	56,358,827,236	1,258,208,314,905	671,076,601,966	-	-	110,413,821,915	594,723,282,638	1,479,209,676,291	1,322,158,711,840
Segment liabilities	102,229,437,346	132,782,699,383	-	-	-	-	53,341,384,657	539,932,373,504	155,570,822,003	672,715,072,887
Capital expenditure	-	-	-	-	-	-	10,099,708,714	10,090,499,998	10,099,708,714	10,090,499,998

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**4. Cash and cash equivalents**

	<b>2008 VND</b>	<b>2007 VND</b>
Cash on hand	406,867,526	360,070,207
Cash at banks	23,727,647,638	525,068,874,756
Cash from customers relating to securities transactions	110,587,539,471	56,358,827,236
Cash and cash equivalents in the statement of cash flows	134,722,054,635	581,787,772,199

Cash and cash equivalents at 31 December 2008 included amounts denominated in currencies other than VND amounting to VND124,131,108 (31 December 2007: VND2,172,711).

**5. Trading securities**

	<b>Amount brought forward VND</b>	<b>Increase VND</b>	<b>Decrease VND</b>	<b>Amount carried forward VND</b>
<b>Costs</b>				
Trading securities	390,158,215,112	312,440,163,688	(333,427,176,034)	369,171,202,766
<b>Less allowances</b>				
Allowance for diminution in value of trading securities	(32,082,058,539)	(184,411,653,155)	26,944,157,565	(189,549,554,129)
<b>Total</b>	358,076,156,573	128,028,510,533	(306,483,018,469)	179,621,648,637

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**5. Trading securities (continued)**

Details of securities held by the Company as at 31 December 2008 were as follows:

Types of securities	Code	Cost as at 31/12/2008		Securities held as at 31/12/2008		Investee's total shares issued as at 31/12/2008		Effective holding (%) (5=2/4)
		VND	Nominal Value VND	Quantity 1	Nominal Value VND	Quantity 3	Nominal Value VND	
<b>I – LISTED SECURITIES</b>								
Nam Viet Corporation	ANV	19,885,494,985	1,873,400,000	187,340	1,873,400,000	66,000,000	660,000,000,000	0.2838%
Construction and Materials Trading JSC	CNT	5,688,500,000	1,270,000,000	127,000	1,270,000,000	8,000,000	80,000,000,000	1.5875%
Cuu Long Pharmaceutical Joint Stock Corporation	DCL	3,027,500,000	420,000,000	42,000	420,000,000	9,719,308	97,193,080,000	0.4321%
Domesco Medical Import Export JSC	DMC	452,051,273	133,800,000	13,380	133,800,000	13,769,999	137,699,990,000	0.0972%
Petrovietnam Fertilizer And Chemical Corporation	DPM	413,774,676	81,700,000	8,170	81,700,000	380,000,000	3,800,000,000,000	0.0022%
FPT Corporation	FPT	1,249,361	891,970,000	89,197	891,970,000	139,787,819	1,397,878,190,000	0.0638%
Tan Tao Investment Industry Corporation	ITA	81,810	3,820,000	382	3,820,000	135,906,947	1,359,069,470,000	0.0003%
Licogi 16 Joint Stock Company	LCG	1,248,835,000	230,200,000	23,020	230,200,000	13,600,000	136,000,000,000	0.1693%
Opic Pharmaceutical Joint-Stock Company	OPC	17,985,000,000	1,365,000,000	136,500	1,365,000,000	8,190,000	81,900,000,000	1.6667%
Post And Telecommunication Equipment Factory	POT	1,060,400	1,000,000	100	1,000,000	19,430,006	194,300,060,000	0.0005%
Petrovietnam Drilling and Well Services JSC	PVD	13,386,022,395	1,223,930,000	122,393	1,223,930,000	132,167,504	1,321,675,040,000	0.0926%
Construction Joint Stock Company No 5	SC5	4,490,283,947	460,810,000	46,081	460,810,000	10,320,000	103,200,000,000	0.4465%
Thu Duc Housing Development Corporation	TDH	19,995,729,472	2,983,740,000	298,374	2,983,740,000	25,250,000	252,500,000,000	1.1817%
Vietfund Management	VFM/VF1	13,896,289,078	5,670,000,000	567,000	5,670,000,000	100,000,000	1,000,000,000,000	0.5670%
Shinpetrol	VSP	7,828,000	1,060,000	106	1,060,000	15,870,000	158,700,000,000	0.0007%
Asia Commercial Bank	ACB	7,659,839,253	1,719,140,000	171,914	1,719,140,000	632,165,378	6,321,653,780,000	0.0272%

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**5. Trading securities (continued)**

Types of securities	Code	Securities held as at 31/12/2008		Investee's total shares issued as at 31/12/2008				Effective holding (%) (5=2/4)
		Cost as at 31/12/2008 VND	Quantity	Nominal Value VND		Quantity	Nominal Value VND	
				1	2			
H.A.I Joint Stock Company	HAI	3,465,500	115	1,150,000	14,499,998	144,999,980,000	0.0008%	
Haiphong Securities Joint Stock Company	HPC	2,907,500	100	1,000,000	23,939,809	239,398,090,000	0.0004%	
Quang Nam Mineral Industry Corporation	MIC	7,467,500	125	1,250,000	1,489,240	14,892,400,000	0.0084%	
Tien Phong Plastic Joint-Stock Company	NTP	11,225,370,000	92,500	925,000,000	21,668,998	216,689,980,000	0.4269%	
Songda No 9 Joint Stock Company	SD9	6,623,200	153	1,530,000	15,000,000	150,000,000,000	0.0010%	
Song Da International Manpower Supply and Trading Joint Stock Company	SDA	3,725,000	100	1,000,000	9,099,989	90,999,890,000	0.0011%	
Saigon General Service Corporation	SVC	1,140,559,615	51,002	510,020,000	20,361,040	203,610,400,000	0.2505%	
Others		90,682,408	2,390	23,900,000	3,116,940,476	31,169,404,760,000	0.0001%	
<b>Subtotal</b>		<b>120,620,340,373</b>						



**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**5. Trading securities (continued)**

Types of securities	Cost as at 31/12/2008		Securities held as at 31/12/2008		Investee's total shares issued as at 31/12/2008		Effective holding (%) (5=2/4)
	Code	VND	Quantity 1	Nominal Value VND 2	Quantity 3	Nominal Value VND 4	
<b>II - UNLISTED SECURITIES</b>							
Lac Viet Corporation	LACVIET	30,750,000,000	1,200,000	12,000,000,000	25,000,000	250,000,000,000	4.8000%
Binh Chanh Construction Investment Shareholding Company	BCCI	36,021,946,650	895,000	8,950,000,000	54,200,000	542,000,000,000	1.6513%
Nam A Bank	NABANK	30,430,728,000	738,673	7,386,730,000	135,000,000	1,350,000,000,000	0.5472%
Vien Dong Assurance Corporation	VASS	5,235,138,000	522,000	5,220,000,000	60,000,000	600,000,000,000	0.8700%
Viet Nam Export - Import Commercial Joint Stock Bank	EXIMBANK	14,949,111,111	410,621	4,106,210,000	424,894,000	4,248,940,000,000	0.0966%
Phuoc Hoa Rubber Joint Stock Company	PHURU	22,245,000,000	402,000	4,020,000,000	81,300,000	813,000,000,000	0.4945%
Binh Duong Trading & Development JSC	TDC	13,222,851,000	233,000	2,330,000,000	6,636,120	66,361,200,000	3.5111%
Seaprimexco VietNam	SEAPRIM	10,950,030,000	292,500	2,925,000,000	10,000,000	100,000,000,000	2.9250%
Tan Binh Import Export Corporation	TANIMEX	6,468,471,200	229,552	2,295,520,000	12,000,000	120,000,000,000	1.9129%
Dong A Bank	DABANK	14,833,159,502	193,620	1,936,200,000	288,000,000	2,880,000,000,000	0.0672%
Fisheries Development Corporation of HCM City	FIDECO	7,341,000,000	135,804	1,358,040,000	12,432,769	124,327,690,000	1.0923%
Minh Hai Jostoco	MINHHAI	8,000,000,000	110,000	1,100,000,000	13,929,750	139,297,500,000	0.7897%
Binh Duong Construction & Civil Engineering JSC	BCC	3,150,000,000	105,000	1,050,000,000	10,000,000	100,000,000,000	1.0500%
Hoa Sen University	HOASEN	1,390,000,000	100,000	1,000,000,000	1,500,000	15,000,000,000	6.6667%
Quang Ninh Seaprodex Corporation	TSQN	2,000,000,000	100,000	1,000,000,000	1,000,000	10,000,000,000	10.0000%

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**5. Trading securities (continued)**

Types of securities	Code	Cost as at 31/12/2008		Securities held as at 31/12/2008		Investee's total shares issued as at 31/12/2008		Effective holding (%) (5=2/4)
		VND	VND	Quantity	Nominal Value VND	Quantity	Nominal Value VND	
Viet Nam Ocean Shipping Agency Corporation	VOSA	6,000,000,000	1,000,000,000	100,000	1,000,000,000	11,610,881	116,108,807,489	0.8613%
Bong Sen Corporation	BSH	1,499,665,930	950,200,000	95,020	950,200,000	23,000,000	230,000,000,000	0.4131%
Vinh Tuong Industrial Corporation	VTIC	2,000,000,000	800,000,000	80,000	800,000,000	11,700,000	117,000,000,000	0.6838%
Investment and Trading of Real Estate JSC	INTRES	9,940,200,000	751,290,000	75,129	751,290,000	20,025,300	200,253,000,000	0.3752%
Industrial Urban Development JSC No 2	D2D	2,250,000,000	750,000,000	75,000	750,000,000	10,700,000	107,000,000,000	0.7009%
Can Tho Import - Export Seafood JSC	CASEIMEX	4,900,000,000	700,000,000	70,000	700,000,000	2,500,000	25,000,000,000	2.8000%
Vietcombank	VCB	4,530,400,000	453,040,000	45,304	453,040,000	1,210,086,026	12,100,860,260,000	0.0037%
Special Aquatic Products Joint Stock Company	SEASPIMEX	7,549,983,000	2,700,000,000	27,000	2,700,000,000	1,080,000	108,000,000,000	2.5000%
Phu Nhuan Technical Construction JSC	XDPN	1,039,708,000	896,300,000	8,963	896,300,000	300,000	30,000,000,000	2.9877%
Coteccons Group	COTECCONS	1,853,470,000	253,900,000	25,390	253,900,000	12,000,000	120,000,000,000	0.2116%

**Subtotal** **248,550,862,393**

**Total** **369,171,202,766**

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**6. Short-term investments**

	<b>2008</b> <b>VND</b>	<b>2007</b> <b>VND</b>
Receivables from reverse securities repurchase agreements	60,376,745,140	267,166,238,600
Allowance for doubtful debts	(11,086,748,000)	-
	<hr/> 49,289,997,140	<hr/> 267,166,238,600

**7. Accounts receivable**

Accounts receivable comprise:

	<b>2008</b> <b>VND</b>	<b>2007</b> <b>VND</b>
Receivable from customers	41,884,220,378	12,932,800,000
Advances to customers	8,142,931,000	-
Deductible value added tax	3,444,081	-
Receivables from Ho Chi Minh City Investment Fund for Urban Development	-	1,854,763,507
Receivables from Sacombank Securities Company	-	8,205,004,400
Bidding deposits	2,259,671,282	13,193,000,000
Deposits for purchases of properties	5,610,000,000	5,610,000,000
Overpaid income tax	7,675,279,835	-
Coupon receivable from bonds	6,338,771,770	-
Interest receivable from time deposits with banks	6,580,000,000	-
Other receivables	593,911,445	7,781,122,708
	<hr/> 79,088,229,791	<hr/> 49,576,690,615
Allowance for doubtful debts	(21,567,196,723)	-
	<hr/> 57,521,033,068	<hr/> 49,576,690,615

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**8. Tangible fixed assets**

	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening balance	3,177,902,884	5,000,400,210	8,178,303,094
Additions	28,245,000	2,395,743,732	2,423,988,732
Transfer from construction in progress	-	2,006,602,165	2,006,602,165
Reclassifications from intangible fixed assets	13,640,000	168,819,767	182,459,767
Written off	-	(88,898,775)	(88,898,775)
Closing balance	3,219,787,884	9,482,667,099	12,702,454,983
<b>Accumulated depreciation</b>			
Opening balance	287,671,137	2,165,457,609	2,453,128,746
Charge for the year	593,977,601	1,862,255,959	2,456,233,560
Written off	-	(1,427,718)	(1,427,718)
Closing balance	881,648,738	4,026,285,850	4,907,934,588
<b>Net book value</b>			
Closing balance	2,338,139,146	5,456,381,249	7,794,520,395
Opening balance	2,890,231,747	2,834,942,601	5,725,174,348

Included in the cost of tangible fixed assets were assets costing VND33 million which were fully depreciated as of 31 December 2008 (2007: Nil), but which are still in active use.

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**9. Intangible fixed assets**

	<b>Software VND</b>
<b>Cost</b>	
Opening balance	1,510,854,020
Additions	403,655,948
Transfer from construction in progress	8,037,140,516
Reclassifications to tangible fixed assets	(182,459,767)
Written off	(1,123,197,420)
	<hr/>
Closing balance	8,645,993,297
	<hr/>
<b>Accumulated depreciation</b>	
Opening balance	1,050,735,255
Charge for the year	1,482,271,836
Written off	(994,471,731)
	<hr/>
Closing balance	1,538,535,360
	<hr/>
<b>Net book value</b>	
Closing balance	7,107,457,937
Opening balance	460,118,765
	<hr/> <hr/>

**10. Long-term securities investments**

Long-term securities investments represent investments in government bonds and corporate bonds with interest rates and maturities ranging from 7.9%-15% per annum (2007: 6%-9%) and 1-15 years (2007: 3-7 years), respectively.

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**11. Construction in progress**

	<b>2008</b>	<b>2007</b>
	<b>VND</b>	<b>VND</b>
Opening balance	3,576,409,109	-
Additions	7,272,064,034	3,576,409,109
Transfer to tangible fixed assets	(2,006,602,165)	-
Transfer to intangible fixed assets	(8,037,140,516)	-
	<hr/>	<hr/>
Closing balance	804,730,462	3,576,409,109
	<hr/>	<hr/>

**12. Long-term deposits**

This balance represents the security refundable deposit for the Company's office rental.

**13. Deposits at Payment Support Fund**

These represent deposits at the Ho Chi Minh City Stock Exchange.

According to Decision 60/2004/QD-BTC dated 15 July 2004 and Decision 72/2005/QD-BTC dated 21 October 2005, both issued by the Ministry of Finance, the Company is required to deposit an initial amount of VND120 million at Ho Chi Minh City Stock Exchange and an additional annual contribution of 0.008% of the total value of dealing and brokered securities in the previous year.

Movements of deposits of Payment Support Fund during the year were as follow:

	<b>VND</b>
Opening balance	186,024,720
Annual deposit in Payment Support Fund	912,898,012
Interest income in 2006 and 2007	25,487,076
	<hr/>
Closing balance	1,124,409,808
	<hr/>

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**14. Long-term prepayments**

	<b>Tools and supplies VND</b>
Opening balance	7,072,430,655
Additions	5,806,760,679
Amortisation for the year	(5,377,900,636)
	<hr/>
Closing balance	7,501,290,698
	<hr/>

**15. Taxes payable to State Treasury**

	<b>2008 VND</b>	<b>2007 VND</b>
<b>Taxes</b>		
Corporate income tax	-	8,984,065,620
Withholding tax	1,064,888,844	2,252,147,180
Value added tax	231,025,959	-
Others	259,306,458	409,929,258
	<hr/>	<hr/>
	1,555,221,261	11,646,142,058
	<hr/>	<hr/>

**16. Other payables**

	<b>2008 VND</b>	<b>2007 VND</b>
Payable to Soc Trang Sugar Company	-	29,954,800,000
Dividends payable	11,949,619,419	2,652,913,219
Cash received from shareholders	-	427,060,794,000
Other payables	2,337,286,394	8,180,502,808
	<hr/>	<hr/>
	14,286,905,813	467,849,010,027
	<hr/>	<hr/>

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**17. Provision for severance allowance**

Movements of provision during the year were as follows:

	<b>VND</b>
Opening balance	400,000,000
Provision made during the year	934,537,500
	<hr/>
Closing balance	1,334,537,500

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more (“eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employees severance allowance calculated based on years of service and employees’ compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009, the Company and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees’ basic salary and 20 times the general minimum salary level as specified by the Government from time to time (currently VND540,000 per month). With the implementation of the unemployment insurance scheme, the Company is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to existing eligible employees as of 31 December 2008 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.



**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**18. Capital**

**Share capital**

The Company's authorised and issued share capital comprises:

	2008		2007	
	Number of shares	VND	Number of shares	VND
<b>Authorised share capital</b>	39,463,400	394,634,000,000	20,000,000	200,000,000,000
<b>Issued share capital</b>				
Ordinary shares	39,463,400	394,634,000,000	20,000,000	200,000,000,000
<b>Treasury shares</b>				
Ordinary shares	21,500	645,000,000	-	-
<b>Shares currently in circulation</b>				
Ordinary shares	39,441,900	1,151,817,775,000	20,000,000	436,099,785,000

Movements in issued share capital during the year were as follows:

	2008	
	Number of shares	VND
Balance at beginning of the year	20,000,000	436,099,785,000
Shares issued during the year	18,463,450	706,363,490,000
Bonus shares issued during the year	999,950	9,999,500,000
Treasury shares purchased during the year	(21,500)	(645,000,000)
Balance at end of the year	39,441,900	1,151,817,775,000

**Share premium**

Movements in share premium during the year were as follows:

	2008	
	Number of shares	VND
Balance at beginning of the year	20,000,000	236,099,785,000
Shares issued during the year	19,441,900	521,728,990,000
Balance at end of the year	39,441,900	757,828,775,000

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**19. Reserves and funds**

According to Decision 27/2007/QD-BTC dated 24 April 2007 issued by the Ministry of Finance, securities companies are required to make the following allocation from profit after tax before distribution of profits:

	<b>Annual allocation</b>	<b>Maximum balance</b>
Reserve to supplement share capital	5% of profit after tax	100% of share capital

The above reserve is calculated based on the profits after tax. The purpose of this reserve is to supplement share capital.

Financial reserve	5% of profit after tax	10% of share capital
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The purpose of the financial reserve is to cover losses incurred during the normal course of business. This reserve together with the reserve to supplement share capital is non-distributable.

The Company has allocated VND13,214,514,798 of the retained profits to the bonus and welfare fund. The establishment of this fund is voluntarily in nature and fully distributable. The fund has been set aside to pay expenses relating to the employees' bonuses and welfare. Under Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam, the Company is permitted to recognise expenses relating to employees' bonuses and welfare in the statement of income or to recognise these expenses as a utilisation of the bonus and welfare funds in the equity section. It is the Company's accounting policy to recognise these expenses as a utilisation of the bonus and welfare fund in the equity section. During the year, the Company made payments totaling VND9,383,095,929 from the bonus and welfare funds, in which VND115,095,929 was in cash and the remaining amount was in the form of share subscription for employees.

The Company has allocated VND1,321,451,480 of the retained profits to other equity funds. The establishment of these funds is voluntarily in nature and fully distributable. During the year, the Company made payments totaling VND712,200,000 from the other equity funds.

**20. Revenue from operating capital**

	<b>2008</b>	<b>2007</b>
	<b>VND</b>	<b>VND</b>
Revenue from deposits at banks	62,846,574,050	5,972,981,893
Revenue from reverse securities repurchase agreements	25,548,233,505	9,087,616,741
Revenue from advances to customers	3,025,613,249	1,211,419,832
Revenue from other operating capital	8,649,870,558	3,683,266,549
	<hr/>	<hr/>
	100,070,291,362	19,955,285,015
	<hr/>	<hr/>

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**21. Expenses for securities trading**

	<b>2008 VND</b>	<b>2007 VND</b>
Provision for trading securities	157,467,495,590	32,082,058,539
Provision for short-term investments	11,086,748,000	-
Provision for doubtful debts	21,567,196,723	-
Brokerage fee	6,445,056,287	3,880,352,951
Interest expenses	-	2,127,252,736
Other expenses	4,921,120,137	3,051,645,550
	<hr/> 201,487,616,737	<hr/> 41,141,309,776 <hr/>

**22. General and administration expenses**

	<b>2008 VND</b>	<b>2007 VND</b>
Staff costs	23,740,648,712	12,817,834,598
Depreciation and amortisation	9,316,406,032	4,926,221,270
Tax and fees	372,477,190	174,347,660
External services expenses	13,477,716,179	7,662,063,035
Other expenses	13,656,991,112	15,634,763,227
	<hr/> 60,564,239,225	<hr/> 41,215,229,790 <hr/>

**23. Staff costs**

	<b>2008 VND</b>	<b>2007 VND</b>
Total salaries and related expenses	23,740,648,712	12,817,834,598
	<hr/>	<hr/>
Average monthly salary/staff	10,887,843	7,554,405
Average monthly remuneration/staff	12,137,346	8,684,170
	<hr/>	<hr/>

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**24. Income tax**

**(a) Recognised in the statement of income**

	<b>2008 VND</b>	<b>2007 VND</b>
Current tax expense	-	15,953,137,742

**(b) Reconciliation of effective tax rate**

		<b>2008 VND</b>		<b>2007 VND</b>
Profit before tax		23,543,011,112		148,098,285,724
Tax at the Company's tax rate	20.0%	4,708,602,222	10.0%	14,809,828,572
Tax exempt income	(20.2%)	(4,760,753,809)	(0.4%)	(580,676,580)
Non-deductible expenses	0.2%	52,151,587	1.2%	1,723,985,750
	-	-	10.8%	15,953,137,742

**(b) Applicable tax rates**

The Company has an obligation to pay the government income tax at the rate of 20% of taxable profits for the first 10 years and 25% thereafter. The provisions of the Company's Securities Operating Licence allow the Company to be exempted from income tax for 2 years starting from the first year the Company generates a taxable profit (2003 - 2004) and receive a 50% reduction in income tax for the three succeeding years (2005 - 2007).

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**25. Significant transactions with related parties**

	Transaction value		Balance outstanding as at 31 December	
	2008 VND	2007 VND	2008 VND	2007 VND
<i>Strategic shareholders</i>				
<b>Dragon Capital Markets Limited</b>				
Trading securities purchase brokerage	30,000,000,000	130,151,700,000	-	-
Trading securities sale brokerage	215,213,613,690	889,342,000	-	-
Brokerage fees	118,505,978	27,364,353	-	-
<b>Ho Chi Minh City Investment Fund for Urban Development (“HIFU”)</b>				
Trading securities sale brokerage	49,466,410,000	11,646,210,000	-	-
Brokerage fees	27,050,385	17,469,315	-	-

**26. Value of transactions processed during the year**

Items	Volume of transactions processed Shares	Total transaction value VND
<b>Transactions of the Company</b>		
Shares	13,003,149	644,010,905,722
Bonds	22,088,985	2,741,827,568,380
<b>Transactions of customers</b>		
Shares	123,737,950	4,839,402,155,000
<b>Total</b>	<b>158,830,084</b>	<b>8,225,240,629,102</b>

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**27. Movements of accounts receivable and accounts payable**

Items	Amount brought forward VND	Increase VND	Decrease VND	Amount carried forward VND
<b>1. Accounts receivables</b>	<b>50,214,179,137</b>	<b>2,259,470,260,529</b>	<b>(2,251,956,644,724)</b>	<b>57,727,794,942</b>
1.1. Other receivables	49,576,690,615	2,262,202,178,116	(2,232,690,638,940)	79,088,229,791
1.2. Allowance for doubtful debts		(21,567,196,723)	-	(21,567,196,723)
1.3. Advances	637,488,522	18,835,279,136	(19,266,005,784)	206,761,874
<b>2. Accounts payable</b>	<b>672,715,072,887</b>	<b>25,518,767,344,753</b>	<b>(26,035,720,492,135)</b>	<b>155,761,925,505</b>
<b>Current liabilities</b>	<b>672,315,072,887</b>	<b>25,517,641,703,753</b>	<b>(26,035,720,492,135)</b>	<b>154,236,284,505</b>
2.1. Payables to Vietnam Securities Depository Centre	47,679,968,030	14,525,193,743,178	(14,540,100,073,203)	32,773,638,005
2.2. Payables to suppliers	658,000,000	2,741,687,348	(3,208,943,048)	190,744,300
2.3. Advances from customers	6,018,167,828	-	(5,277,758,828)	740,409,000
2.4. Taxes payable to State Treasury	11,646,142,058	16,205,251,078	(26,296,171,875)	1,555,221,261
2.5. Payable to employees	-	27,835,319,492	(26,124,969,232)	1,710,350,260
2.6. Accrued expenses	5,681,085,561	7,615,562,345	(12,547,069,386)	749,578,520
2.7. Other payables	467,849,010,027	522,198,821,330	(975,760,925,544)	14,286,905,813
2.8. Settlements of securities transactions by the investors	132,782,699,383	10,415,851,318,982	(10,446,404,581,019)	102,229,437,346
<b>Non-current liabilities</b>	<b>400,000,000</b>	<b>1,125,641,000</b>	<b>-</b>	<b>1,525,641,000</b>
2.9. Payable to delegators		191,103,500	-	191,103,500
2.10. Provision for severance allowance	400,000,000	934,537,500	-	1,334,537,500

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**28. Indices**

Items	2008	2007
<b>1. Asset and resources structure</b>		
- Fixed assets/total assets (%)	1.0%	0.5%
- Current assets/total assets (%)	29%	95.2%
<b>2. Profitability rate</b>		
- Profit/turnover rate (%)	8.2%	64.2%
- Profit/equity rate (%)	1.8%	22.8%
<b>3. Financial situation</b>		
- Total liabilities/total assets (%)	10.5%	50.9%
- Liquidity (%):		
+ Current ratio: Current assets/current liabilities	275.2%	187.0%
+ Quick ratio: (Current assets - inventories)/current liabilities	275.2%	187.0%
+ Cash liquidity: Cash and cash equivalents/current liabilities	87.3%	86.5%

**29. Earnings per share**

**(a) Basic earnings per share**

The calculation of basic earnings per share at 31 December 2008 was based on the profit after tax of VND23,543 million (2007: VND132,145 million) and a weighted average number of ordinary shares outstanding of 39,200,372 (2007: 12,329,627), calculated as follows:

**(i) Net profit after tax**

	<b>2008</b>	<b>2007</b>
	<b>VND</b>	<b>VND</b>
Net profit after tax	23,543,011,112	132,145,147,982

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**(ii) Weighted average number of ordinary shares**

	<b>2008</b>	<b>2007</b>
Issued ordinary shares at the beginning of the year	20,000,000	8,870,000
Effect of shares issued during the year	18,212,281	2,630,137
Effect of bonus shares issued during the year	999,950	-
Effect of acquisition of treasury shares	(11,859)	-
Effect of re-issuance of treasury shares	-	829,490
	<hr/>	<hr/>
Weighted average number of ordinary shares at the end of the year	39,200,372	12,329,627
	<hr/>	<hr/>

**(iii) Basic earnings per share**

	<b>2008</b> <b>VND</b>	<b>2007</b> <b>VND</b>
Basic earnings per share	601	10,718
	<hr/>	<hr/>

**(b) Diluted earning per shares**

The calculation of diluted earnings per share at 31 December 2008 was based on the profit after tax of VND23,543 million (2007: VND132,145 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 39,200,372 (2007: 32,329,627), calculated as follows:

**(i) Net profit after tax (diluted)**

	<b>2008</b> <b>VND</b>	<b>2007</b> <b>VND</b>
Net profit after tax (basic and diluted)	23,543,011,112	132,145,147,982
	<hr/>	<hr/>



**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**(ii) Weighted average number of ordinary shares (diluted)**

	<b>2008</b> <b>VND</b>	<b>2007</b> <b>VND</b>
Weighted average number of ordinary shares (basic)	39,200,372	12,329,627
Effect of shares issued awaiting approval	-	20,000,000
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) the end of the year	39,200,372	32,329,627
	<hr/>	<hr/>

**(iii) Diluted earnings per share**

	<b>2008</b> <b>VND</b>	<b>2007</b> <b>VND</b>
Diluted earnings per share	601	4,087
	<hr/>	<hr/>

**30. Commitments**

***Lease commitment***

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

	<b>2008</b> <b>VND</b>	<b>2007</b> <b>VND</b>
Within one year	4,694,868,134	7,241,873,310
Within two to five years	6,015,929,994	16,354,727,046
Over five years	-	1,775,392,178
	<hr/>	<hr/>
	10,710,798,128	25,371,992,534
	<hr/>	<hr/>

**Ho Chi Minh City Securities Corporation**  
**Notes to the financial statements for the year ended 31 December 2008 (continued)**

**31. Subsequent events**

Subsequent to the balance sheet date due to the general decline in the stock markets in Vietnam the value of some trading securities, short-term investments and long-term securities investments decreased from the carrying value as of 31 December 2008. No adjustment has been made to the financial statements for the year ended 31 December 2008.

As at the date of issuance of these financial statements, the Company is applying to the Ho Chi Minh City Stock Exchange to list 39,463,000 shares.

Prepared by:



Lam Huu Ho  
*Chief Financial Officer*

Approved by:



Johan Nyvene  
*Chief Executive Officer*

31 MAR 2009