

# **Ho Chi Minh City Securities Corporation**

Financial statements

31 December 2015



# Ho Chi Minh City Securities Corporation

## CONTENTS

	<i>Pages</i>
General information	1
Report of the Management	2
Independent auditors' report	3 - 4
Balance sheet	5 - 8
Income statement	9
Cash flow statement	10 - 11
Statement of changes in equity	12
Notes to the financial statements	13 - 46

# Ho Chi Minh City Securities Corporation

## GENERAL INFORMATION

### THE COMPANY

Ho Chi Minh City Securities Corporation ("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, Business License No. 11/UBCK-GPHDKD issued by the State Securities Commission on 29 April 2003, and other amended licenses.

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

The Company's head office is located at 5<sup>th</sup> and 6<sup>th</sup> Floor, AB Tower, 76 Le Lai Street, Ben Thanh Ward, District 1, Ho Chi Minh City. At 31 December 2015, the Company had two branches located in Ho Chi Minh City and Hanoi, and transaction offices in Ho Chi Minh City and Hanoi.

### THE BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of the financial statements include:

<u>Name</u>	<u>Title</u>	<u>Date of appointment/Reappointment/Resign</u>
Mr. Do Hung Viet	Chairman	Appointed on 8 April 2011
Mr. Le Anh Minh	Vice Chairman	Reappointed on 8 April 2011
Mr. Nguyen Thanh Liem	Vice Chairman	Appointed on 8 April 2011
Mr. Pham Nghiem Xuan Bac	Member	Reappointed on 8 April 2011
Mr. Johan Nyvene	Member	Reappointed on 8 April 2011
Mr. Trinh Hoai Giang	Member	Appointed on 8 April 2011
Mr. Le Thang Can	Member	Appointed on 16 April 2015
Mr. Hoang Dinh Thang	Member	Resigned on 16 April 2015

### BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of the financial statements include:

<u>Name</u>	<u>Title</u>	<u>Date of appointment/Reappointment</u>
Mr. Vo Van Chau	Chief Supervisor	Reappointed on 8 April 2011
Mr. Doan Van Hinh	Member	Reappointed on 8 April 2011
Ms. Dang Nguyet Minh	Member	Appointed on 26 April 2013

### MANAGEMENT

Members of management during the year and at the date of the financial statements include:

<u>Name</u>	<u>Title</u>	<u>Date of appointment</u>
Mr. Johan Nyvene	Chief Executive Officer	Appointed on 15 May 2007
Mr. Trinh Hoai Giang	Deputy Chief Executive Officer	Appointed on 15 May 2007
Mr. Le Cong Thien	Deputy Chief Executive Officer	Appointed on 12 August 2013
Mr. Johan Kruimer	Managing Director	Appointed on 26 July 2007
Mr. Fiachra Mac Cana	Managing Director	Appointed on 1 March 2008
Mr. Bach Quoc Vinh	Managing Director	Appointed on 1 February 2010
Mr. Arnold V. Pangilinan	Managing Director	Appointed on 12 November 2012

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Johan Nyvene, the Chief Executive Officer.

### AUDITOR

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



# Ho Chi Minh City Securities Corporation

## REPORT OF THE MANAGEMENT

Management of Ho Chi Minh City Securities Corporation ("the Company") is pleased to present its report and the financial statements of the Company for the year ended 31 December 2015.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company and of the results of its operations, its cash flows and its changes in equity 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 which 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.

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

### STATEMENT BY THE MANAGEMENT

Management hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2015 and of the results of its operations, its cash flows and its changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting regulations and guidance applicable to securities companies and other statutory requirements relevant to preparation and presentation of financial statements.

For and on behalf of the Management:



*Johan Nyvene*  
Johan Nyvene  
Chief Executive Officer

Ho Chi Minh City, Vietnam

22 March 2016



**Building a better  
working world**

Ernst & Young Vietnam Limited  
28th Floor, Bitexco Financial Tower  
2 Hai Trieu Street, District 1  
Ho Chi Minh City, S.R. of Vietnam

Tel: +84 8 3824 5252  
Fax: +84 8 3824 5250  
ey.com

Reference: 60790272/17910718

## **INDEPENDENT AUDITORS' REPORT**

**To: The Shareholders of Ho Chi Minh City Securities Corporation**

We have audited the accompanying financial statements of Ho Chi Minh City Securities Corporation ("the Company") as prepared on 22 March 2016 and set out on pages 5 to 46, which comprise the balance sheet as at 31 December 2015, and the income statement, the cash flow statement and the statement of changes in equity for the year then ended and the notes thereto.

### ***Management's responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting regulations and guidance applicable to securities companies and other statutory requirements relevant to preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' responsibility***

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

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

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





**Building a better  
working world**

**Opinion**

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2015, and of the results of its operations, its cash flows, and its changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting regulations and guidance applicable to securities companies and other statutory requirements relevant to preparation and presentation of financial statements.

**Ernst & Young Vietnam Limited**



---

Nguyen Xuan Dai  
Deputy General Director  
Audit Practicing Registration  
Certificate No. 0452-2013-004-1

---

Nguyen Quoc Tuan  
Auditor  
Audit Practicing Registration  
Certificate No. 1841-2013-004-1

Ho Chi Minh City, Vietnam

22 March 2016

# Ho Chi Minh City Securities Corporation

BALANCE SHEET  
as at 31 December 2015

B01-CTCK

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>3,463,437,280,168</b>	<b>3,939,812,503,492</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>657,156,819,577</b>	<b>1,717,060,130,176</b>
111	1. Cash		657,156,819,577	1,717,060,130,176
<b>120</b>	<b>II. Short-term financial investments</b>	<b>6</b>	<b>132,174,873,494</b>	<b>197,474,340,107</b>
121	1. Short-term investments		190,079,349,659	279,720,963,132
129	2. Provision for short-term investments		(57,904,476,165)	(82,246,623,025)
<b>130</b>	<b>III. Short-term receivables</b>	<b>7</b>	<b>2,669,287,700,463</b>	<b>2,021,465,503,113</b>
131	1. Trade receivables		1,517,336,513	1,796,217,100
132	2. Advances to suppliers		511,650,108	3,941,320,615
135	3. Receivables from securities trading activities		2,680,281,654,037	2,025,959,756,897
138	4. Other receivables		3,696,364,899	6,487,513,595
139	5. Provision for doubtful debts		(16,719,305,094)	(16,719,305,094)
<b>150</b>	<b>IV. Other current assets</b>		<b>4,817,886,634</b>	<b>3,812,530,096</b>
151	1. Short-term prepaid expenses	11	4,637,718,956	3,633,259,136
158	2. Other current assets		180,167,678	179,270,960
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>133,146,147,996</b>	<b>129,991,561,736</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>10,305,668,048</b>	<b>6,013,088,125</b>
221	1. Tangible fixed assets	9	5,406,970,081	4,379,088,951
222	- Cost		43,397,152,620	40,204,022,446
223	- Accumulated depreciation		(37,990,182,539)	(35,824,933,495)
227	2. Intangible fixed assets	10	4,898,697,967	1,633,999,174
228	- Cost		28,463,749,200	23,089,878,017
229	- Accumulated amortization		(23,565,051,233)	(21,455,878,843)
<b>240</b>	<b>II. Long-term assets in progress</b>		<b>1,807,447,420</b>	<b>2,410,507,676</b>
242	1. Construction in progress		1,807,447,420	2,410,507,676
<b>260</b>	<b>III. Other long-term assets</b>		<b>121,033,032,528</b>	<b>121,567,965,935</b>
261	1. Long-term prepaid expenses	11	99,512,289,868	102,687,119,775
263	2. Advance to Settlement Assistance Fund	12	16,832,583,310	14,332,583,310
268	3. Other long-term assets	13	4,688,159,350	4,548,262,850
<b>270</b>	<b>TOTAL ASSETS</b>		<b>3,596,583,428,164</b>	<b>4,069,804,065,228</b>

# Ho Chi Minh City Securities Corporation

BALANCE SHEET (continued)  
as at 31 December 2015

B01-CTCK

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>A. LIABILITIES</b>		<b>1,317,034,101,102</b>	<b>1,711,573,455,836</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>1,317,034,101,102</b>	<b>1,711,573,455,836</b>
311	1. Short-term loans	14	654,103,204,781	210,437,041,099
312	2. Trade payables		2,132,789,448	1,861,719,700
314	3. Statutory obligations	15	27,383,031,945	25,004,270,953
316	4. Accrued expenses	16	17,066,319,798	24,509,074,595
319	5. Other payables	17	72,050,198,601	70,701,055,922
320	6. Payables for securities trading	18	526,864,031,101	1,366,499,871,795
321	7. Dividend, principal and coupon payables		2,148,185,349	2,008,561,292
323	8. Bonus and welfare fund		15,286,340,079	10,551,860,480
<b>400</b>	<b>B. OWNERS' EQUITY</b>	<b>19</b>	<b>2,279,549,327,062</b>	<b>2,358,230,609,392</b>
<b>410</b>	<b>I. Capital</b>		<b>2,279,549,327,062</b>	<b>2,358,230,609,392</b>
411	1. Share capital		1,272,567,580,000	1,272,567,580,000
411a	- Shares of shareholders have voting rights		1,272,567,580,000	1,272,567,580,000
412	2. Share premium		310,343,798,499	310,343,798,499
414	3. Treasury shares		(770,889,458)	(327,808,838)
417	4. Investment and development fund		3,961,374,994	3,961,374,994
418	5. Financial reserve		203,572,745,263	182,241,735,237
420	6. Undistributed earnings		489,874,717,764	589,443,929,500
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>3,596,583,428,164</b>	<b>4,069,804,065,228</b>



# Ho Chi Minh City Securities Corporation

BALANCE SHEET (continued)  
for the year ended 31 December 2015

B01-CTCK

## OFF BALANCE SHEET ITEMS

VND

Code	ITEMS	Ending balance	Beginning balance
<b>004</b>	<b>1. Bad debts written-off</b>	<b>345,059,000</b>	<b>345,059,000</b>
<b>005</b>	<b>2. Foreign currencies</b>	<b>937,626,048</b>	<b>630,227,456</b>
<b>006</b>	<b>3. Custody securities</b>	<b>9,459,118,460,000</b>	<b>8,014,031,350,000</b>
	<i>Including:</i>		
007	3.1. Trading securities	8,605,696,190,000	6,592,209,670,000
008	3.1.1. Trading securities of custody investors	36,626,890,000	37,433,960,000
009	3.1.2. Trading securities of local investors	8,384,594,290,000	6,406,281,610,000
010	3.1.3. Trading securities of foreign investors	184,475,010,000	148,494,100,000
012	3.2. Temporarily unprocessed securities	40,947,100,000	42,884,600,000
013	3.2.1. Temporarily unprocessed securities of custody investors	585,000,000	200,000,000
014	3.2.2. Temporarily unprocessed securities of local investors	37,562,100,000	40,484,600,000
015	3.2.3. Temporarily unprocessed securities of foreign investors	2,800,000,000	2,200,000,000
017	3.3. Mortgaged securities	561,031,770,000	321,512,960,000
019	3.3.1. Mortgaged securities of local investors	537,423,670,000	297,904,860,000
020	3.3.2. Mortgaged securities of foreign investors	23,608,100,000	23,608,100,000
027	3.4. Securities awaiting settlement	237,168,260,000	1,049,305,470,000
028	3.4.1. Securities awaiting settlement of custody investors	3,149,700,000	8,190,000
029	3.4.2. Securities awaiting settlement of local investors	233,471,460,000	1,049,058,280,000
030	3.4.3. Securities awaiting settlement of foreign investors	547,100,000	239,000,000
037	3.5. Securities waiting for trading	14,275,140,000	8,118,650,000
038	3.5.1. Securities waiting for trading of custody investors	10,000	70,000
039	3.5.2. Securities waiting for trading of local investors	11,223,870,000	7,296,370,000
040	3.5.3. Securities waiting for trading of foreign investors	3,051,260,000	822,210,000

# Ho Chi Minh City Securities Corporation

BALANCE SHEET (continued)  
for the year ended 31 December 2015

B01-CTCK

## OFF BALANCE SHEET ITEMS (continued)

VND

Code	ITEMS	Ending balance	Beginning balance
<b>050</b>	<b>4. Custody securities of unlisted public companies</b>	<b>864,106,700,000</b>	<b>651,413,380,000</b>
	<i>Including:</i>		
051	4.1. Trading securities	852,013,100,000	645,658,480,000
052	4.1.1. Trading securities of custody investors	3,541,520,000	2,931,610,000
053	4.1.2. Trading securities of local investors	831,742,550,000	630,781,250,000
054	4.1.3. Trading securities of foreign investors	16,729,030,000	11,945,620,000
056	4.2. Temporarily unprocessed securities	801,500,000	873,500,000
057	4.2.1. Temporarily unprocessed securities of custody investors	-	354,000,000
058	4.2.2. Temporarily unprocessed securities of local investors	801,500,000	519,500,000
061	4.3. Mortgaged securities	-	1,300,000,000
063	4.3.1. Mortgaged securities of local investors	-	1,300,000,000
071	4.4. Securities waiting for settlement	11,112,100,000	3,401,400,000
073	4.4.1. Securities waiting for settlement of local investors	11,112,100,000	3,401,400,000
076	4.5. Blocked securities waiting for releases	180,000,000	180,000,000
078	4.5.1. Blocked securities waiting for releases of local investors	180,000,000	180,000,000
<b>083</b>	<b>5. Non-custody securities held of securities companies</b>	<b>44,914,770,000</b>	<b>55,268,770,000</b>



Pham Ngoc Quang  
Preparer



Lam Huu Ho  
Chief Financial Officer




Johan Nyvene  
Chief Executive Officer

Ho Chi Minh City, Vietnam

22 March 2016



# Ho Chi Minh City Securities Corporation

INCOME STATEMENT  
for the year ended 31 December 2015

B02-CTCK

VND

Code	ITEMS	Notes	Current year	Previous year
<b>01</b>	<b>1. Revenue</b>		<b>591,138,977,810</b>	<b>831,135,291,006</b>
	<i>In which:</i>			
01.1	Revenue from brokerage services		262,076,234,335	299,431,882,181
01.2	Revenue from securities investments		35,025,916,039	194,425,395,876
01.3	Revenue from underwriting services		-	19,029,812
01.5	Revenue from finance advisory services		11,154,708,555	12,362,171,402
01.6	Revenue from custodian services		3,952,302,881	3,502,787,744
01.9	Other revenue	20	278,929,816,000	321,394,023,991
<b>10</b>	<b>2. Net revenues from operating activities</b>		<b>591,138,977,810</b>	<b>831,135,291,006</b>
<b>11</b>	<b>3. Operating expenses</b>	<b>21</b>	<b>(223,713,900,687)</b>	<b>(262,284,254,449)</b>
<b>20</b>	<b>4. Gross profit from operating activities</b>		<b>367,425,077,123</b>	<b>568,851,036,557</b>
<b>25</b>	<b>5. General and administrative expenses</b>	<b>22</b>	<b>(95,952,923,083)</b>	<b>(87,407,721,377)</b>
<b>30</b>	<b>6. Net profit from operating activities</b>		<b>271,472,154,040</b>	<b>481,443,315,180</b>
31	7. Other income		28,037,441	4,090,909
32	8. Other expenses		-	-
<b>40</b>	<b>9. Other profit</b>		<b>28,037,441</b>	<b>4,090,909</b>
<b>50</b>	<b>10. Profit before tax</b>		<b>271,500,191,481</b>	<b>481,447,406,089</b>
<b>51</b>	<b>11. Current corporate income tax expense</b>	<b>23.1</b>	<b>(58,190,091,220)</b>	<b>(105,295,358,840)</b>
<b>60</b>	<b>12. Net profit after tax</b>		<b>213,310,100,261</b>	<b>376,152,047,249</b>
<b>70</b>	<b>13. Basic earnings per share</b>	<b>27</b>	<b>1,677</b>	<b>2,794</b>
<b>71</b>	<b>14. Diluted earnings per share</b>	<b>27</b>	<b>1,677</b>	<b>2,794</b>



Pham Ngoc Quang  
Preparer



Lam Huu Ho  
Chief Financial Officer




Johan Nyvene  
Chief Executive Officer

22 March 2016



# Ho Chi Minh City Securities Corporation

CASH FLOW STATEMENT  
for the year ended 31 December 2015

B03-CTCK

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>1. Net profit before tax</b>		<b>271,500,191,481</b>	<b>481,447,406,089</b>
	<b>2. Adjustments for:</b>			
02	- Depreciation and amortization	21, 22	5,506,890,305	4,255,226,561
03	- Provision charged/ (reversal)		(24,342,146,860)	30,267,871,369
05	- Profits from investing activities		(62,739,762,476)	(119,616,575,866)
06	- Interest expense		7,390,345,537	6,488,285,876
<b>08</b>	<b>3. Operating profit before changes in working capital</b>		<b>197,315,517,987</b>	<b>402,842,214,029</b>
09	- Increase in receivables		(653,348,260,714)	(627,738,762,673)
10	- Decrease in short-term investments		89,641,613,473	117,744,559,355
11	- (Decrease)/increase in payables (other than interest, corporate income tax)		(1,058,054,310,971)	572,082,214,753
12	- Decrease in prepaid expenses		2,170,370,087	7,528,319,377
13	- Interest paid		(6,486,708,265)	(6,951,035,444)
14	- Corporate income tax paid	23.1	(54,941,674,651)	(123,582,104,212)
16	- Other cash outflows from operating activities		(20,186,278,609)	(46,791,497,842)
<b>20</b>	<b>Net cash flows generated from/ (used in) operating activities</b>		<b>(1,503,889,731,663)</b>	<b>295,133,907,343</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	1. Purchase and construction of fixed assets		(9,196,409,972)	(5,308,359,612)
22	2. Proceeds from disposals of fixed assets and other long-term assets		20,400,000	-
23	3. Loans to other entities and payments for purchase of debt instruments of other entities		(966,707,400,000)	(1,356,507,877,419)
24	4. Collections from borrowers and proceeds from sale of debt instruments of other entities		968,253,300,000	1,622,629,521,118
27	5. Interest and dividends received		64,201,380,385	95,251,810,647
<b>30</b>	<b>Net cash flows generated from investing activities</b>		<b>56,571,270,413</b>	<b>356,065,094,734</b>

# Ho Chi Minh City Securities Corporation

CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2015

B03-CTCK

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
32	1. Capital redemption		(2,080,620)	(4,256,945)
33	2. Drawdown of borrowings		1,154,103,204,781	560,437,041,099
34	3. Repayment of borrowings		(500,000,000,000)	(350,000,000,000)
36	4. Dividends paid to equity holders	19.2	(266,685,973,510)	(152,445,541,195)
<b>40</b>	<b>Net cash flows generated from financing activities</b>		<b>387,415,150,651</b>	<b>57,987,242,959</b>
<b>50</b>	<b>Net (decrease)/increase in cash and cash equivalents during the year</b>		<b>(1,059,903,310,599)</b>	<b>709,186,245,036</b>
<b>60</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>4</b>	<b>1,717,060,130,176</b>	<b>1,007,873,885,140</b>
<b>70</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>4</b>	<b>657,156,819,577</b>	<b>1,717,060,130,176</b>



Pham Ngoc Quang  
Preparer



Lam Huu Ho  
Chief Financial Officer




Johan Nyvene  
Chief Executive Officer

22 March 2016



# Ho Chi Minh City Securities Corporation

STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 December 2015

B05-CTCK

VND

ITEMS	Notes	Beginning balance		Increase/(decrease)				Ending balance	
		Previous year	Current year	Previous year		Current year		Previous year	Current year
				Increase	Decrease	Increase	Decrease		
1. Share capital	18	1,272,567,580,000	1,272,567,580,000	-	-	-	-	1,272,567,580,000	1,272,567,580,000
2. Share premium	18	310,343,798,499	310,343,798,499	-	-	-	-	310,343,798,499	310,343,798,499
3. Treasury shares	18	(123,551,893)	(327,808,838)	(204,256,945)	-	(443,080,620)	-	(327,808,838)	(770,889,458)
4. Investment and development fund		3,961,374,994	3,961,374,994	-	-	-	-	3,961,374,994	3,961,374,994
5. Financial reserve		144,626,530,513	182,241,735,237	37,615,204,724	-	21,331,010,026	-	182,241,735,237	203,572,745,263
6. Undistributed earnings		515,972,461,055	589,443,929,500	376,152,047,249	(302,680,578,804)	213,310,100,261	(312,879,311,997)	589,443,929,500	489,874,717,764
<b>TOTAL</b>		<b>2,247,348,193,168</b>	<b>2,358,230,609,392</b>	<b>413,562,995,028</b>	<b>(302,680,578,804)</b>	<b>234,198,029,667</b>	<b>(312,879,311,997)</b>	<b>2,358,230,609,392</b>	<b>2,279,549,327,062</b>



Pham Ngoc Quang  
Preparer



Lam Huu Ho  
Chief Financial Officer



Johan Nyvene  
Chief Executive Officer

22 March 2016



# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS  
as at and for the year ended 31 December 2015

B09-CTCK

## 1. CORPORATE INFORMATION

Ho Chi Minh City Securities Corporation ("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, Business License No. 11/UBCK-GPHDKD issued by the State Securities Commission on 29 April 2003, and other amended licenses.

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

The Company's head office is located at 5<sup>th</sup> and 6<sup>th</sup> Floor, AB Tower, 76 Le Lai Street, District 1, Ho Chi Minh City. At 31 December 2015, the Company had branches located in Ho Chi Minh City and Hanoi, and transaction offices in Ho Chi Minh City and Hanoi.

The number of the Company's employees as at 31 December 2015 was 679 persons (31 December 2014: 573 persons).

## 2. BASIS OF PREPARATION

### 2.1 *Accounting Standards and System*

The financial statements of the Company expressed in Vietnam dong ("dong" or "VND"), are prepared in accordance with accounting regulations applicable to securities companies under Circular No. 95/2008/TT-BTC dated 24 October 2008, Circular No. 162/2010/TT-BTC dated 20 October 2010 which amended Circular No. 95/2008/TT-BTC, and Circular No. 146/2014/TT-BTC dated 20 October 2014 issued by the Ministry of Finance 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, statement of changes in equity and related notes, including their uses 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, results of operations, cash flows and changes in equity in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Items or balances required by Circular No. 95/2008/TT-BTC dated 24 October 2008 issued by the Ministry of Finance, Circular No. 162/2010/TT-BTC dated 20 October 2010 regarding the amendment and supplement of Circular No. 95/2008/TT-BTC and Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance that are not shown in these financial statements indicate nil balance.



**2. BASIS OF PREPARATION (continued)**

**2.2 Registered accounting documentation system**

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

**2.3 Fiscal year**

The Company's fiscal year starts on 1 January and ends on 31 December.

**2.4 Accounting currency**

The Company maintains its accounting records in VND.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Change in accounting policies and disclosures**

The accounting policies applied to these financial statements are consistent with accounting policies applied to the financial statements for the year ended 31 December 2014, except for the below changes:

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC guiding the accounting policies applicable to enterprises in all business lines and economic sectors ("Circular 200"). This Circular is effective for the financial year ended 31 December 2015. The significant changes in Circular 200 are as follows:

- ▶ Fixed asset liquidation presentation:
  - Other gain and loss from fixed asset liquidations is presented at net amount on the income statement.
- ▶ The following additional disclosures are required in the financial statements:
  - Financial investments: Detail of each investments accounting for 10% of the total investment balance and above should be disclosed;
  - Trade receivables: Detail of trade receivable accounting for 10% of the total trade receivables balance and above should be disclosed.
  - Doubtful debts: Detail of each overdue debt or debt not yet overdue but unlikely to be recovered accounting for 10% the total doubtful debt balance and above should be disclosed by the overdue period, overdue amount, late payment penalty charge; and recoverability.
  - Written-off debts: Detail of debt written off within 10 years by customers and rationale for writing off should be disclosed by original currencies and VND.
  - Construction in progress: Detail of each construction in progress accounting for 10% the total construction in progress balance and above should be disclosed.
  - Trade payables: Detail of each trade payable accounting for 10% total trade payable balance and above should be disclosed by suppliers and overdue rationale,
  - General and administrative expenses: Detail of each item accounting for 10% of total general and administrative expenses and above should be disclosed.

The effects of the change in accounting policies in accordance with Circular 200 are applied by the Company on a prospective basis as Circular 200 does not require for a retrospective application. The Company also reclassifies certain corresponding figures of prior year to align with the presentation of the current year in accordance with Circular 200 as disclosed in *Note 30*.



**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.2 New accounting policies issued but not yet effective**

On 30 December 2014, the Ministry of Finance issued Circular No. 210/2014/TT-BTC ("Circular 210") providing the guidance on the accounting regime applicable to securities companies which is more conformity with International Financial Reporting Standards. This Circular defines the accounting documents, chart of accounts, accounting treatments, accounting books, templates of financial statements, guidance of preparation and presentation of financial statements applicable to securities companies. This Circular takes effect from 1 January 2016 and replaces Circular No. 95/2008/TT-BTC dated 24 October 2008 and Circular No. 162/2010/TT-BTC dated 20 October 2010. Significant changes in Circular 210 are as follows:

- ▶ There are changes in forms of financial statements. Statement of comprehensive income, cash flow statement from brokerage activities and investor's trusted funds are presented separately as part of the basic financial statements.
- ▶ Financial assets are classified into four (4) categories as financial assets through profit or loss, financial assets available for sale, financial assets held to maturity and loans. Measurement for each category of financial assets is as follows:
  - Financial assets through profit or loss are recognized at fair value;
  - Financial assets available for sales are recognized at fair value;
  - Financial assets held to maturity are recognized at amortized cost using the effective interest rate;
  - Loans are recognized at amortized cost using the effective interest rate. Loans will be classified into five groups and a specific provision is created by using fixed provision rates for each borrower. The Company is also required to fully create and maintain a general provision at 0.75% of total loans classified in groups 1 to 4.

The Company will adopt this standard from the effectiveness of this Circular.

**3.3 Cash and cash equivalents**

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

**3.4 Receivables**

Receivables are initially recorded at cost and subsequently presented at cost in the following periods.

Receivables are subject to review for impairment based on their overdue status or estimated loss of undue receivables from economic entities which fall bankruptcy or are undergoing dissolution procedures; or from debtors who are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased. Increase or decrease to the provision balance is recorded as "General and administrative expenses" in the income statement.

Provision for overdue receivables is made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance as follows:

<u>Overdue period</u>	<u>Provision rate</u>
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%
From three (3) years and above	100%



**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 Intangible fixed assets**

Intangible fixed assets are stated at cost less accumulated amortization.

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

**3.7 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 equipment	3 - 5 years
Computer software	3 - 4 years

**3.8 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.

**3.9 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 (02) to forty (40) years:

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



### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.10 *Investments in securities*

According to Circular No. 95/2008/TT-BTC issued by the Ministry of Finance on 24 October 2008, securities companies are allowed to recognize investments in securities at either cost or fair value. Accordingly, the Company has applied the cost method to recognize investments in securities.

##### 3.10.1 *Short-term investments in securities*

Short-term securities either have recovery period of within one year or are held for trading purposes. These securities are initially recorded at cost, including purchased costs plus (+) transaction costs (if any) such as brokerage and transaction fee, information fee, taxes, levies and banking fees.

Accrued interest income of debt securities is recognized as a deduction in carrying value of trading securities for the portion incurred before the purchasing date and as an investment income for the amount incurred since the purchasing date.

Trading securities are subject to review for impairment at each balance sheet date. Provision for impairment of trading securities is made when their carrying value is higher than market value. Provision for impairment loss is recognized in "Operating expenses" in the income statement.

##### 3.10.2 *Long-term investments in securities*

Long-term investments in securities comprise of held-to-maturity securities and available-for-sale securities.

Held-to-maturity securities are non-derivative and have predetermined cash flows and fixed maturities and the Company has intention to hold these securities until the maturity date.

Securities shall not be classified in held-to-maturity category if during the current year or recent two years, a substantial volume of securities is sold or reclassified earlier than their maturities, unless these sales and reclassification are:

- ▶ Close to the maturity date;
- ▶ The Company recovered a majority of cost of securities according to repayment schedule or received earlier than the maturity date; or
- ▶ Subject to a non-controllable event of the Company and this event occurred one time only and unpredictably.

Available-for-sale securities are non-derivative which are not classified as neither held-to-maturity securities nor trading securities.

Long-term investments in securities are measured at cost plus transaction costs directly attributable to the acquisition. Provision for impairment is recognized in the income statement when there is sufficient objective evidence of the long-term diminution of the investments.

#### 3.11 *Provision for impairment of short-term and long-term investment securities*

Provision for impairment of investment securities is made for individual stocks when the market values are lower than original costs. Provision amount for transferable securities is the difference between the original cost and market value of those securities at the balance sheet date in accordance with Circular No. 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014 regulating the financial mechanism for securities companies, asset management companies. Any increase or decrease in balance of provision is recognized to financial expenses for the year.

For securities listed on the Hanoi Stock Exchange and Ho Chi Minh Stock Exchange their market prices are their closing prices on the trading day preceding the date of provision calculation.

The market price for unlisted securities and securities registered for trading (UpCom) used as a basis for provision calculation which their market prices are their closing prices on the trading day preceding the date of provision calculation.



**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.11 Provision for impairment of short-term and long-term investment securities (continued)**

The market price for unlisted securities and securities unregistered for trading (Upcom) used as a basis for provision calculation is the average of actual trading prices incurred within one month before the date of provision calculation which are quoted by three securities companies.

Securities without reference price used for provision calculation are evaluated for impairment based on financial conditions of issuing entities and book value of securities as at 31 December 2015.

For delisted securities and suspended trading securities from the sixth day afterward, their prices are the book value at the latest financial report date.

**3.12 Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase at a specified future date ("repos") are not derecognized from the financial statements. The corresponding cash received is recognized in the financial statements as a liability. The difference between the sale price and repurchase price is recognized as interest expense and is accrued over the life of the agreement using the straight-line method.

Conversely, securities purchased under agreements to resell at a specified future date ("reverse repos") are not recognized in the financial statements. The corresponding cash paid is recognized in the balance sheet as an liability. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the straight-line method. For overdue commitments, the difference shall not be accrued and recognized in the income statement when amount is actually received.

**3.13 Payables and accruals**

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

**3.14 Employee benefits**

**3.14.1 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 18% 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 the Social Insurance Agency on a monthly basis.

**3.14.2 Provision for retrenchment allowance**

Retrenchment allowance occurs as a result of a constructive obligation to restructure when the Company has a detailed and formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Retrenchment allowance is provided at the rate of one month's salary for each working year up to 31 December 2008 and the minimum amount for each employee is two months' salary in accordance with the Labor Code and related implementing guidance. From 1 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date. The increase in this provision will be accounted in income statement

According to current regulation the Company is obliged Provision for retrenchment allowance fund used for payment of unemployment allowance arising termination labor contract.



## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.14 *Employee benefits* (continued)

#### 3.14.3 *Unemployment benefits*

According to current regulation the Company is required to pay unemployment insurance at 1% of salary of employees who participate in the unemployment program and deduct 1% from each employee's basic salary.

### 3.15 *Foreign currency transactions*

Transactions in currencies other than the Company's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates. At the end of the year, monetary balances denominated in foreign currencies are translated into VND using the actual exchange rates at the balance sheet date which are determined as follows:

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

All realized and unrealized foreign exchange differences are taken to the income statement.

### 3.16 *Treasury 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.

### 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 investment*

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.

#### *Revenue from securities trading*

Revenue from securities trading is recognized on the basis of the difference between selling price and cost of securities sold.

#### *Revenue from securities repurchase and reverse repurchase agreements*

Revenue from securities repurchase and reverse repurchase agreements is recognized over the life of the agreement using the straight-line method.

#### *Interest income*

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

#### *Dividend*

Income is recognized when the Company's entitlement as an investor to receive the dividend is established, except for dividend received in shares which only changing number of shares is reflected the Company's investment portfolio.



**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.17 Revenue recognition** (continued)

*Rendering of other 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 specific identification method to calculate cost of debt securities sold.

**3.19 Taxation**

*Current income tax*

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

Current income tax is charged or credited to the 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 income 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.

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 used, 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 utilized. Previously unrecognized deferred income tax assets are re-assessed 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 is 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.



**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.19 Taxation (continued)**

*Deferred income tax (continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ When the Company intends either settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**3.20 Statutory reserves**

According to Circular No. 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014, securities companies are required to make appropriation of profit after tax to make the following reserves:

	<i>Percentage of profit after tax</i>	<i>Maximum level</i>
Charter capital supplementary reserve	5%	10% of share capital
Financial and operational risk reserve	5%	10% of share capital

Supplementary capital reserve is used to supplement annual Charter capital of the Company.

Financial reserve is used to compensate for remaining loss, property damage arising in business after receiving indemnity from related organization, individual, insurance company.

Other reserves are created in accordance with the resolution of the shareholders at the Company's Annual General Meeting.

**3.21 Appropriation of net profits**

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to investors/shareholders after approval by the shareholders at the Annual General Meeting, and after making appropriation to reserve funds as required by the Company's Charter and Vietnam's regulatory requirements.



# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

B09-CTCK

## 4. CASH AND CASH EQUIVALENTS

	<i>Ending balance</i>	<i>Beginning balance</i>
		VND
		<i>Ending balance</i>
Cash on hand	720,277,993	719,861,313
Cash at banks	656,436,541,584	1,716,340,268,863
<i>In which:</i>		
- Cash of the Company	163,426,982,820	996,111,796,568
- Investors' deposits for securities trading (Note 18)	493,009,558,764	720,228,472,295
<b>TOTAL</b>	<b>657,156,819,577</b>	<b>1,717,060,130,176</b>

## 5. VALUE AND VOLUME OF TRADING RESULTS IN THE YEAR

	<i>Trading volume in the year (units)</i>	<i>Trading value in the year (VND)</i>
<b>a. Trading results of the Company</b>	<b>177,805,492</b>	<b>4,738,870,993,100</b>
- Shares	160,405,492	2,805,456,193,100
- Bonds	17,400,000	1,933,414,800,000
<b>b. Trading results of the investors</b>	<b>6,922,034,606</b>	<b>185,567,134,950,845</b>
- Shares	6,393,662,885	130,349,625,951,900
- Bonds	528,371,721	55,217,508,998,945
<b>TOTAL</b>	<b>7,099,840,098</b>	<b>190,306,005,943,945</b>

# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 6. FINANCIAL INVESTMENTS

### 6.1 Held-for-trading securities

	Quantity (Unit)	Cost VND	Compared to the market value		Total market value VND
			Increase VND	Decrease VND	
<b>Short-term investments</b>					
- Listed shares	3,881,919	80,432,079,611	704,296,557	(7,516,485,414)	73,619,890,754
- Unlisted shares	4,541,535	109,647,270,048	490,925,954	(50,387,990,751)	59,750,205,251
<b>TOTAL</b>	<b>8,423,454</b>	<b>190,079,349,659</b>	<b>1,195,222,511</b>	<b>(57,904,476,165)</b>	<b>133,370,096,005</b>

Movements of provision for impairment of short-term investments during the year are as follows:

	VND	
	Current year	Prior year
Beginning balance	82,246,623,025	45,382,091,656
Provision charged (Notes 21)	25,449,339,849	44,894,071,082
Reversal of provision (Notes 21)	(49,791,486,709)	(8,029,539,713)
<b>Ending balance</b>	<b>57,904,476,165</b>	<b>82,246,623,025</b>



# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 6. FINANCIAL INVESTMENTS (continued)

### 6.2 Details of provision for impairment for short-term investments

Items	VND					
	Carrying value		Compared to market value		Total market value	
	Ending year	Beginning year	Ending year	Beginning year	Ending year	Beginning year
<b>Listed shares</b>	<b>62,884,748,314</b>	<b>131,290,627,290</b>	<b>(7,516,485,414)</b>	<b>(5,420,132,273)</b>	<b>55,368,262,900</b>	<b>125,870,495,017</b>
Hoa Phat Group Joint Stock Company (HPG)	20,394,096,921	20,683,396,020	(1,395,535,139)	-	18,998,561,782	20,683,396,020
Thanh Cong textile Joint Stock Company (TCM)	17,135,433,133	189,506	(2,016,175,133)	-	15,119,258,000	189,506
Ho Chi Minh City Infrastructure Investment Joint Stock Company (CII)	12,125,701,577	165,300	(1,204,739,173)	-	10,920,962,404	165,300
Vietronics Tan Binh Joint Stock Company (VTB)	8,168,464,264	8,469,329,905	(2,549,526,264)	(2,777,875,647)	5,618,938,000	5,691,454,258
Other shares	5,061,052,419	102,137,546,559	(350,509,705)	(2,642,256,626)	4,710,542,714	99,495,289,933
<b>Unlisted shares</b>	<b>70,241,999,502</b>	<b>107,434,499,502</b>	<b>(50,387,990,751)</b>	<b>(76,826,490,752)</b>	<b>19,854,008,751</b>	<b>30,608,008,750</b>
Dong A Commercial Joint Stock Bank	16,967,999,502	16,967,999,502	(11,425,935,501)	(11,425,935,502)	5,542,064,001	5,542,064,000
Tan Binh Real Estate Joint Stock Company	12,025,000,000	12,025,000,000	(5,715,000,000)	(5,715,000,000)	6,310,000,000	6,310,000,000
Ca Mau Seafood Joint Stock Company	10,950,000,000	10,950,000,000	(10,365,030,000)	(10,365,030,000)	584,970,000	584,970,000
Minh Hai Export Frozen Seafood Processing Joint-Stock Company	8,000,000,000	8,000,000,000	(7,670,000,000)	(7,670,000,000)	330,000,000	330,000,000
Special Aquatic Products Joint-Stock Company	7,550,000,000	7,550,000,000	(5,389,983,000)	(5,389,983,000)	2,160,017,000	2,160,017,000
Vass Assurance Corporation	5,442,600,000	5,442,600,000	(4,302,600,000)	(4,302,600,000)	1,140,000,000	1,140,000,000
Saigon Postel Corp.,	4,406,400,000	4,406,400,000	(2,205,560,000)	(2,205,560,000)	2,200,840,000	2,200,840,000
Can Tho Import - Export Seafood Joint Stock Company	4,900,000,000	4,900,000,000	(3,313,882,250)	(3,313,882,250)	1,586,117,750	1,586,117,750
Other shares	-	37,192,500,000	-	(26,438,500,000)	-	10,754,000,000
<b>TOTAL</b>	<b>133,126,747,816</b>	<b>238,725,126,792</b>	<b>(57,904,476,165)</b>	<b>(82,246,623,025)</b>	<b>75,222,271,651</b>	<b>156,478,503,767</b>

# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 7. SHORT-TERM RECEIVABLES

### 7.1 Short term receivables

Items	Beginning balance			Movements during the year		Ending balance				VND
	Total	Overdue	Doubtful	Increase	Decrease	Total	Overdue	Doubtful	Provision	
1. Trade receivables	1,796,217,100	-	1,275,517,100	151,692,912,108	(151,971,792,695)	1,517,336,513	-	1,275,517,100	1,275,517,100	
- Advisory services	1,666,350,000	-	1,145,650,000	11,515,444,395	(11,794,468,395)	1,387,326,000	-	1,145,650,000	1,145,650,000	
- Securities investments	129,867,100	-	129,867,100	140,177,324,300	(140,177,324,300)	129,867,100	-	129,867,100	129,867,100	
- Others	-	-	-	143,413	-	143,413	-	-	-	
2. Advance to suppliers	3,941,320,615	-	-	3,374,485,058	(6,804,155,565)	511,650,108	-	-	-	
3. Receivables from securities trading	2,025,959,756,897	-	15,443,787,994	349,054,303,577,227	(348,399,981,680,087)	2,680,281,654,037	-	15,443,787,994	15,443,787,994	
- Margin trading (i)	1,343,689,148,244	-	-	146,665,487,827,600	(145,504,753,083,888)	2,504,423,891,956	-	-	-	
- Clearing and settlement of securities trading with VSD (ii)	639,046,907,550	-	-	197,282,511,326,433	(197,901,762,024,923)	19,796,209,060	-	-	-	
- Advances to investors (iii)	42,977,170,002	-	15,443,787,994	4,720,841,249,694	(4,643,718,749,128)	120,099,670,568	-	15,443,787,994	15,443,787,994	
- Receivables from foreign investors	246,531,101	-	-	98,795,594,606	(98,565,340,438)	476,785,269	-	-	-	
- Receivables from investors for securities trading(iv)	-	-	-	286,667,578,894	(251,182,481,710)	35,485,097,184	-	-	-	
4. Other receivables	6,487,513,595	-	-	13,808,453,467	(16,599,602,163)	3,696,364,899	-	-	-	
- Interest receivables from bank deposits	5,204,636,976	-	-	4,517,919,741	(7,543,983,105)	2,178,573,612	-	-	-	
- Reverse repurchase agreements of shares (v)	1,164,000,000	-	-	-	-	1,164,000,000	-	-	-	
- Others	118,876,619	-	-	9,290,533,726	(9,055,619,058)	353,791,287	-	-	-	
<b>TOTAL</b>	<b>2,038,184,808,207</b>	<b>-</b>	<b>16,719,305,094</b>	<b>349,223,179,427,860</b>	<b>(348,575,357,230,510)</b>	<b>2,686,007,005,557</b>	<b>-</b>	<b>16,719,305,094</b>	<b>16,719,305,094</b>	



# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 7. SHORT-TERM RECEIVABLES (continued)

### 7.1 Short-term receivables (continued)

- (i) These represent receivables under securities margin trading contracts which are secured by investors' securities portfolio or assets. Contract duration is less than three (3) months and interest rate was from 9.5% to 14.6% per year as at 31 December 2015.
- (ii) These represent receivables from Vietnam Securities Depository for clearing and settlement of securities trading of investors in last three days of the year.
- (iii) This account includes doubtful debts of VND15,443,787,994 relating to the purchase of shares of a company which occurred in previous years and provision for doubtful debts was fully provided.
- (iv) These represent receivables relating to the purchase of shares of Saigon Beer-Alcohol-Beverage Joint Stock Corporation which have not yet been transferred the ownership to the Company.
- (v) These represent receivables relating to repurchase and reverse repurchase agreements. The Company has received ownership of these securities. At the date of the financial statements, these securities are not impaired.

### 7.2 Provision for doubtful receivables

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	16,719,305,094	23,315,965,094
Reversal of provision for the year (Notes 22)	-	(6,596,660,000)
<b>Ending balance</b>	<b><u>16,719,305,094</u></b>	<b><u>16,719,305,094</u></b>

## 8. BAD DEBTS

Debtor	VND			
	<u>Ending balance</u>		<u>Beginning balance</u>	
	Cost	Recoverable amount	Cost	Recoverable amount
Individual customer (*)	15,443,787,994	-	15,443,787,994	-
Others	1,275,517,100	-	1,275,517,100	-
<b>Total</b>	<b><u>16,719,305,094</u></b>	<b><u>-</u></b>	<b><u>16,719,305,094</u></b>	<b><u>-</u></b>

- (\*) This includes doubtful debts relating to the purchase of shares of a company that investors failed to repay the obligation which occurred in previous years and provision for doubtful debts was fully provided.

# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 9. TANGIBLE FIXED ASSETS

			VND
	<i>Transportation vehicles</i>	<i>Office equipment</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	3,474,189,544	36,729,832,902	40,204,022,446
Additions	-	4,425,599,045	4,425,599,045
Disposal	-	(1,232,468,871)	(1,232,468,871)
Ending balance	<u>3,474,189,544</u>	<u>39,922,963,076</u>	<u>43,397,152,620</u>
<i>In which:</i>			
Fully depreciated	2,342,966,144	32,240,166,356	34,583,132,500
<b>Accumulated depreciation:</b>			
Beginning balance	2,608,534,626	33,216,398,869	35,824,933,495
Depreciation for the year	188,537,232	3,209,180,683	3,397,717,915
Disposal	-	(1,232,468,871)	(1,232,468,871)
Ending balance	<u>2,797,071,858</u>	<u>35,193,110,681</u>	<u>37,990,182,539</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>865,654,918</u>	<u>3,513,434,033</u>	<u>4,379,088,951</u>
Ending balance	<u>677,117,686</u>	<u>4,729,852,395</u>	<u>5,406,970,081</u>

## 10. INTANGIBLE FIXED ASSETS

	VND
	<i>Computer software</i>
<b>Cost:</b>	
Beginning balance	23,089,878,017
Additions	5,373,871,183
Ending balance	<u>28,463,749,200</u>
<i>In which:</i>	
Fully amortized	21,494,156,067
<b>Accumulated amortization:</b>	
Beginning balance	21,455,878,843
Amortization for the year	2,109,172,390
Ending balance	<u>23,565,051,233</u>
<b>Net carrying amount:</b>	
Beginning balance	<u>1,633,999,174</u>
Ending balance	<u>4,898,697,967</u>



# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 11. PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Tools and supplies	1,250,712,942	1,217,939,176
Prepaid operating lease	995,775,902	499,139,705
Maintenance expense	922,614,939	522,090,724
Software license	345,556,804	152,343,994
Office renovation	300,833,876	318,328,768
Others	822,224,493	923,416,769
	<u>4,637,718,956</u>	<u>3,633,259,136</u>
Long-term		
Prepaid office rentals	98,201,690,504	102,144,206,606
Office renovation cost	1,174,321,586	199,544,147
Office tools and equipment	136,277,778	343,369,022
	<u>99,512,289,868</u>	<u>102,687,119,775</u>
<b>TOTAL</b>	<b><u>104,150,008,824</u></b>	<b><u>106,320,378,911</u></b>

Prepaid office rentals mainly include the unamortized portion of the full prepayment for lease of 1,802 square meters at AB Tower for the remaining period of 35 years.

Movements of prepaid expenses during the year are as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
<i>Short term</i>		
Beginning balance	3,633,259,136	6,110,580,511
Increased in year	35,778,815,895	26,020,747,717
	<u>39,412,075,031</u>	<u>32,131,328,228</u>
Amortization for the year	(34,774,356,075)	(28,498,069,092)
Ending balance	<u>4,637,718,956</u>	<u>3,633,259,136</u>
<i>Long term</i>		
Beginning balance	102,687,119,775	107,738,117,777
Increased in year	1,515,345,740	629,800,676
	<u>104,202,465,515</u>	<u>108,367,918,453</u>
Amortization for the year	(4,690,175,647)	(5,680,798,678)
Ending balance	<u>99,512,289,868</u>	<u>102,687,119,775</u>
<b>TOTAL</b>	<b><u>104,150,008,824</u></b>	<b><u>106,320,378,911</u></b>

# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 12. ADVANCE TO SETTLEMENT ASSISTANCE FUND

Advance to Settlement Assistance Fund represent deposits at the Vietnam Securities Depository.

According to Decision No. 45/QD-VSD dated 22 May 2014 issued by the Vietnam Securities Depository, the Company is required to deposit an initial amount of VND120 million and make an annual additional contribution of 0.01% of total value trading of dealing and brokered securities in prior year but not exceed VND2,500 million per year, with total contribution not exceed VND20 billion.

Movements of advance to Settlement Assistance Fund during the year are as follows:

	<i>VND</i>
Initial contribution	120,000,000
Total additional contribution up to 2014	10,735,293,399
Total interest received up to 2014	<u>3,477,289,911</u>
<b>Balance as at 31 December 2014</b>	<b>14,332,583,310</b>
Additional contribution in 2015	1,685,466,261
Interest received in 2015	<u>814,533,739</u>
<b>Balance as at 31 December 2015</b>	<b><u>16,832,583,310</u></b>

## 13. OTHER LONG-TERM ASSETS

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



# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 14. SHORT-TERM LOANS

	VND					
	Opening balance (Restated)		Movement in year		Ending balance	
	Amount	Repayable amount	Increase	Payment	Amount	Repayable amount
Short-term loans						
Bank loans (i)	-	-	900,000,000,000	(500,000,000,000)	400,000,000,000	400,000,000,000
Bank overdrafts (ii)	210,437,041,099	210,437,041,099	222,166,147,373	(178,499,983,691)	254,103,204,781	254,103,204,781
<b>TOTAL</b>	<b>210,437,041,099</b>	<b>210,437,041,099</b>	<b>1,122,166,147,373</b>	<b>(678,499,983,691)</b>	<b>654,103,204,781</b>	<b>654,103,204,781</b>

- (i) Loans have term of one month, bear interest at rate 7% per annum.  
(ii) Bank overdrafts bear interest at rate ranging from 5.8% to 6.3% per annum.

## 15. STATUTORY OBLIGATIONS

Items	VND			
	Beginning balance	Payable in the year	Paid in the year	Ending balance
Payables				
Corporate income tax (Note 23)	15,675,689,311	58,190,091,220	54,941,674,651	18,924,105,880
Personal income tax of investors	4,622,512,213	45,972,910,377	47,113,063,269	3,482,359,321
Corporate income tax of foreign investors	2,404,746,569	18,868,435,558	18,413,197,318	2,859,984,809
Foreign contractor withholding tax	1,174,457,245	2,856,933,805	3,070,471,278	960,919,772
Personal income tax of the employees	950,764,440	16,239,017,735	16,418,777,791	771,004,384
Value added tax	176,101,175	1,142,359,294	933,802,690	384,657,779
Business registered tax	-	10,000,000	10,000,000	-
<b>TOTAL</b>	<b>25,004,270,953</b>	<b>143,279,747,989</b>	<b>140,900,986,997</b>	<b>27,383,031,945</b>

# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 16. ACCRUED EXPENSES

	VND	
	<u>Ending balance</u>	<u>Beginning balance</u>
Short-term		
Allowance for working performance payable to employees	12,000,000,000	18,000,000,000
Brokerage fee payables to Stock Exchange	3,953,370,562	4,413,444,803
Other accrued expenses	1,112,949,236	2,095,629,792
<b>TOTAL</b>	<b><u>17,066,319,798</u></b>	<b><u>24,509,074,595</u></b>

## 17. OTHER PAYABLES

	VND	
	<u>Ending balance</u>	<u>Beginning balance</u>
Short-term		
Dividend payable to shareholders	67,479,807,249	67,067,361,859
Trade union fee	2,569,676,745	1,970,347,488
Unemployment insurance	100,888,151	58,817,736
Social insurance and health insurance	40,757,550	109,286,769
Other payables	1,859,068,906	1,495,242,070
<b>TOTAL</b>	<b><u>72,050,198,601</u></b>	<b><u>70,701,055,922</u></b>
In which:		
Payable to other parties	33,660,793,601	32,311,650,922
Payable to related parties (Note 24)	38,389,405,000	38,389,405,000

## 18. PAYABLES FOR SECURITIES TRADING

	VND	
	<u>Ending balance</u>	<u>Beginning balance</u>
Investors' deposits for securities trading	493,009,558,764	720,228,472,295
Payables to investors for selling transactions	16,585,598,900	639,100,199,500
Deposits for purchasing of shares	17,170,000,000	7,171,200,000
Other payables	98,873,437	-
<b>TOTAL</b>	<b><u>526,864,031,101</u></b>	<b><u>1,366,499,871,795</u></b>
In which:		
Payable to other parties	526,839,400,335	1,366,475,453,310
Payable to related parties (Note 24)	24,630,766	24,418,485

## 19. OWNERS' EQUITY

### 19.1 Share capital

	VND	
	<u>Ending balance</u>	<u>Beginning balance</u>
Contributed by shareholders	1,272,567,580,000	1,272,567,580,000
Share premium	310,343,798,499	310,343,798,499
Treasury shares	(770,889,458)	(327,808,838)
<b>TOTAL</b>	<b><u>1,582,140,489,041</u></b>	<b><u>1,582,583,569,661</u></b>



# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 19. OWNERS' EQUITY (continued)

### 19.2 Dividends

	VND	
	<u>Current year</u>	<u>Previous year</u>
<b>Dividends paid during the year</b>		
- 2 <sup>nd</sup> dividends for 2014: VND1,600 per share	203,181,544,555	-
- 1 <sup>st</sup> dividends for 2014: VND500 per share	63,504,428,955	-
- 2 <sup>nd</sup> dividends for 2013: VND1,200 per share	-	152,426,341,195
- Dividends paid for previous years	-	19,200,000
<b>TOTAL</b>	<b><u>266,685,973,510</u></b>	<b><u>152,445,541,195</u></b>

### 19.3 Shares

	<u>Ending balance Share</u>	<u>Beginning balance Share</u>
<b>Authorized shares</b>	<b>127,256,758</b>	<b>127,256,758</b>
<b>Issued shares</b>	<b>127,256,758</b>	<b>127,256,758</b>
<i>Issued and paid-up shares</i>		
Ordinary shares	127,256,758	127,256,758
<b>Treasury shares</b>		
<i>Held by the Company</i>		
Ordinary shares	71,341	27,175
<b>Outstanding shares</b>		
Ordinary shares	127,185,417	127,229,583

## 20. OTHER REVENUE

	VND	
	<u>Current year</u>	<u>Previous year</u>
Revenue from margin trading	219,351,065,116	244,351,278,978
Interest income from bank deposits	54,718,577,175	67,240,846,714
Revenue from advances to investors	3,285,351,413	4,434,997,453
Revenue from reverse repurchase agreement	-	3,040,279,838
Other revenues	1,574,822,296	2,326,621,008
<b>TOTAL</b>	<b><u>278,929,816,000</u></b>	<b><u>321,394,023,991</u></b>

# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 21. OPERATING EXPENSES

	VND	
	<u>Current year</u>	<u>Previous year</u>
Employees cost	88,478,764,888	92,922,418,194
Brokerage expenses	54,902,667,474	59,515,773,909
Loss on securities trading	49,496,478,969	16,384,828,032
External services	27,418,066,016	26,494,009,818
External management consultancy fee	9,757,443,491	12,560,055,469
Interest expenses	7,390,345,537	2,302,083,333
Security custodian expenses	4,025,649,485	3,559,399,407
Material and tool expenses	2,870,443,429	1,279,280,378
Depreciation and amortization	2,176,177,440	1,645,673,885
Other expenses	1,540,010,818	4,569,998,112
Cost of repurchase agreements of bonds	-	4,186,202,543
Provision for impairment of investments	25,449,339,849	44,894,071,082
Reversal of provision for impairment of investments	<u>(49,791,486,709)</u>	<u>(8,029,539,713)</u>
<b>TOTAL</b>	<b><u>223,713,900,687</u></b>	<b><u>262,284,254,449</u></b>

## 22. GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	<u>Current year</u>	<u>Previous year</u>
Employees cost	52,910,472,825	54,000,342,982
Office rental	20,079,286,165	15,486,840,239
External services	15,860,913,409	17,405,906,453
Depreciation and amortization	3,330,712,865	2,609,552,676
Office supplies	730,844,250	652,149,080
Office renovation expenses	445,755,732	415,980,096
Taxes and other fees	337,145,376	251,997,184
Other expenses	2,257,792,461	3,181,612,667
Reversal of provision for doubtful debts	-	(6,596,660,000)
<b>TOTAL</b>	<b><u>95,952,923,083</u></b>	<b><u>87,407,721,377</u></b>

## 23. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 22% of taxable profits (2014: 22%).

The Company's tax reporting will be subject to inspection by the tax authorities. Because the application of laws and regulations on taxes on different types of transactions can be interpreted in different ways, the tax amounts presented on the financial statements can be changed by the final decision of the tax authorities.



# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 23.1 Current corporate income tax expense

	VND	
	<u>Current year</u>	<u>Previous year</u>
Current tax expense	58,810,888,290	105,295,358,840
Adjustment for reversal of OTC impairment provision made in 2008	(620,797,070)	-
<b>TOTAL</b>	<b><u>58,190,091,220</u></b>	<b><u>105,295,358,840</u></b>

The current tax payable is based on taxable profit for the current 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 years 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.

Provision for current income tax expense is computed as follows:

	VND	
	<u>Current year</u>	<u>Previous year</u>
<b>Profit before tax</b>	<b>271,500,191,481</b>	<b>481,447,406,089</b>
<b>Adjustments to increases (decreases) accounting profit</b>		
- Non-deductible expenses	1,154,767,860	1,292,420,014
- Tax-exempt dividend income	(5,332,739,846)	(4,124,558,645)
<b>Current taxable profit</b>	<b><u>267,322,219,495</u></b>	<b><u>478,615,267,458</u></b>
<b>Estimated current CIT</b>	<b>58,810,888,290</b>	<b>105,295,358,840</b>
Adjustment for reversal of OTC impairment provision made in 2008	(620,797,070)	-
<b>Estimated current CIT payable during the year</b>	<b><u>58,190,091,220</u></b>	<b><u>105,295,358,840</u></b>
<b>CIT payable at the beginning of the year</b>	<b>15,675,689,311</b>	<b>33,962,434,683</b>
CIT paid during the year	(54,941,674,651)	(123,582,104,212)
<b>CIT payable at the end of the year</b>	<b><u>18,924,105,880</u></b>	<b><u>15,675,689,311</u></b>

## 23.2 Deferred corporate income tax

There was no deferred tax recognized as at 31 December 2015 since there are no significant identified temporary differences between the carrying value and the tax base of assets and liabilities in the financial statements.

# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 24. TRANSACTIONS WITH RELATED PARTIES

List of the related parties and the relationship with the Company are as follows:

<u>Related parties</u>	<u>Relationship</u>
Dragon Capital Markets Limited (DC)	Strategic shareholder – holding 30.87% of share capital. The Company's Vice Chairman of the Board of Directors is the Deputy General Director of DC. The Company's member of the Board of Directors, cum Chief Executive Officer is representative for DC's shares.
Ho Chi Minh Finance and Investment State-owned Company (HFIC)	Strategic shareholder – holding 29.47% of share capital. The Company's Vice Chairman of the Board of Directors is the Deputy Director of HFIC. The Company's member of the Board of Directors is Deputy Head of Finance and accounting Department at HFIC.
Vietnam Debt Fund SPC (VDF)	DC's subsidiary
Vietnam Enterprise Investments	DC's subsidiary
Amersham Industries Limited	DC's subsidiary
Vietnam Property Fund Limited	DC's subsidiary
Cam Vietnam Mother Fund	DC's subsidiary
DC Developing Markets Strategies Public Limited Company	DC's subsidiary

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

<u>Related parties</u>	<u>Transactions</u>	<u>VND</u>	
		<u>Current year</u>	<u>Previous year</u>
Dragon Capital Markets Limited (DC)	Paid dividend	82,485,501,000	66,773,977,000
	Brokerage service - Selling securities	70,436,770,000	115,725,500,000
	Advisory expenses	9,618,991,691	10,710,271,469
	Brokerage income	105,655,155	23,145,100
	Selling bonds	-	55,583,000,000
	Brokerage service - Purchasing securities	-	30,150,000,000
Ho Chi Minh City Fund and Investment Corporation (HFIC)	Paid dividend	78,750,000,000	63,750,000,000
	Brokerage service - Selling securities	-	54,776,917,000
	Brokerage income	-	82,165,414
Vietnam Debt Fund SPC.	Brokerage service - Purchasing securities	312,443,000,000	55,583,000,000
	Brokerage service - Selling securities	305,571,036,000	234,358,000,000
	Brokerage income	164,906,482	57,988,200
	Purchasing bonds under reverse repurchase agreement	-	50,000,000,000
	Selling bonds under repurchase agreement	-	45,201,933,330



# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 24. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant transactions with related parties during the year are as follows (continued):

<i>Related parties</i>	<i>Transactions</i>	<i>VND</i>	
		<i>Current year</i>	<i>Previous year</i>
Vietnam Enterprise Investments Limited	Brokerage service - Selling securities	852,530,825,880	1,108,671,899,800
	Brokerage service - Purchasing securities	295,550,719,600	626,913,839,100
	Brokerage income	1,722,122,409	2,603,378,913
Cam Vietnam Mother Fund	Brokerage service - Selling securities	298,402,500,000	425,575,360,752
	Brokerage service - Purchasing securities	198,587,753,000	78,901,910,000
	Brokerage income	723,417,899	686,055,914
Amersham Industries Limited	Brokerage service - Selling securities	573,694,428,940	957,086,392,360
	Brokerage service - Purchasing securities	177,658,936,820	270,424,735,000
	Brokerage income	1,127,030,325	1,901,266,983
Vietnam Property Fund Limited	Brokerage service - Selling securities	64,959,176,200	112,611,773,480
	Brokerage income	97,438,764	168,917,661
DC Developing Markets Strategies Public Limited Company	Brokerage service - Selling securities	85,969,849,300	43,765,257,000
	Brokerage service - Purchasing securities	47,363,399,000	72,622,537,000
	Brokerage income	199,999,952	174,581,761
The Board of Directors, the Board of Supervisors and the Board of Management	Remuneration and salary	17,546,041,623	18,398,371,308

Amounts due to related parties at the balance sheet date are as follows:

<i>Related parties</i>	<i>Transactions</i>	<i>VND</i>	
		<i>Ending balance</i>	<i>Beginning balance</i>
Dragon Capital Markets Limited (DC)	Dividend payable	(19,639,405,000)	(19,639,405,000)
Ho Chi Minh City Fund and Investment Corporation (HFIC)	Dividend payable	(18,750,000,000)	(18,750,000,000)
	Deposits for trading securities	(24,630,766)	(24,418,485)

# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 25. SEGMENT INFORMATION

### *Business segment*

Information of business segment's revenue, profit, assets and liabilities of the Company as below:

	VND						
	<i>Brokerage and customer services</i>	<i>Trading</i>	<i>Advisory services</i>	<i>Treasury activities</i>	<i>Other segments</i>	<i>Unallocated</i>	<i>Total</i>
<i>For the financial year ended</i>							
<i>31 December 2015</i>							
1. Revenue from operating activities	266,028,537,216	35,025,916,039	11,154,708,555	277,354,993,704	1,574,822,296	-	591,138,977,810
2. Direct costs	101,101,518,819	30,875,079,389	5,548,680,052	175,995,681,833	638,973,372	-	314,159,933,465
3. Depreciation and amortization	2,295,180,408	21,880,404	14,288,568	3,164,053,449	11,487,476	-	5,506,890,305
3 Other profit	-	-	-	-	28,037,441	-	28,037,441
<b>Profit before tax</b>	<b>162,631,837,989</b>	<b>4,128,956,246</b>	<b>5,591,739,935</b>	<b>98,195,258,422</b>	<b>952,398,889</b>	-	<b>271,500,191,481</b>
<i>As at 31 December 2015</i>							
1. Segment assets	93,344,545,636	132,174,873,494	1,387,326,000	3,253,384,819,724	991,738,303	-	3,481,283,303,157
2. Allocated assets	88,160,519,140	1,122,042,972	1,602,918,530	1,763,210,382	16,189,477,150	-	108,838,168,174
3. Unallocated assets	-	-	-	-	-	6,461,956,833	6,461,956,833
<b>Total assets</b>	<b>181,505,064,776</b>	<b>133,296,916,466</b>	<b>2,990,244,530</b>	<b>3,255,148,030,106</b>	<b>17,181,215,453</b>	<b>6,461,956,833</b>	<b>3,596,583,428,164</b>
1. Segment liabilities	531,223,994,522	-	-	655,006,842,053	964,638,682	-	1,187,195,475,257
2. Unallocated liabilities	-	-	-	-	-	129,838,625,845	129,838,625,845
<b>Total liabilities</b>	<b>531,223,994,522</b>	<b>-</b>	<b>-</b>	<b>655,006,842,053</b>	<b>964,638,682</b>	<b>129,838,625,845</b>	<b>1,317,034,101,102</b>

### *Geographical segment*

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



# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 26. OPERATING LEASE COMMITMENTS

The Company leases its offices under operating lease agreements as at 31 December 2015 as follows:

### In Ho Chi Minh City:

- Head office at 5<sup>th</sup> and 6<sup>th</sup> Floor, AB Tower at 76 Le Lai, Ben Thanh Ward, District 1.
- Branch office at 1<sup>st</sup> Floor, 6 Thai Van Lung, Ben Nghe Ward, District 1.
- Transaction office at 569-571-573 Tran Hung Dao, Cau Kho Ward, District 1.
- Transaction office at 633 Nguyen Trai, Ward 11, District 5.
- Transaction office at Ground Floor, Centre Point Building, 106 Nguyen Van Troi, Ward 8, Phu Nhuan District.
- Warehouse for archiving documents at 81, Street No.42, Binh Trung Dong Ward, District 2.

### In Hanoi:

- Branch office at 66A Tran Hung Dao, Tran Hung Dao Ward, Hoan Kiem District.
- Transaction office at 18<sup>th</sup> floor, VCCI Building, No.9, Dao Duy Anh Street, Phuong Mai Ward, Dong Da District, Hanoi
- Transaction office at 6<sup>th</sup> Floor, Vinaconex Building, 34 Lang Ha, Lang Ha Ward, Dong Da District.
- Warehouse for archiving documents at P803, 8<sup>th</sup> Floor CT5, Me Tri Commune, Tu Liem District.

As at the balance sheet date, the operating lease commitment payables under the operating lease agreements as follow:

	<i>Ending balance</i>	<i>Beginning balance</i>
		<i>VND</i>
Less than 1 year	14,971,363,980	10,113,773,140
From 1 - 5 years	32,425,760,135	23,221,002,507
Over 5 years	-	354,665,228
<b>TOTAL</b>	<b>47,397,124,115</b>	<b>33,689,440,875</b>

## 27. 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 (after adjusting for the bonus and welfare fund) 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.

**27. EARNINGS PER SHARE** (continued)

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

	<u>Current year</u>	<u>Previous year (Restated)</u>
Net profit after tax - VND	213,310,100,261	376,152,047,249
Bonus and welfare fund	-	20,688,362,599
Net profit attributable to ordinary equity holders for calculation of basic earnings per share - VND	213,310,100,261	355,463,684,650
Weighted average number of ordinary shares for basic earnings per share calculation	127,201,122	127,232,806
Basic earnings per share - VND	1,677	2,794
Diluted earnings per share – VND	1,677	2,794

According to resolution of shareholders meeting No.01/2015/NQ-ĐHCĐ at 16 April 2015, the Company has made an adjustment and restatement of profit used to calculate earnings per share in the 2014 financial statements to reflect the creation of actual bonus and welfare fund for the year ended 31 December 2014.

Profit used to compute earning per share for 2015 was not adjusted for the creation of 2015 bonus and welfare as resolution of the shareholders meeting on the distribution of the profit after tax of the current year is not yet available.

**28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company implements a comprehensive risk management framework as follows:

***Market risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risks: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and available-for-sale investments.

***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's cash and short-term deposits. These investments are mainly short term in nature and they are not held for speculative purposes.

The Company manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favorable for its purposes within its risk management limits.

A sensitivity analysis is not performed for interest rate risk at 31 December 2015 as the Company's exposure to interest-rate risk is minimal or debts bear fixed interest rate at reporting date.

***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's Operating activities (when revenue or expense is denominated in a different currency from the Company's accounting currency).

Foreign currency risk is low since most of all the Company's assets and liabilities are in Vietnam dong.



**28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

***Equity price risk***

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Company manages the stock price risk by setting limits on stock investments. The Board of Directors of the Company also reviews and approves all investment decisions on stocks.

As at reporting date, the exposure to listed equity securities at fair value was VND80,432,079,611 (31 December 2014: VND131,920,049,245). A decrease of 10% on the stock market index would result in a decrease in the profit after tax of the Company by VND6,273,702,210 (31 December 2014: VND10,289,763,841), depending on the significance or period of decrease, and also depending on whether the holding status of the portfolio have significant impact on the market index. An increase of 10% on those stock market index would result in an increase in the profit after tax of the company VND6,273,702,210 (as at 31 December 2014: VND10,289,763,841).

***Credit risk***

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables from margin trading transactions) and from its financing activities, including deposits with banks and other financial instruments.

***Trade receivables***

Customer credit risk is managed by the Company based on its established policy, procedures and control relating to customer credit risk management.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Company has maintained strict control over its outstanding receivables and has a credit control department to minimize credit risk. The margin call is conducted on time and complies with the nature of the margin product.

In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

***Bank deposits***

The Company's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in *Note 4*. The Company evaluates the concentration of credit risk in respect to bank deposit as low.

***Liquidity risk***

The liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintain a level of cash and cash equivalents and bank loans deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.



# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### *Liquidity risk* (continued)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual discounted payments:

	<u>On demand</u>	<u>Less than 1 year</u>	<u>VND Total</u>
<b>Ending balance</b>			
Short-term loans and borrowings	-	654,103,204,781	654,103,204,781
Payables to securities transactions	509,694,031,101	17,170,000,000	526,864,031,101
Other short-term payables	2,132,789,448	70,650,748,906	72,783,538,354
Accrued expenses	-	5,066,319,798	5,066,319,798
	<b><u>511,826,820,549</u></b>	<b><u>746,990,273,485</u></b>	<b><u>1,258,817,094,034</u></b>
<b>Beginning balance</b>			
Payables to securities transactions	1,359,328,671,795	7,171,200,000	1,366,499,871,795
Other short-term payables	2,751,650,573	68,995,722,012	71,747,372,585
Accrued expenses	-	6,509,074,595	6,509,074,595
	<b><u>1,362,080,322,368</u></b>	<b><u>82,675,996,607</u></b>	<b><u>1,444,756,318,975</u></b>

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

### *Collateral*

The Company used its receivables to guarantee for the loans at HD Bank (*Note 14*).

The Company holds the securities of customers as the collateral assets for its receivables at 31 December 2015 and 31 December 2014.

## 29. ADDITIONAL PRESENTATION AND DISCLOSURE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following shows the additional presentation and disclosure of financial instruments as required by Circular No. 210/2009/TT-BTC.

### Financial assets

Financial assets of the Company under the Circular No. 210/2009/TT-BTC comprise cash, deposits at credit institutions, trading and investment securities, receivables and other assets under monetary derivative contracts.



**29. ADDITIONAL PRESENTATION AND DISCLOSURE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

According to Circular No. 210/2009/TT-BTC, financial assets are classified appropriately, for the purpose of explanation in the financial statements, into one of the following categories:

- *Financial asset recognized at fair value through profit and loss:*

Is one that satisfies either of the following conditions:

- a) Being classified as held for trading. A financial asset will be classified as securities held for trading if:
  - ✓ It is purchased or created mainly for the purpose of resale/redemption in a short term; or
  - ✓ There is an evidence that such instrument is traded for the purpose of gaining short-term profits.
- b) Upon initial recognition, the entity categorizes the financial asset as such reflected at fair value through profit and loss.

- *Held-to-maturity investments:*

are non-derivative financial assets with fixed or identifiable payments and fixed maturity periods which an entity has the intent and ability to hold until the date of maturity, with the exceptions of:

- a) Financial assets that, upon initial recognition, were categorized as such recognised at fair value through profit and loss;
- b) Financial assets already categorised as available for sale; or
- c) Financial assets that meet the definitions of loans and receivables.

- *Loans and receivables:*

are non derivative financial assets with fixed or identifiable payments and not listed on the market, with the exceptions of:

- a) The amounts the entity has the intent to immediately sell or will sell in a near future which are classified as assets held for trading and like those which, upon initial recognition the entity categorised as such recognized at fair value through profit and loss statement;
- b) The amounts categorized by the entity as available for sale upon initial recognition; or
- c) The amounts whose holders cannot recover most of the initial investment value not due to credit quality impairment and which are categorised as available for sale.

- *Available-for-sale assets:*

are non-derivative financial assets determined as available for sale or not classified as:

- a) Loans and receivables;
- b) Held-to-maturity investments; or
- c) Financial assets recognized at fair value through profit and loss statement.

Financial liabilities

Financial liabilities of the Company under the Circular No. 210/2009/TT-BTC consist of borrowings, payables and other liabilities under monetary derivative contracts.

**29. ADDITIONAL PRESENTATION AND DISCLOSURE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

According to Circular No. 210/2009/TT-BTC, financial liabilities are classified appropriately, for the purpose of explanation in the financial statements, into one of the following categories:

- *Financial liabilities recognized at fair value through profit and loss statement*  
are ones that meet either of the following conditions:
  - a) Being classified as held for trading. A financial liability will be classified as securities held for trading if:
    - ✓ It is purchased or created mainly for the purpose of resale/redemption in a short-term; or
    - ✓ There is an evidence that such instrument is traded for the purpose of gaining short-term profits.
  - b) Upon initial recognition, the entity categorises the financial liability as such reflected at fair value through profit and loss.
- *Financial liabilities determined at the fair amortized cost*  
Financial liabilities not categorized as such recorded at fair value through profit and loss will be classified as such determined at amortized cost.



# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 29. ADDITIONAL PRESENTATION AND DISCLOSURE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements:

	<i>Carrying amount</i>				<i>Fair value</i>		VND
	<i>Ending balance</i>		<i>Beginning balance</i>		<i>Ending balance</i>	<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>			
<b>Financial assets</b>							
Held to trading investments							
- <i>Listed shares</i>	80,439,156,111	(7,516,485,414)	131,920,049,245	(5,420,132,273)	73,626,967,254	126,751,111,400	
- <i>Unlisted shares</i>	109,640,193,548	(50,387,990,751)	147,800,913,887	(76,826,490,752)	59,743,128,751	71,786,628,750	
Short – term deposit	631,900,000,000	-	1,482,000,000,000	-	631,900,000,000	1,482,000,000,000	
Receivables	2,685,453,094,032	(16,719,305,094)	2,034,223,315,602	(16,719,305,094)	2,685,453,094,032	2,034,223,315,602	
Other financial assets	4,713,857,950	-	4,588,661,450	-	4,713,857,950	4,588,661,450	
Cash and cash equivalents	25,256,819,577	-	235,060,130,176	-	25,256,819,577	235,060,130,176	
<b>TOTAL</b>	<b>3,537,403,121,218</b>	<b>(74,623,781,259)</b>	<b>4,035,593,070,360</b>	<b>(98,965,928,119)</b>	<b>3,480,693,867,564</b>	<b>3,954,409,847,378</b>	

	<i>Carrying amount</i>		<i>Fair value</i>		VND
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Ending balance</i>	<i>Beginning balance</i>	
<b>Financial liabilities</b>					
Loans	654,103,204,781	210,437,041,099	654,103,204,781	210,437,041,099	
Payables to securities trading	526,839,400,335	1,366,475,453,310	526,839,400,335	1,366,475,453,310	
Payables expense	5,066,319,798	6,509,074,595	5,066,319,798	6,509,074,595	
Payables to related parties	38,414,035,766	38,413,823,485	38,414,035,766	38,413,823,485	
Other payables	34,394,133,354	33,357,967,585	34,394,133,354	33,357,967,585	
<b>TOTAL</b>	<b>1,258,817,094,034</b>	<b>1,655,193,360,074</b>	<b>1,258,817,094,034</b>	<b>1,655,193,360,074</b>	

# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 29. ADDITIONAL PRESENTATION AND DISCLOSURE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The fair value of the financial assets and liabilities are the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

- ▶ Fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments
- ▶ Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available or from at least three (03) quotations from big and prestigious securities companies. When the above three quotations are not available, the Company refers to reputable and reliable sources of information in the market as well as the financial conditions of the issuers to determine the fair value of financial assets.

## 30. RECLASSIFICATION OF CORRESPONDING FIGURES FOLLOWING APPLICATION OF CIRCULAR 200

Certain corresponding figures on the balance sheet as at 31 December 2014 have been reclassified to align with the presentation of the current year in accordance with Circular 200/TT-BTC as follows:

	Notes	Beginning balance (Presented previously)	Reclassified	Beginning balance (Restated)
<b>BALANCE SHEET</b>				
Cash	(i)	1,506,623,089,077	210,437,041,099	1,717,060,130,176
Short-term loans and borrowings	(i)	-	210,437,041,099	210,437,041,099
<b>INCOME STATEMENT</b>				
Earnings per share	(ii)	2,956		2,794
Diluted earnings per share	(ii)	-		2,794
<b>CASH FLOWS</b>				
Short-term and long-term loans	(i)	350,000,000,000	210,437,041,099	560,437,041,099

- (i) Reclassification and representation of bank overdrafts.
- (ii) Earnings per share were re-computed due to the impact of bonus and welfare fund (Note 27).



# Ho Chi Minh City Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the financial year ended 31 December 2015

B09-CTCK

## 30. EVENTS AFTER THE BALANCE SHEET DATE

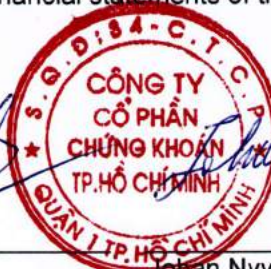
There is no matter or circumstance that has arisen since the balance sheet date that requires adjustments or disclosures to be in the financial statements of the Company.



Pham Ngoc Quang  
Preparer



Lam Huu Ho  
Chief Financial Officer



Johan Nyvane  
Chief Executive Officer

Ho Chi Minh City, Vietnam

22 March 2016