

HO CHI MINH CITY SECURITIES CORPORATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**



HO CHI MINH CITY SECURITIES CORPORATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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HO CHI MINH CITY SECURITIES CORPORATION

CORPORATE INFORMATION

Establishment and operation licence

No.11/UBCK-GPHDKD dated 29 April 2003 issued by the State Securities Commission. The establishment and operation licence was amended several times and the latest amendment No. 09/GPDC-UBCK was issued on 2 March 2017.

Board of Directors

Mr. Do Hung Viet	Chairman
Mr. Le Anh Minh	Vice Chairman
Mr. Nguyen Thanh Liem	Vice Chairman (resigned on 7 March 2018)
Mr. Pham Nghiem Xuan Bac	Member
Mr. Le Thang Can	Member
Mr. Johan Nyvene	Member
Mr. Le Hoang Anh	Member

Board of Management

Mr. Johan Nyvene	Chief Executive Officer
Mr. Trinh Hoai Giang	Deputy Chief Executive Officer
Mr. Le Cong Thien	Deputy Chief Executive Officer
Mr. Fiachra Mac Cana	Managing Director
Mr. Bach Quoc Vinh	Managing Director
Mr. Arnold V. Pangilinan	Managing Director
Mr. Pham Ngoc Bich	Managing Director
Mr. Henry Dickon Verey	Managing Director

Legal Representative

Mr. Johan Nyvene	Chief Executive Officer
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Registered office

5-6th Floor, AB Tower, 76 Le Lai Street,
Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam

Auditor

PwC (Vietnam) Limited

HO CHI MINH CITY SECURITIES CORPORATION

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

The Board of Management of Ho Chi Minh City Securities Corporation ("the Company") is responsible for preparing the financial statements which give a true and fair view of the financial position of the Company as at 31 December 2017 and of the result of its operations, cash flows and changes in equity for the year then ended. In preparing these financial statements, the Board of Management is required to:

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as set out on pages 5 to 74 which give a true and fair view of the financial position of the Company as at 31 December 2017 and of the results of its operations, cash flows and changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

On behalf of the Board of Management



Johan Nyvene
Chief Executive Officer

Ho Chi Minh City, Vietnam
22 March 2018



INDEPENDENT AUDITOR'S 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") which were prepared on 31 December 2017 and approved by the Board of Management on 22 March 2018. The financial statements comprise the statement of financial position as at 31 December 2017, the statement of income, the statement of cash flows and the statement of changes in equity for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 74.

The Board of Management's Responsibility

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam and for such internal control which the General Director determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements, plan and perform the audit in order to obtain reasonable assurance as to whether the 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 an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and true 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial statements.

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

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, the results of its operations, cash flows and changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

Other matter

The financial statements of the Company for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 March 2017.

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Nguyen Hoang Nam
Audit Practising Licence No.
0849-2018-006-1
Authorised signatory



Nguyen Thi Cam Nhung
Audit Practising Licence No.
2636-2018-006-1

Report reference number: HCM6729
Ho Chi Minh City, 22 March 2018

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

STATEMENT OF FINANCIAL POSITION

Code	ITEMS	Note	As at 31 December	
			2017 VND	2016 VND
	ASSETS			
100	CURRENT ASSETS		6,505,802,971,605	3,472,717,136,729
110	Financial assets		6,402,627,990,511	3,468,203,146,189
111	Cash and cash equivalents	3.1	196,221,037,531	60,193,684,900
111.1	Cash		196,221,037,531	60,193,684,900
112	Financial assets at fair value through profit or loss (FVTPL)	3.2	860,630,190,796	306,371,695,555
114	Loans	3.3	4,501,592,303,606	2,750,945,233,394
115	Available-for-sale financial assets (AFS)	3.4	399,255,614,501	-
116	Provisions for impairment loss of financial assets and mortgages	3.3	(33,631,027,290)	(19,997,479,770)
118	Prepayments to suppliers		521,277,025	424,654,405
119	Service related receivable	3.5	471,021,351,378	370,008,403,676
122	Other receivables	3.5	46,601,035,112	35,167,679,780
129	Provision for doubtful debts	3.6	(39,583,792,148)	(34,910,725,751)
130	Other current assets		103,174,981,094	4,513,990,540
131	Advances		1,008,685,484	433,534,797
133	Short-term prepaid expenses		6,880,258,510	4,052,697,143
134	Pledged assets, mortgages, security deposits in short term		3,460,031,100	27,758,600
137	Other current assets		91,826,006,000	-
137.1	Deposits for derivatives trading activities	3.7	91,826,006,000	-
200	NON-CURRENT ASSETS		174,769,071,916	144,125,197,959
220	Fixed assets		38,006,860,366	9,116,376,326
221	Tangible fixed assets	3.8(a)	17,914,374,586	5,630,956,930
222	Historical cost		58,519,025,049	45,772,044,510
223a	Accumulated depreciation		(40,604,650,463)	(40,141,087,580)
227	Intangible fixed assets	3.8(b)	20,092,485,780	3,485,419,396
228	Historical cost		51,357,006,015	29,853,565,250
229a	Accumulated amortisation		(31,264,520,235)	(26,368,145,854)
240	Construction in progress	3.8(c)	6,851,041,776	11,158,311,542
250	Other non-current assets		129,911,169,774	123,850,510,091
251	Pledged assets, mortgages, security deposits in long term		5,653,083,350	4,718,807,750
252	Long-term prepaid expenses	3.9	94,258,086,424	96,160,834,900
253	Deferred income tax assets	3.17	-	3,638,284,131
254	Deposits in the Settlement Supporting Fund	3.10	20,000,000,000	19,332,583,310
255	Other long-term assets		10,000,000,000	-
255.1	Deposits in the Derivatives trading Settlement Fund	3.11	10,000,000,000	-
270	TOTAL ASSETS		6,680,572,043,521	3,616,842,334,688

The notes on pages 15 to 74 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
(continued)

Code	ITEMS	Note	As at 31 December	
			2017 VND	2016 VND
300	LIABILITIES		3,889,410,891,258	1,224,924,883,425
310	Current liabilities		3,874,368,196,992	1,224,924,883,425
311	Short-term borrowings and finance lease liabilities		2,479,755,399,374	1,000,000,000,000
312	Short-term borrowings	3.12	2,479,755,399,374	1,000,000,000,000
316	Short-term issued bonds	3.12	800,000,000,000	-
318	Trading obligations	3.13	352,425,986,816	37,343,090,857
320	Short-term trade accounts payable		3,326,671,321	2,936,065,430
322	Tax and other payables to the State Budget	3.14	80,514,265,840	39,140,841,363
324	Employee welfare payables		2,971,042,385	2,681,960,041
325	Short-term accrued expenses	3.15	50,020,750,442	19,118,684,934
329	Other short-term liabilities	3.16	92,095,955,096	108,811,108,212
331	Bonus and welfare funds		13,258,125,718	14,893,132,588
340	Non-current liabilities		15,042,694,266	-
356	Deferred income tax liabilities	3.17	15,042,694,266	-
400	OWNERS' EQUITY		2,791,161,152,263	2,391,917,451,263
410	Capital and reserves		2,791,161,152,263	2,391,917,451,263
411	Owners' capital		1,625,309,121,491	1,581,839,121,491
411.1	Share capital	3.18	1,297,567,580,000	1,272,567,580,000
411.1a	Ordinary shares		1,297,567,580,000	1,272,567,580,000
411.2	Share premium		330,343,798,499	310,343,798,499
411.5	Treasury shares		(2,602,257,008)	(1,072,257,008)
412	Differences upon asset revaluation	3.19	70,064,262,508	-
414	Supplementary capital reserve		129,756,758,000	117,012,921,701
415	Financial and operational risk reserve		129,756,758,000	117,012,921,702
416	Other equity funds		3,961,374,994	3,961,374,994
417	Undistributed earnings	3.20	832,312,877,270	572,091,111,375
417.1	Realised profits		861,985,479,360	628,246,013,560
417.2	Unrealised losses		(29,672,602,090)	(56,154,902,185)
440	TOTAL RESOURCES		6,680,572,043,521	3,616,842,334,688

The notes on pages 15 to 74 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
(continued)
OFF STATEMENT OF FINANCIAL POSITION ITEMS

Code	ITEMS	Note	As at 31 December	
			2017	2016
A	ASSETS OF THE COMPANY AND ASSETS IN TRUST			
004	Bad debts written off (VND)	4.1	345,059,000	345,059,000
005	Foreign currencies (original currency)	4.2		
	US Dollar		13,402.69	45,182.58
	Japanese Yen		240,905	190,755
	Singapore Dollar		300	300
	British Pound		93.17	100
	Taiwanese Dollar		3,200	3,200
	Canadian Dollar		100	100
006	Number of shares in issue (share)	4.3	129,570,368	127,155,368
007	Number of treasury shares (share)		186,390	101,390
			Par value (VND)	
008	Securities listed/registered to Vietnam Securities Depository (VSD)		447,684,720,000	74,178,610,000
009	Securities custodied at VSD but not yet traded		146,075,030,000	1,010,000
010	Securities awaiting settlement		12,200,000,000	2,099,960,000
012	Securities not custodied at VSD		34,897,120,000	60,297,270,000
B	ASSETS OF AND LIABILITIES TO CUSTOMERS			
021	Securities listed/registered to Vietnam Securities Depository (VSD)		18,338,836,463,686	12,992,363,100,000
021.1	Freely traded securities		14,920,958,190,000	10,695,622,580,000
021.2	Blocked securities		235,619,410,000	12,819,940,000
021.3	Mortgaged securities		2,733,898,110,000	1,964,810,500,000
021.4	Suspended securities		93,676,820,000	90,276,820,000
021.5	Securities awaiting settlement		310,630,550,000	228,833,260,000
021.7	Customers' deposits for derivatives trading		44,053,383,686	-
022	Securities custodied at VSD but not yet traded		172,212,900,000	38,878,010,000
022.1	Securities custodied at VSD but not yet traded – freely traded securities		139,206,100,000	22,049,360,000
022.2	Securities custodied at VSD but not yet traded – blocked securities		33,006,800,000	16,828,650,000
023	Securities awaiting settlement		391,444,340,000	219,655,840,000

The notes on pages 15 to 74 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
(continued)OFF STATEMENT OF FINANCIAL POSITION ITEMS
(continued)

Code	ITEMS	As at 31 December	
		2017 VND	2016 VND
B	ASSETS OF AND LIABILITIES TO CUSTOMERS (continued)		
026	Customers' deposits	944,598,631,066	581,883,723,061
027	Customers' deposits for securities trading	900,545,247,380	581,883,723,061
027.1	Customers' deposits at VSD	44,053,383,686	-
031	Payables to customers relating to their deposits at the Company for securities trading	900,545,247,380	581,883,723,061
031.1	Payables to domestic customers relating to their deposits at the Company for securities trading	899,585,811,824	581,657,003,061
031.2	Payables to foreign customers relating to their deposits at the Company for securities trading	959,435,556	226,720,000



Ho Thi Thu Thao
Head of Accounting Department



Lam Huu Ho
Chief Financial Officer




Johan Nyvene
Chief Executive Officer
22 March 2018

The notes on pages 15 to 74 are an integral part of these financial statements.

STATEMENT OF INCOME

Code	ITEMS	Note	For the year ended 31 December	
			2017 VND	2016 VND
	OPERATING INCOME			
01	Gains from financial assets at fair value through profit or loss (FVTPL)		428,248,267,000	99,024,690,204
01.1	<i>Realised gains on disposals of FVTPL financial assets</i>	5.1	333,375,626,482	61,894,006,092
01.2	<i>Gains from revaluation of FVTPL financial assets</i>	5.2	34,575,574,912	5,246,169,979
01.3	<i>Dividends and interest income from FVTPL financial assets</i>		60,297,065,606	31,884,514,133
03	Interest income from loans and receivables		439,218,521,489	343,656,813,084
06	Brokerage fee income		601,941,990,625	348,957,129,710
09	Custody service income		6,723,580,746	5,056,975,249
10	Financial consultancy service income		45,178,947,072	24,601,902,383
11	Other operating income		16,266,327,089	1,868,685,936
20	TOTAL OPERATING INCOME		1,537,577,634,021	823,166,196,566
	OPERATING EXPENSES			
21	Losses from financial assets at fair value through profit or loss (FVTPL)		(158,409,352,306)	(17,764,618,901)
21.1	<i>Realised losses on disposals of FVTPL financial assets</i>	5.1	(150,316,077,489)	(14,268,022,902)
21.2	<i>Losses from revaluation of FVTPL financial assets</i>	5.2	(8,093,274,817)	(3,496,595,999)
24	Provisions for diminution in value of financial assets and impairment losses and borrowing costs to finance lending activities	5.3	(156,024,647,341)	(65,564,043,908)
26	Self-trading expenses		(100,063,505,528)	(23,567,021,196)
27	Brokerage fee expenses		(285,215,150,671)	(206,830,545,356)
30	Custody fee expenses		(6,896,562,514)	(5,096,284,054)
31	Financial consultancy expenses		(8,970,191,476)	(9,996,332,411)
32	Other operating expenses		(9,139,867,544)	(18,865,791,047)
40	TOTAL OPERATING EXPENSES		(724,719,277,380)	(347,684,636,873)

The notes on pages 15 to 74 are an integral part of these financial statements.

STATEMENT OF INCOME
(continued)

Code	ITEMS	Note	For the year ended 31 December	
			2017 VND	2016 VND
	FINANCIAL INCOME			
42	Dividend income and interest income from demand deposits		2,464,966,108	1,078,380,134
50	TOTAL FINANCIAL INCOME		2,464,966,108	1,078,380,134
62	GENERAL AND ADMINISTRATION EXPENSES	5.4	(123,000,555,130)	(91,966,241,312)
70	OPERATING RESULT		692,322,767,619	384,593,698,515
	OTHER INCOME AND EXPENSES			
71	Other income		278,036,363	789,590,907
80	NET OTHER INCOME		278,036,363	789,590,907
90	NET ACCOUNTING PROFIT BEFORE TAX		692,600,803,982	385,383,289,422
91	Realised profit		666,118,503,887	383,633,715,442
92	Unrealised profit		26,482,300,095	1,749,573,980
100	CORPORATE INCOME TAX	5.5	(138,541,640,240)	(80,852,308,119)
100.1	Corporate income tax – current		(137,376,727,470)	(84,490,592,250)
100.2	Corporate income tax – deferred		(1,164,912,770)	3,638,284,131
200	NET PROFIT AFTER TAX		554,059,163,742	304,530,981,303
300	OTHER COMPREHENSIVE INCOME, NET OF TAX		70,064,262,508	-
301	Gain from revaluation of AFS financial assets	3.19	70,064,262,508	-
400	TOTAL COMPREHENSIVE INCOME		70,064,262,508	-
500	EARNINGS PER SHARE			
501	Basic earnings per share (VND/share)	5.6	4,289	2,395
502	Diluted earnings per share (VND/share)	5.6	4,289	2,395



Ho Thi Thu Thao
Head of Accounting Department



Lam Huu Ho
Chief Financial Officer




Johan Nyvene
Chief Executive Officer
22 March 2018

The notes on pages 15 to 74 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(Indirect method)

Code	ITEMS	Note	For the year ended	
			31 December	
			2017	2016
			VND	VND
	Cash flows from operating activities			
01	Net profit before tax		692,600,803,982	385,383,289,422
02	Adjustments for:		161,653,748,972	86,102,295,256
03	Depreciation and amortisation		9,560,933,260	5,921,197,566
04	Provisions		18,306,613,917	38,188,900,427
06	Interest expense		142,391,099,821	45,677,564,138
07	Profits from investing activities		(2,743,002,471)	(1,867,971,041)
08	Accrued interest income		(5,861,895,555)	(1,817,395,834)
10	Add non-cash expenses		8,093,274,817	3,496,595,999
11	Losses from revaluation of FVTPL financial assets		8,093,274,817	3,496,595,999
18	Less non-cash income		(34,575,574,912)	(5,246,169,979)
19	Gains from revaluation of FVTPL financial assets		(34,575,574,912)	(5,246,169,979)
30	Changes in working capital		(2,748,696,469,964)	(724,821,019,913)
31	Increase in FVTPL financial assets		(527,776,195,146)	(172,447,248,081)
33	Increase in loans		(1,750,647,070,212)	(141,340,458,864)
34	Increase in available-for-sale financial assets AFS		(399,255,614,501)	-
37	Increase in service related receivables		(101,012,947,702)	(312,862,986,163)
39	Increase in other receivables		(9,030,986,945)	(14,518,124,837)
41	Increase in accrued expenses (excluding interest expenses)		24,770,735,175	1,148,113,170
42	(Increase)/decrease in prepaid expenses		(924,812,891)	3,936,476,781
43	Corporate income tax paid		(117,934,556,700)	(74,560,483,150)
44	Interest paid		(136,259,769,488)	(42,965,365,923)
45	Increase in trade payables		315,473,501,850	4,291,894,502
46	Increase/(decrease) in employee welfare payables		289,082,344	(29,362,405)
47	Increase in tax and other payables to the State Budget (excluding corporate income tax paid)		20,738,537,300	1,748,741,225
50	(Decrease)/increase in other short-term payables	6.1	(51,868,764,976)	25,589,557,951
52	Other payments for operating activities		(15,257,608,072)	(2,811,774,119)
60	Net cash outflows for operating activities		(1,920,924,217,105)	(255,085,009,215)
	Cash flows from investing activities			
61	Purchases of fixed assets		(34,238,069,123)	(14,082,769,966)
62	Proceeds from disposals of fixed assets		305,840,000	868,550,000
70	Net cash outflows for investing activities		(33,932,229,123)	(13,214,219,966)

The notes on pages 15 to 74 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(Indirect method)
(continued)

Code	ITEMS	Note	For the year ended	
			31 December	
			2017	2016
			VND	VND
	Cash flows from financing activities			
71	Proceeds from issuance of shares	6.1, 7.1(iii)	31,000,000,000	-
72	Payments for share repurchases	7.1(iii)	(1,054,000,000)	(1,367,550)
73	Proceeds from borrowings	6.2	29,946,435,798,979	15,916,247,935,548
74.3	Repayments of borrowings	6.3	(27,666,680,399,605)	(15,570,351,140,329)
76	Dividend paid		(218,817,600,515)	(181,549,774,401)
80	Net cash inflows from financing activities		2,090,883,798,859	164,345,653,268
90	Net increase/(decrease) in cash and cash equivalents		136,027,352,631	(103,953,575,913)
101	Cash and cash equivalents at beginning of year		60,193,684,900	164,147,260,813
101.1	Cash		60,193,684,900	164,147,260,813
103	Cash and cash equivalents at end of year		196,221,037,531	60,193,684,900
103.1	Cash		196,221,037,531	60,193,684,900

Major non-cash transactions in the year were presented in Note 6.1.

The notes on pages 15 to 74 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(Indirect method)
(continued)

CASH FLOWS OF BROKERAGE AND TRUSTING ACTIVITIES

Code	ITEMS	For the year ended 31 December	
		2017 VND	2016 VND
	Cash flows of brokerage and trusting activities		
01	Trade proceeds	81,100,663,005,900	55,264,325,527,560
02	Trade payments	(83,232,814,229,906)	(55,568,381,170,200)
07	Receipts for settlement of customers' transactions	2,457,689,421,144	397,986,782,186
11	Payments for custody fees of customers	(6,876,672,819)	(5,056,975,249)
20	Net increase in customers' deposits	318,661,524,319	88,874,164,297
30	Customers' deposits at beginning of year	581,883,723,061	493,009,558,764
31	Cash at bank		
32	Customers' deposits at the Company for securities trading	581,883,723,061	493,009,558,764
40	Customers' deposits at end of year	900,545,247,380	581,883,723,061
41	Cash at bank		
42	Customers' deposits at the Company for securities trading	900,545,247,380	581,883,723,061



Ho Thi Thu Thao
Head of Accounting Department





Lam Huu Ho
Chief Financial Officer

Johan Nyvene
Chief Executive Officer
22 March 2018

The notes on pages 15 to 74 are an integral part of these financial statements.

HO CHI MINH CITY SECURITIES CORPORATION

Form B 04 – CTCK

STATEMENT OF CHANGES IN EQUITY

Items	As at		For the year ended 31 December 2016		For the year ended 31 December 2017		As at	
	1.1.2016	1.1.2017	Increase	Decrease	Increase	Decrease	31.12.2016	31.12.2017
1. Share capital	1,582,140,489,041	1,581,839,121,491	(301,367,550)	-	43,470,000,000	-	1,581,839,121,491	1,625,309,121,491
1.1 Ordinary shares	1,272,567,580,000	1,272,567,580,000	-	-	25,000,000,000	-	1,272,567,580,000	1,297,567,580,000
1.2 Share premium	310,343,798,499	310,343,798,499	-	-	20,000,000,000	-	310,343,798,499	330,343,798,499
1.3 Treasury shares	(770,889,458)	(1,072,257,008)	(301,367,550)	-	(1,530,000,000)	-	(1,072,257,008)	(2,602,257,008)
2. Revaluation reserve	-	-	-	-	70,064,262,508	-	-	70,064,262,508
3. Financial and operational risk reserve	101,786,372,632	117,012,921,702	15,226,549,070	-	12,743,836,298	-	117,012,921,702	129,756,758,000
4. Supplementary capital reserve	101,786,372,631	117,012,921,701	15,226,549,070	-	12,743,836,299	-	117,012,921,701	129,756,758,000
5. Other equity funds	3,961,374,994	3,961,374,994	-	-	-	-	3,961,374,994	3,961,374,994
6. Undistributed earnings	489,874,717,764	572,091,111,375	304,530,981,303	(222,314,587,692)	554,059,163,742	(293,837,397,847)	572,091,111,375	832,312,877,270
6.1 Realised profits	547,779,193,929	628,246,013,560	302,781,407,323	(222,314,587,692)	527,576,863,647	(293,837,397,847)	628,246,013,560	861,985,479,360
6.2 Unrealised losses	(57,904,476,165)	(56,154,902,185)	1,749,573,980	-	26,482,300,095	-	(56,154,902,185)	(29,672,602,090)
Total	2,279,549,327,062	2,391,917,451,263	334,682,711,893	(222,314,587,692)	693,081,098,847	(293,837,397,847)	2,391,917,451,263	2,791,161,152,263



Ho Thi Thu Thao
Head of Accounting Department



Lam Huu Ho
Chief Financial Officer



Johan Nyvene
Chief Executive Officer
22 March 2018

The notes on pages 15 to 74 are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1 GENERAL INFORMATION

Establishment and operation licence

Ho Chi Minh City Securities Corporation ("the Company") is a joint stock company incorporated in Vietnam under Business registration certificate No. 4103001573 issued by the Department of Planning and Investment of Ho Chi Minh City on 23 April 2003 and the establishment and operation licence No. 11/UBCK-GPHDKD issued by the State Securities Commission ("SSC") on 29 April 2003. The establishment and operation licence was amended several times and the latest amendment No. 09/GPDC-UBCK was on 2 March 2017.

Headquarter and contact information

The Company is headquartered at 5-6th Floor, AB Tower, 76 Le Lai Street, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam.

Contact information:

Email: info@hsc.com.vn

Telephone: (+84 28) 3823 3299

Charter

The Company's latest charter was approved in the Annual General Meeting of shareholders and became effective from 24 April 2017 onwards.

Operations

The principal activities of the Company are brokerage services, securities trading, securities investment consultancy services, corporate finance consultancy services, underwriting and securities custodian services.

Charter capital

The Company's charter capital according to its latest establishment and operation licence is VND1,297,567,580,000.

Investment objectives and investment restrictions

Being a listed broker firm in the Vietnamese securities market, the Company aims to contribute to development of the securities market and deliver benefits to customers, investors and its shareholders. The Company's investment portfolio and its investment restrictions shall be in compliance with the investment objectives and strategies as stipulated in its charter and applicable securities rules.

Network of operation

As at the reporting date, the Company had 8 branches and transaction offices in Vietnam.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System, Circular 210/2014/TT-BTC dated 30 December 2014 ("Circular 210/2014/TT-BTC"), Circular 334/2016/TT-BTC dated 27 December 2016 ("Circular 334/2016/TT-BTC") both issued by the Ministry of Finance, and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss (FVTPL) and available-for-sale financial assets (AFS) based on market value or fair value in case market value is undetermined.

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

2.2 Significant changes in the Company's accounting policies applied

On 20 November 2015, the National Assembly of Vietnam has passed the Law on Accounting No. 88/2015/QH13 ("Accounting Law 2015"), which includes fair value concept and fair value accounting applicable to certain assets and liabilities whose value volatilise and are required to be measured at fair value pursuantly to relevant accounting standards. Accounting Law 2015 has been effective since 1 January 2017.

Accordingly, from 1 January 2017 onwards, the Company has been measuring its FVTPL financial assets and AFS financial assets at market value or at fair value (in case market value is undetermined).

The Company applied retrospectively such changes in accounting policies. Details of such restatements are presented in Note 12.

2.3 Form of records applied

The Company uses the accounting software tailored in general journal to record its transactions.

2.4 Fiscal year

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.5 Currency**

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

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are respectively translated at the buying and selling exchange rates at the reporting date of the commercial bank where the Company regularly trades. Foreign currencies deposited in bank at the reporting date are translated at the buying exchange rate of the commercial bank where the Company opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised as income or expenses in the statement of income.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit and other short-term investments with an original maturity of 3 months or less which are subject to an insignificant risk of conversion into cash.

Cash of investors for securities trading activities and cash of issuers are accounted for off statement of financial position.

2.7 Financial assets**(a) Classification****(i) Financial assets carried at fair value through profit or loss (FVTPL)**

Financial assets at fair value through profit or loss are financial assets held for trading or designated at initial recognition at fair value through profit or loss.

A financial asset is classified as held for trading if meeting one of the following conditions:

- It is purchased or created for resale/repurchase in short term; or
- At initiation recognition, it constitutes a part of an identified portfolio of financial instruments which are traded for short-term profits; or
- It is a derivative (except those defined as financial guarantees or effective hedges).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(a) Classification (continued)****(i) Financial assets carried at fair value through profit or loss (FVTPL) (continued)**

At initial recognition, the Board of Management designates a financial asset at fair value through profit or loss if such designation promotes the fairness of its presentation due to one of the following reasons:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency (also called as "accounting inconsistency") that would otherwise arise due to different bases; or
- It gives rise to a group of financial assets whose performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and internally disseminated to the Company's key management (as defined in Vietnamese Accounting Standard on Related parties disclosure) such as Board of Directors, Chief Executive Officer and major shareholders.

Financial assets at fair value through profit or loss comprise listed securities, unlisted securities and derivatives including embedded derivatives separated from their host contracts except for those designated as hedges.

Financial assets at fair value through profit or loss are initially recorded at cost exclusive of transaction costs. Transaction costs related to purchases of FVTPL financial assets are expensed off.

Financial assets at fair value through profit or loss are subsequently measured at market value or fair value (in case market value is undetermined). All gains or losses from change in fair value of FVTPL financial assets are recognised in the statement of income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

(a) Classification (continued)

(ii) Held-to-maturity financial assets (HTM)

Held-to-maturity financial assets are non-derivative financial assets with the followings characteristics:

- Payments are fixed or determinable
- Maturity is fixed
- The Company has positive intention and ability to hold to maturity

The following assets are excluded from held-to-maturity financial assets:

- Non-derivatives classified as FVTPL financial assets at initial recognition;
- Non-derivatives classified as AFS financial assets; and
- Non-derivatives qualifying conditions to be classified as loans and receivables

HTM financial assets are initially recorded at cost inclusive of purchase cost, subsequently measured at amortised cost using effective interest method.

Amortised cost of HTM financial assets is determined at historical cost less principal received plus (or less) accumulated amortisation using effective interest method between historical cost and maturity value, less impairment loss (if any).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(a) Classification (continued)****(iii) Loans**

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, excluding the followings:

- Items that the Company intends to dispose of shortly or in the foreseeable future so that classified as held for trading, or designated as FVTPL at initial recognition;
- Items classified as AFS financial assets at initial recognition;
- Items that the holders could probably not recover the majority of initial investments not due to impairment of credit quality, and classified as AFS financial assets.

Loans are initially recorded at cost inclusive of purchase cost, subsequently measured at amortised cost using the effective interest rate method ("EIR").

Amortised cost of loans is determined at historical cost less principal received plus (or less) accumulated amortisation using the effective interest method of the difference between historical cost and maturity value, less impairment loss (if any).

(iv) Receivables

Receivables comprise receivables from disposals of financial assets, dividends and interests receivable, service related receivables, receivables from trading errors and other receivables. Receivables are recorded on an accruals basis and presented at cost less provision for impairment (if any).

Receivables are classified as current assets and non-current assets in the statement of financial position based on their remaining maturity as at reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(a) Classification (continued)****(v) Available-for-sale financial assets (AFS)**

Available-for-sale financial assets are non-derivatives financial assets that are not classified as FVTPL, HTM nor loans and receivables. Available-for-sale financial assets are initially recorded at cost inclusive of directly attributable purchase cost. At reporting date, AFS financial assets are measured at fair value. Those shares not traded on active market or those whose fair value is not reliably determined are accounted at cost.

All gains or losses from revaluation of AFS financial assets are accounted directly to equity (other comprehensive income), through statement of changes in equity, exclusive of impairment losses. Such recognition is applied until the asset is derecognised.

At derecognition, accumulated gains or losses in equity are recognised in the statement of income as a reclassification. Gains using effective interest method is recognised in the statement of income in accordance with standard on revenue recognition.

Impairment loss of AFS financial asset is recorded directly to previously recognised revaluation gain in equity (if any), when there is objective evidence that the AFS financial asset is impaired, accumulated revaluation loss in equity is reclassified into statement of income despite that asset is yet derecognised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(b) Reclassification***(i) Reclassification of non-FVTPL financial assets to be sold*

Non-FVTPL financial assets are reclassified to FVTPL financial assets before they are sold.

(ii) Reclassification due to change in intention/ability to hold the financial assets

Reclassification of financial assets due to change in intention/ability to hold is permitted, provided that:

- Non-derivative FVTPL financial assets that are not required to be classified as FVTPL at initial recognition may be reclassified as loans and receivables in limited circumstances or cash and cash equivalents if meeting certain criteria for reclassification.
- Gains and losses from revaluation of FVTPL financial assets arising before the reclassification are not reversed.
- If the change in intention/ability to hold a financial asset results in it being inappropriately reclassified as an HTM asset, that asset must be reclassified into AFS group and remeasured at fair value. Difference between its carrying value and its fair value is recognised in the statement of income – Changes in fair value of reclassified assets.

(c) Recognition/derecognition

Purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the financial assets. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or the Company has transferred substantially all risks and rewards of ownership.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(d) Initial recognition**

Financial assets carried at fair value through profit or loss are initially recognised at cost exclusive of transaction costs. Other financial assets are initially recorded at historical cost.

Bonus issues and stock dividends are initially recognised as financial assets at zero value.

(e) Determination of market value/fair value

The Company follows the prevailing regulations in determining the market value/fair value, in particular:

- (i) *Shares listed on stock exchanges, shares of the public companies registered for trading on the Unlisted Public Company Market ("UPCoM")*

These shares are revalued at the closing price of the latest trading date prior to the valuation date.

- (ii) *Unlisted securities registered/unregistered to Vietnam Securities Depository ("VSD")*

The fair values of these shares based on the average of transacted prices announced by the three (03) independent quoting entities at the latest trading date within one (01) month prior to the reporting date. Management and executives of the Company must not be related to management and executives of the quoting entities in accordance with Securities Law.

- (iii) *Certificates of open-ended funds/ exchanged traded fund ("ETF")*

These certificates are revalued at net asset value per fund unit as at the fund's last reporting date prior to the valuation date of the Company.

- (iv) *Delisted shares/ shares suspended from 6 days or longer*

The fair values of these shares are determined at its book value as at latest reporting date.

Unless otherwise stated above, securities are measured at fair value based on review of financial position and book value of the issuers as at valuation date.

(f) Provision for impairment of loans

Provision for impairment of loans is made when there are indicators of decline in the recoverability of the margin loans and trading advances. Provision is determined at the difference of market value of collateral assets and carrying value of margin loans and trading advances at reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

(g) *Provision for impairment of receivables*

Receivables are subject impairment assessment based on the overdue status of the receivables or the estimated loss arising from undue debts of which the indebted economic entities fall bankrupt or are undergoing dissolution procedures; debtors are missing, deceased or under legal claims.

The Company has provided for overdue receivables in accordance with Circular 228/2009/TT-BTC issued by Ministry of Finance on 7 December 2009 ("Circular 228/2009/TT-BTC"). Accordingly, the provision rates for overdue receivables are as follows:

Overdue period	Provision rate
From 6 months to less than 1 year	30%
From 1 year to less than 2 years	50%
From 2 years to less than 3 years	70%
Over 3 years	100%

Provision/(reversal of provision) for impairment is debited/credited to expenses in the statement of income.

(h) *Recognition of gain/(loss)*

Purchasing transaction costs

Transaction costs related to purchases of FVTPL financial assets are expensed off, while transaction costs related to purchases of other financial assets are capitalised.

Selling transaction costs

Selling transaction costs are expensed off in the year.

Gain/(loss) on disposals

Gain/(loss) on disposals of financial assets are accounted as income/(expenses) in profit or loss of statement of income. Cost of bonds disposed is determined using specific identification method while cost of other securities disposed is determined using weighted average method up to the end of trading dates.

Provision/(reversal of provision) for impairment in value of financial assets

Provision/(reversal of provision) for impairment in value of financial assets is debited/credited to expenses in the statement of income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase at a specified future date (“repos”) are not derecognised from the statement of financial position. The corresponding proceed is recognised in the statement of financial position as a liability. The difference between the selling price and the repurchase price is recognised 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 recognised in the statement of financial position. The corresponding cash paid is recognised in the statement of financial position as an asset. The difference between the purchase price and resale price is recognised as interest income and is allocated over the life of the agreement using the straight-line method.

For overdue commitments, the Company considers to make provision based on the aging of commitments or expected losses in accordance with Circular 228/2009/TT-BTC.

2.9 Fixed assets*Tangible and intangible fixed assets*

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

Depreciation and amortisation

Fixed assets are depreciated/amortised using the straight-line method to write off the cost of the assets over their estimated useful lives, specifically as below:

Motor vehicles	6 years
Office equipment	3 – 5 years
Computer software	3 – 4 years

Disposals

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

2.10 Leased assets

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.11 Prepaid expenses**

Prepaid expenses include prepayments for goods and services, tools and equipment not qualified to be accounted as fixed assets under current regulations. Prepaid expenses are initially recorded at cost and allocated to expenses over their estimated useful lives.

The following items are classified as prepaid expenses and allocated to expenses over two (2) to forty (40) years in the statement of income:

- Office renovations;
- Office rentals; and
- Office supplies.

2.12 Security deposits

Short-term/long-term security deposits are recognised when the Company completes its payments in accordance with the contractual terms and classified as other current/non-current assets.

2.13 Liabilities**(a) Recognition/Derecognition**

Liabilities are recognised when the Company has an obligation as a result of receipts of assets, commits or becomes a party to the contractual provisions. Liabilities are derecognised when such obligations are fully discharged. Liabilities are recognised on an accruals basis and on prudent concept.

(b) Classification

Classifications of liabilities are based on their nature as follows:

- Borrowings
- Bonds
- Trading obligations including balances with Clearing House and Securities Depository
- Trade payables arising from purchases of goods or services
- Other payables not arising from purchases of goods and services

Liabilities are classified as current and non-current liabilities in the statement of financial position based on their remaining period from the reporting date to their maturity dates.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.14 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company has an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.15 Income tax paid on behalf of customers

According to the prevailing taxation regulations in Vietnam, the Company is required to withhold foreign contractor tax of 0.1% on trading proceeds of foreign corporate customers and pay on their behalf. For individual customers (both residents and non-residents), the Company is required to withhold personal income tax of 0.1% on the trading proceeds. The Company will declare and make tax payment on behalf of these customers. For customers being local organisations, the Company is not responsible for withholding tax as these customers have responsibility for their own tax payment and declaration.

2.16 Borrowing costs

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

2.17 Accrued expenses

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

2.18 Provisions

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Equity****(a) Share capital**

Share capital represents the shareholders' contributed capital. Share capital is recorded at par value.

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

Treasury shares are shares issued by the Company and purchased back by itself but not yet cancelled and may be re-issued in the period permitted by prevailing regulations on securities. Treasury shares are recorded at cost and deducted to equity. The Company does not account for gains/(losses) from purchase/sale, issuance/cancellation of its equity instruments.

(b) Undistributed profits

Undistributed profits represents cumulative undistributed post-tax profits as at reporting date including cumulative realised profits and cumulative unrealised profits.

Unrealised profit of the year is total difference between gain or loss arising from revaluation of financial assets at FVTPL or other financial assets charged into the statement of income.

Realised profit during the year is the net difference between total revenue, income and total expenses in the statement of income of the Company, except for gain or loss arising from revaluation of financial assets recognised in unrealised profit.

(c) Financial and operational risk reserve and supplementary capital reserve

According to Circular 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014, the Company is required to make annual appropriation to the financial and operational risk reserve and supplementary capital reserve at 5% of the profit after tax of the Company for each reserve in each of its profitable year until the accumulated balance of each reserve reaches 10% of the Company's charter capital.

Financial and operational risk reserve is made to compensate the residual losses and damages arising in operation beyond the indemnification received from the parties causing damages and insurance companies.

(d) Other equity funds

Other equity funds are made in accordance with resolution of Annual General Meeting of shareholders.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.20 Revenue and income recognition****(a) *Revenue from provision of services to investors***

Revenue from provision of services to investors consists of securities brokerage fees, securities underwriting fees and investment consultancy fees, securities custody services and entrustment services.

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

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

(b) *Income from securities trading and investments in other entities*

Income from securities trading and investments in other entities consists of income from proprietary trading activities and dividend income.

Income from proprietary trading activities is measured as difference between selling price and costs of securities disposed. Cost of bonds disposed is determined using specific identification method while cost of other securities disposed is determined using weighted average method up to the end of trading dates.

Dividend income is recognised in the statement of income when the Company's right to receive dividend is established, except for scrip dividends which the Company adds their quantity in securities portfolio and does not recognise income.

(c) *Income from capital activities*

Income from capital activities consists of interest income from deposits at bank, income from margin loans, trading advances and financial support agreements. Income is recognised on an accrual basis unless collectability is in doubt.

(d) *Revenue from securities repurchase and reverse repurchase agreements*

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

(e) *Other income*

Other income arises from other activities and is recognised on an accruals basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.21 Expenses****(a) Recognition**

Expenses are recognised on an accruals basis, matching with revenue and on prudence concept.

(b) Classification

Expenses are classified by function as follows:

- Operating expenses
- Financial expenses
- General and administration expenses
- Other expenses

2.22 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from operations and trading activities in other countries that the Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

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

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

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

2.23 Dividend distribution

Dividend of the Company is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's Annual General Meeting of shareholders.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Related parties

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

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.25 Segment reporting

A segment is a component which can be separated by the Company engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Company's business segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Company's financial statements in order to help users of financial statements to understand and evaluate the situation the operations of the Company in a comprehensive way.

2.26 Nil balances

Items or balances required by Circular 210/2014/TT-BTC and Circular 334/2016/TT-BTC that are not presented in these financial statements indicate nil balances.

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION

3.1 Cash and cash equivalents

	As at 31 December	
	2017 VND	2016 VND
Cash on hand	464,466,344	614,575,794
Cash at bank	195,756,571,187	59,579,109,106
Total	196,221,037,531	60,193,684,900

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.2 Financial assets at fair value through profit or loss (FVTPL)

		As at 31.12.2017		As at 31.12.2016	
	Ticker symbol	Cost VND	Market value/ Fair value VND	Cost VND	Market value /fair value VND
Listed shares and shares traded on UPCoM		613,330,509,297	633,483,284,204	105,438,833,114	104,543,050,730
Military Commercial Joint - Stock Bank	MBB	59,387,064,847	67,995,546,000	374,963,875	394,618,000
Vietnam Dairy Products Joint Stock Company	VNM	57,849,520,349	61,394,317,600	1,327,636,421	1,229,875,200
Vingroup Joint Stock Company	VIC	58,903,642,753	60,559,602,800	703,482,412	707,322,000
Hoa Phat Group Joint Stock Company	HPG	44,693,293,899	50,725,291,450	688,633,293	725,092,600
Hoang Anh Gia Lai Agricultural Joint Stock Company	HNG	49,837,622,065	47,541,880,000	37,330,826	37,448,000
Masan Group Corporation	MSN	41,213,708,101	45,629,213,500	712,286,280	727,056,000
FPT Corporation	FPT	27,993,703,556	27,929,951,100	28,077,095,326	26,598,176,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VCB	20,064,034,957	22,612,203,300	398,839,430	407,036,900
Sai Gon Thuong Tin Commercial Joint Stock Bank	STB	20,820,555,900	21,364,127,300	318,778,921	391,230,000
GTNFOODS Joint Stock Company	GTN	17,500,000,000	20,250,000,000	17,500,085,500	20,750,083,000
Hoang Anh Gia Lai Joint Stock Company	HAG	21,389,965,925	17,265,245,550	76,583,033	73,926,300
No Va Land Investment Group Corporation	NVL	12,575,923,787	13,339,641,000	-	-
FLC Faros Construction Joint Stock Company	ROS	11,039,766,805	11,992,745,100	-	-
Others	-	170,061,706,353	164,883,519,504	55,223,117,797	52,501,186,730
Unlisted and unregistered shares		93,725,137,636	41,622,042,000	246,484,721,548	191,030,138,825
Viet Nam Investment Fund Management JSC	-	21,803,640,000	21,803,640,000	21,803,640,000	21,803,640,000
HD Saison Finance Co., Ltd	-	17,000,000,000	17,000,000,000	17,000,000,000	17,000,000,000
Tan Binh Real Estate Joint Stock Company	-	12,025,000,000	913,500,000	12,025,000,000	6,300,000,000
Ca Mau Seafood Joint Stock Company	CAT(*)	10,950,000,000	585,000,000	10,950,000,000	585,000,000
Dong A Joint Stock Commercial Bank	-	16,967,999,502	503,824,000	16,967,999,502	1,511,472,000
Can Tho Import - Export Seafood Joint Stock Company	-	4,900,000,000	251,384,000	4,900,000,000	1,586,117,750
Saigon Postel Corporation	-	4,406,400,000	220,084,000	4,406,400,000	2,200,840,000
Others	-	5,672,098,134	344,610,000	158,431,682,046	140,043,069,075
Listed bond		173,114,572,242	175,199,112,192	-	-
Ho Chi Minh City Infrastructure Investment Joint Stock Company	CIH11790	173,114,572,242	175,199,112,192	-	-
ETF certificates		10,132,573,711	10,325,752,400	10,603,043,078	10,798,506,000
VFMVN30 ETF	E1VFN30	10,132,573,711	10,325,752,400	10,603,043,078	10,798,506,000
Total		890,302,792,886	860,630,190,796	362,526,597,740	306,371,695,555

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.2 Financial assets at fair value through profit or loss (FVTPL) (continued)

(*) Ca Mau Seafood Joint Stock Company (SEAPRIMEXCO) was registered for trading on UPCoM from 11 January 2018 under ticker symbol 'CAT'.

As at 31 December 2017

	Cost VND	Comparison to market price or fair value		Market price/ fair value VND
		Increase VND	Decrease VND	
Listed shares and shares traded on UPCoM	613,330,509,297	37,351,976,358	(17,199,201,451)	633,483,284,204
Unlisted and unregistered shares	93,725,137,636	-	(52,103,095,636)	41,622,042,000
Listed bond	173,114,572,242	2,084,539,950	-	175,199,112,192
ETF certificates	10,132,573,711	193,178,689	-	10,325,752,400
Total	890,302,792,886	39,629,694,997	(69,302,297,087)	860,630,190,796

As at 31 December 2016

	Cost VND	Comparison to market price or fair value		Market price/ fair value VND
		Increase VND	Decrease VND	
Listed shares and shares traded on UPCoM	105,438,833,114	5,050,707,057	(5,946,489,441)	104,543,050,730
Unlisted and unregistered shares	246,484,721,548	-	(55,454,582,723)	191,030,138,825
ETF certificates	10,603,043,078	195,462,922	-	10,798,506,000
Total	362,526,597,740	5,246,169,979	(61,401,072,164)	306,371,695,555

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.3 Loans and provisions for impairments of financial assets and mortgages

(a) Loans

Details of loans at amortised cost exclusive of provisions for impairments are as follows:

		As at 31 December	
		2017	2016
		VND	VND
Margin loans	(i)	4,484,136,971,952	2,666,330,636,119
Trading advances	(ii)	17,455,331,654	84,614,597,275
Total		4,501,592,303,606	2,750,945,233,394

(i) Margin loans

Margin loans represent the amounts lent to customers for their purchases of listed securities in accordance with Decision No. 87/2017/QĐ-UBCK issued by the State Securities Commission on 25 January 2017.

(ii) Trading advances

These are the amounts advanced to customers at the trading date ("T – date advance"). These amounts were refunded within two (2) working days.

(b) Provisions for impairments of financial assets and mortgages

The entire balance of provisions for impairment of financial assets and mortgages was provision for impairment of margin loans.

The movement of provision for impairments of financial assets and mortgages during the year is as follows:

		For the year ended	
		31 December	
		2017	2016
		VND	VND
Beginning of year		19,997,479,770	-
Additional provision in the year (Note 5.3)		13,633,547,520	19,997,479,770
End of year		33,631,027,290	19,997,479,770

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.4 Available-for-sale financial assets (AFS)

	As at 31.12.2017		As at 31.12.2016	
	Cost VND	Market value/ fair value VND	Cost VND	Market value/ fair value VND
Mobile World Investment Corporation (MWG)	162,044,908,818	182,091,310,000	-	-
Vietnam Prosperity Joint-Stock Commercial Bank (VPB)	118,067,258,512	148,494,210,000	-	-
Vietnam's Ho Chi Minh City Development Joint Stock Commercial Bank (HDB)	31,563,119,036	68,670,094,501	-	-
Total	311,675,286,366	399,255,614,501	-	-

As at 31 December 2017	Comparison to market price or fair value			Market price/ fair value VND
	Cost VND	Increase VND	Decrease VND	
Listed shares	311,675,286,366	87,580,328,135	-	399,255,614,501

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.5 Receivables

		As at 31.12.2017		As at 31.12.2016	
		Carrying value VND	Doubtful amount VND	Carrying value VND	Doubtful amount VND
Service related receivable					
Receivable from VSD	(i)	-	-	312,618,075,234	-
Receivable from securities purchasing	(ii)	468,267,233,092	-	51,168,439,301	-
<i>In which: Receivable from securities purchasing from a related party (Note 8(b))</i>		458,772,233,092	-	-	-
Consultancy service fees receivable		1,336,650,000	1,145,650,000	4,119,375,001	1,145,650,000
Other receivables from trading activities		1,417,468,286	-	2,102,514,140	-
		471,021,351,378	1,145,650,000	370,008,403,676	1,145,650,000
Other receivables					
Overdue margin loans	(iii)	37,783,317,946	37,783,317,946	33,110,251,549	33,110,251,549
Others		8,817,717,166	654,824,202	2,057,428,231	654,824,202
		46,601,035,112	38,438,142,148	35,167,679,780	33,765,075,751
Total		517,622,386,490	39,583,792,148	405,176,083,456	34,910,725,751

- (i) The balance as at 31 December 2016 was receivable from VSD for sales of securities during the last 2 days of year 2016. This receivable was subsequently collected in the first days of year 2017.
- (ii) The receivable from securities purchasing as at 31 December 2017 was due from institutional investors.
- (iii) This was residual amount of overdue margin loans after the Company forcedly sold out all of collateral assets to collect the loans. This amount was fully provided for.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.6 Provision for doubtful debts

	Doubtful amount		Provision			
	Opening balance VND	Closing balance VND	Opening balance VND	Provision VND	Reversal VND	Closing balance VND
Overdue margin loans	33,110,251,549	37,783,317,946	33,110,251,549	4,673,066,397	-	37,783,317,946
Consultancy service fees receivable	1,145,650,000	1,145,650,000	1,145,650,000	-	-	1,145,650,000
Other receivables from securities trading	654,824,202	654,824,202	654,824,202	-	-	654,824,202
Total	34,910,725,751	39,583,792,148	34,910,725,751	4,673,066,397	-	39,583,792,148

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.7 Deposits for derivatives trading activities

This is the Company's deposits for its own derivatives trading activities according to Decision 96/QĐ-VSD dated 23 March 2017 of the Vietnam Securities Depository.

3.8 Fixed assets

(a) Tangible fixed assets

	Motor vehicles VND	Office equipment VND	Total VND
Historical cost			
As at 1.1.2017	3,462,891,640	42,309,152,870	45,772,044,510
New purchases	-	3,562,086,507	3,562,086,507
Transfers from construction in progress (Note 3.8(c))	1,053,080,000	12,075,003,806	13,128,083,806
Disposals	(506,088,000)	(3,437,101,774)	(3,943,189,774)
As at 31.12.2017	4,009,883,640	54,509,141,409	58,519,025,049
Accumulated depreciation			
As at 1.1.2017	2,031,687,575	38,109,400,005	40,141,087,580
Charge for the year	420,984,455	3,973,162,202	4,394,146,657
Disposals	(506,088,000)	(3,424,495,774)	(3,930,583,774)
As at 31.12.2017	1,946,584,030	38,658,066,433	40,604,650,463
Net book value			
As at 1.1.2017	1,431,204,065	4,199,752,865	5,630,956,930
As at 31.12.2017	2,063,299,610	15,851,074,976	17,914,374,586

As at 31 December 2017, the Company had no outstanding commitments to purchase/sale of tangible fixed assets.

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2017 was VND33,953,123,446 (As at 31 December 2016: VND35,220,524,705).

The Company had no tangible fixed assets awaiting disposal as at 31 December 2017.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.8 Fixed assets (continued)

(b) Intangible fixed assets

	Computer software VND
Historical cost	
As at 1.1.2017	29,853,565,250
Transfers from construction in progress (Note 3.8(c))	21,773,852,987
New purchases	84,565,589
Disposals	(354,977,811)
	<hr/>
As at 31.12.2017	51,357,006,015 <hr/>
Accumulated amortisation	
As at 1.1.2017	26,368,145,854
Charge for the year	5,166,786,603
Disposals	(270,412,222)
	<hr/>
As at 31.12.2017	31,264,520,235 <hr/>
Net book value	
As at 1.1.2017	3,485,419,396 <hr/>
	<hr/>
As at 31.12.2017	20,092,485,780 <hr/>

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2017 was VND 22,784,069,825 (As at 31 December 2016: VND21,990,858,667).

The Company had no intangible fixed asset awaiting disposal as at 31 December 2017.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.8 Fixed assets (continued)

(c) Construction in progress

Construction in progress comprises the followings:

	As at 31 December	
	2017 VND	2016 VND
Software purchases	2,755,263,000	5,298,570,886
System setup costs	3,012,405,848	4,052,293,236
Others	1,083,372,928	1,807,447,420
Total	6,851,041,776	11,158,311,542

The movements in the construction in progress during the year were as follows:

	For the year ended 31 December	
	2017 VND	2016 VND
Beginning of year	11,158,311,542	1,807,447,420
Increase during year	30,594,667,027	9,350,864,122
Transfers to tangible fixed assets (Note 3.8(a))	(13,128,083,806)	-
Transfers to intangible fixed assets (Note 3.8(b))	(21,773,852,987)	-
End of year	6,851,041,776	11,158,311,542

3.9 Long-term prepaid expenses

	As at 31 December	
	2017 VND	2016 VND
Office rentals	92,536,208,360	95,368,949,432
Office renovations	1,721,878,064	723,757,334
Office supplies	-	68,128,134
Total	94,258,086,424	96,160,834,900

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.10 Deposits in the Settlement Supporting Fund

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 at the Vietnam Securities Depository and an additional annual contribution equivalent to 0.01% of the total value of brokered securities in the previous year up to the maximum limit of VND2.5 billion in any one year. The maximum amount of contribution is VND20 billion.

As at 31 December 2017, the Company fully contributed the maximum amount.

	As at 31 December	
	2017	2016
	VND	VND
Initial contribution	120,000,000	120,000,000
Additional contributions	19,212,583,310	18,224,666,297
Allocated interests	667,416,690	987,917,013
Total	20,000,000,000	19,332,583,310

3.11 Deposits in the Derivatives trading Settlement Fund

According to Policy of management and use of Derivatives trading Settlement Fund attached to Decision No.97/QD-VSD dated 23 March 2017 of the Vietnam Securities Depository, the minimum amount of initial contribution applicable to direct clearing members is VND10 billion.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.12 Short-term borrowings

The movements of short-term borrowings during the year are as follows:

	Interest % per annum	Opening balance VND	Disbursement VND	Repayment VND	Closing balance VND
Short-term borrowings (i)					
Bank borrowings	6.8 – 9.0	1,000,000,000,000	16,879,200,000,000	(15,674,400,000,000)	2,204,800,000,000
Bank overdrafts	6.5 – 7.1	-	12,267,235,798,979	(11,992,280,399,605)	274,955,399,374
		1,000,000,000,000	29,146,435,798,979	(27,666,680,399,605)	2,479,755,399,374
Short-term issued bonds (ii)	9.0	-	800,000,000,000	-	800,000,000,000
Total		1,000,000,000,000	29,946,435,798,979	(27,666,680,399,605)	3,279,755,399,374

- (i) Short-term borrowings have maturities from 1 to 3 months and are used to supplement working capital for operations. Value of collateral assets as at 31 December 2017 was VND4,979,630,897,948 (as at 31 December 2016: VND3,121,000,000,000).
- (ii) According to the Board of Directors' Resolution No. 13/2017/ND-HDQT dated 26 October 2017, on 15 December 2017, the Company privately issued 800 bonds at an issue price equal to par value of VND1 billion each. The total issued value was VND800 billion. The issued bonds are unlisted, unsecured, with a tenor of 1 year. Their principals and interests are repaid once at their maturities.

The Company had no short-term borrowings from related parties as at 31 December 2016 and 31 December 2017.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.13 Trading obligations

	As at 31 December	
	2017	2016
	VND	VND
Trading settlement balances with the Stock Exchanges	180,277,721,001	-
Payables to investors relating to their advances for securities purchases	140,557,861,392	17,170,000,000
Payables to Stock Exchanges and VSD	12,392,648,623	4,733,085,057
Other payables	19,197,755,800	15,440,005,800
Total	352,425,986,816	37,343,090,857

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.14 Tax and other payables to the State budget

	As at 1.1.2017 VND	Incurred during the year VND	Paid during the year VND	As at 31.12.2017 VND
Corporate income tax - current	28,854,214,980	137,376,727,470	(117,934,556,700)	48,296,385,750
Personal income tax withheld and paid on behalf of investors	3,547,047,973	83,353,062,175	(75,915,882,430)	10,984,227,718
Corporate income tax withheld and paid on behalf of foreign institutions	4,073,130,728	51,818,669,625	(50,162,867,303)	5,728,933,050
Foreign contractor tax	1,297,255,563	6,569,285,395	(6,267,959,174)	1,598,581,784
Personal income tax withheld and paid on behalf of employees	1,033,089,189	42,701,518,758	(29,974,198,990)	13,760,408,957
Value added tax	336,102,930	3,431,756,756	(3,622,131,105)	145,728,581
Total	39,140,841,363	325,251,020,179	(283,877,595,702)	80,514,265,840

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.15 Short-term accrued expenses

	As at 31 December	
	2017	2016
	VND	VND
Allowance for working performance	34,000,000,000	12,000,000,000
Interest expenses	9,747,165,820	3,615,835,487
Others	6,273,584,622	3,502,849,447
Total	50,020,750,442	19,118,684,934

3.16 Other short-term liabilities

	As at 31 December	
	2017	2016
	VND	VND
Dividends payable to shareholders	82,277,009,573	67,765,947,688
Dividends paid on behalf	2,296,720,302	2,566,598,772
Receipts from investors for their subscriptions of shares from issuers	5,510,000	35,453,170,000
Other payables	7,516,715,221	3,025,391,752
Total	92,095,955,096	108,811,108,212

3.17 Deferred income tax

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

		As at 31 December	
		2017	2016
		VND	VND
Deferred tax assets to be recovered within 12 months	(i)	2,473,371,361	3,638,284,131
Deferred tax liabilities to be recovered within 12 months	(ii)	(17,516,065,627)	-
Total		(15,042,694,266)	3,638,284,131

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.17 Deferred income tax (continued)

The gross movement in the deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	For the year ended 31 December	
	2017	2016
	VND	VND
Opening balance	3,638,284,131	-
Income statement (charge)/credit	(1,164,912,770)	3,638,284,131
Recognised directly in equity (Note 3.19)	(17,516,065,627)	-
Closing balance	(15,042,694,266)	3,638,284,131

(i) Details of deferred tax assets are as below:

	As at 31 December	
	2017	2016
	VND	VND
Deductible temporary differences:		
Provisions for impairment of overdue margin loans	12,366,856,806	18,191,420,655

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

(ii) Details of deferred tax liabilities are as below:

	As at 31 December	
	2017	2016
	VND	VND
Taxable temporary differences:		
Revaluation gain of AFS financial assets (Note 3.4)	87,580,328,135	-

The Company uses tax rate of 20% to determine deferred income tax.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.18 Share capital

(a) Number of shares

	As at 31 December	
	2017	2016
Number of shares registered	129,756,758	127,256,758
Number of shares issued	129,756,758	127,256,758
Number of shares repurchased	(186,390)	(101,390)
Number of existing shares in issue	129,570,368	127,155,368

As at 31 December 2017 and as at 31 December 2016, all of the Company's shares are ordinary shares. Each ordinary share has a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

(b) Movement of share capital

	Ordinary shares
As at 1 January 2016	127,185,417
Treasury shares repurchased	(30,049)
As at 31 December 2016	127,155,368
New shares issued	2,500,000
Treasury shares repurchased	(85,000)
As at 31 December 2017	129,570,368

3.19 Revaluation reserve

	As at 31 December	
	2017 VND	2016 VND
Revaluation gain of AFS financial assets (Note 3.4)	87,580,328,135	-
Less: deferred tax liabilities (Note 3.17)	(17,516,065,627)	-
Total	70,064,262,508	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.20 Undistributed earnings

	As at 31 December	
	2017	2016
	VND	VND
Undistributed realised profits	861,985,479,360	628,246,013,560
Unrealised losses	(29,672,602,090)	(56,154,902,185)
Total	832,312,877,270	572,091,111,375

The movement of undistributed earnings in the year is as follows:

	As at 31.12.2016 VND	Profit for the year VND	Dividend declared VND	Appropriation to reserves VND	As at 31.12.2017 VND
Undistributed realised profits	628,246,013,560	527,576,863,647	(233,328,662,400)	(60,508,735,447)	861,985,479,360
Unrealised profits/(losses)	(56,154,902,185)	26,482,300,095	-	-	(29,672,602,090)
Undistributed earnings	572,091,111,375	554,059,163,742	(233,328,662,400)	(60,508,735,447)	832,312,877,270

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS

4.1 Bad debts written off

	As at 31 December	
	2017	2016
	VND	VND
Other receivables	345,059,000	345,059,000

4.2 Foreign currencies

Included in cash and cash equivalents are balances held in foreign currencies as follows:

	As at 31 December	
	2017	2016
	VND	VND
US Dollar	13,402.69	45,182.58
Japanese Yen	240,905	190,755
Singapore Dollar	300	300
British Pound	93.17	100
Taiwanese Dollar	3,200	3,200
Canadian Dollar	100	100

4.3 Number of shares in issue

	As at 31 December	
	2017	2016
Ordinary shares		
Quantity issued within 1 year	2,500,000	-
Quantity issued for 1 year or more	127,070,368	127,155,368
Total	129,570,368	127,155,368

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5 NOTES TO THE STATEMENT OF INCOME

5.1 Net realised gains on disposals of FVTPL financial assets

	For the year ended 31 December	
	2017 VND	2016 VND
Realised gains on disposals of FVTPL financial assets	333,375,626,482	61,894,006,092
<i>In which:</i>		
<i>Underlying securities</i>	223,939,360,482	61,894,006,092
<i>Derivatives</i>	109,436,266,000	-
Realised losses on disposals of FVTPL financial assets	(150,316,077,489)	(14,268,022,902)
<i>In which</i>		
<i>Underlying securities</i>	(51,575,446,569)	(14,268,022,902)
<i>Derivatives</i>	(98,740,630,920)	-
Total	183,059,548,993	47,625,983,190

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5 NOTES TO THE STATEMENT OF INCOME (continued)

5.1 Net realised gains on disposals of FVTPL financial assets (continued)

Details of net realised gains from disposals of FVTPL financial assets by category are as follows:

	Quantity disposed	Sales proceeds VND	Costs of disposals (*) VND	Realised gains in this year VND	Realised gains in last year VND
Shares	205,436,674	6,804,046,345,700	6,643,496,998,698	160,549,347,002	45,272,817,951
Bonds	2,083,276	209,833,674,929	209,345,346,667	488,328,262	7,000,000
ETF certificates	140,501,240	1,851,275,078,702	1,839,948,840,053	11,326,238,649	2,346,165,239
Realised gains from disposals of underlying securities	348,021,190	8,865,155,099,331	8,692,791,185,418	172,363,913,913	47,625,983,190
Net position gains from future contracts				10,695,635,080	-
				183,059,548,993	47,625,983,190

(*) Costs of shares and fund certificates are determined using weighted average method up to the end of trading dates, while costs of bonds and derivatives are determined using specific identification method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5 NOTES TO THE STATEMENT OF INCOME (continued)

5.2 Gains/(losses) from from revaluation of FVTPL financial assets

	For the year ended 31 December	
	2017 VND	2016 VND
Gains from revaluation of FVTPL financial assets	34,575,574,912	5,246,169,979
Losses from revaluation of FVTPL financial assets	(8,093,274,817)	(3,496,595,999)
	26,482,300,095	1,749,573,980

Details of gains/(losses) from from revaluation of FVTPL financial assets by category are as follows:

	Cost VND	Market value/ fair value VND	Accumulated revaluation gains/(losses) as at 31.12.2017 VND	Accumulated revaluation gains/(losses) as at 31.12.2016 VND	Credited/ (charged) to statement of income VND
Listed shares and shares traded on UPCoM	613,330,509,297	633,483,284,204	20,152,774,907	(895,782,384)	21,048,557,291
Unlisted and unregistered shares	93,725,137,636	41,622,042,000	(52,103,095,636)	(55,454,582,723)	3,351,487,087
Listed bond	173,114,572,242	175,199,112,192	2,084,539,950	195,462,922	1,889,077,028
ETF certificates	10,132,573,711	10,325,752,400	193,178,689	-	193,178,689
	890,302,792,886	860,630,190,796	(29,672,602,090)	(56,154,902,185)	26,482,300,095

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5 NOTES TO THE STATEMENT OF INCOME (continued)

5.3 Provisions for diminution in value of financial assets and impairment losses and borrowing costs to finance lending activities

	For the year ended 31 December	
	2017 VND	2016 VND
Provisions for impairment loss of financial assets and mortgages (Note 3.3)	13,633,547,520	19,997,479,770
Interest expense	142,391,099,821	45,566,564,138
	156,024,647,341	65,564,043,908

5.4 General and administration expenses

	For the year ended 31 December	
	2017 VND	2016 VND
Staff costs	73,827,837,504	47,531,725,142
Office rental expenses	23,265,856,065	20,608,265,525
Outsourcing expenses	14,610,808,943	14,385,518,961
Depreciation and amortisation	5,672,877,522	3,307,473,096
Office tools and supplies	1,021,349,339	666,139,870
Tax and other fees	282,928,942	360,014,678
Other administrative expenses	4,318,896,815	5,107,104,040
	123,000,555,130	91,966,241,312

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5 NOTES TO THE STATEMENT OF INCOME (continued)

5.5 Corporate income tax

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

	For the year ended 31 December	
	2017 VND	2016 VND
Accounting profit before tax	692,600,803,982	385,383,289,422
Tax at rate of 20%:	138,520,160,796	77,076,657,884
Adjustment:		
Non-taxable income	(2,970,569,520)	(452,565,018)
Non-deductible expenses	2,992,048,964	4,228,215,253
Corporate income tax charge (*)	138,541,640,240	80,852,308,119
Charged/(credited) for the year:		
Corporate income tax – current	137,376,727,470	84,490,592,250
Corporate income tax – deferred (Note 3.17)	1,164,912,770	(3,638,284,131)
	138,541,640,240	80,852,308,119

(*) The corporate income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

The tax authorities have finalised corporate income tax up to 31 December 2014.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5 NOTES TO THE STATEMENT OF INCOME (continued)

5.6 Earnings per share

(a) Basic earnings per share

According to prevailing regulations, basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares.

As at the date of approval of financial statements, provided that the resolution of Annual General Meeting of shareholders regarding appropriations of post-tax profits for the year 2017 was not available, the net profit amount used for calculation of basic earnings per shares of the year 2017 is not deducted by the amount to be appropriated to bonus and welfare funds. For comparability purpose, the comparative figure of the year 2016 was neither deducted by the amounts appropriated to bonus and welfare funds.

	For the year ended 31 December	
	2017	2016
Net profit after tax attributable to ordinary shareholders (VND)	554,059,163,742	304,530,981,303
Appropriation to bonus and welfare fund	-	-
Weighted average number of ordinary shares in issue (shares)	129,175,546	127,167,449
Basic earnings per share (VND)	4,289	2,395

If the basic earnings per share for the year ended 31 December 2016 was recalculated after deducting the amount appropriated to bonus and welfare funds according to the Resolution of Annual General Meeting of shareholders No. 01/2017/NQ-DHDCD dated 24 April 2017, the revised basic earnings per share would be as follows:

	Year ended 31 December 2016		
Chỉ tiêu	Reported figure	Adjustment	Recalculated amount
Net profit after tax attributable to ordinary shareholders (VND)	304,530,981,303	(35,021,062,850)	269,509,918,453
Weighted average number of ordinary shares in issue (shares)	127,167,449		127,167,449
Basic earnings per share (VND)	2,395		2,119

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5 NOTES TO THE STATEMENT OF INCOME (continued)

5.6 Earnings per share (continued)

(b) Diluted earnings per share

The Company did not have potentially dilutive ordinary shares.

6 NOTES TO THE STATEMENT OF CASH FLOWS

6.1. Major non-cash transactions

	Year ended 31 December	
	2017 VND	2016 VND
Capital increase from bonus and welfare funds (Note 7.1(iii)) (*)	14,000,000,000	-

(*) This transaction resulted in changes in other payables during the year from decrease by VND65,868,764,976 to decrease by VND51,868,764,976.

6.2 Proceeds from borrowings

Proceeds from borrowings are bank overdrafts and loan drawdowns and proceeds from issuance of short-term bonds (Note 3.12).

6.3 Repayments of borrowings

Repayments of borrowings are bank overdrafts repayments and loan repayments (Note 3.12).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY

7.1 Details of changes in equity

	Share capital VND	Share premium VND	Treasury share VND	Revaluation reserve VND	Supplementary capital reserve VND	Financial risk and operation reserve VND	Other equity funds VND	Undistributed earnings VND	Total VND
As at 1.1.2016	1,272,567,580,000	310,343,798,499	(770,889,458)	-	101,786,372,631	101,786,372,632	3,961,374,994	489,874,717,764	2,279,549,327,062
Profit for the year	-	-	-	-	-	-	-	304,530,981,303	304,530,981,303
Appropriation to bonus and welfare funds (i)	-	-	-	-	-	-	-	(7,465,853,509)	(7,465,853,509)
Appropriation to the operation fund of BOD (i)	-	-	-	-	-	-	-	(2,559,721,203)	(2,559,721,203)
Final dividend of year 2015 (i)	-	-	-	-	-	-	-	(118,258,230,840)	(118,258,230,840)
Interim dividend of year 2016 (ii)	-	-	-	-	-	-	-	(63,577,684,000)	(63,577,684,000)
Appropriation to statutory reserves (Note 2.19(c))	-	-	-	-	15,226,549,070	15,226,549,070	-	(30,453,098,140)	-
Share repurchases	-	-	(301,367,550)	-	-	-	-	-	(301,367,550)
As at 31.12.2016	1,272,567,580,000	310,343,798,499	(1,072,257,008)	-	117,012,921,701	117,012,921,702	3,961,374,994	572,091,111,375	2,391,917,451,263

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY (continued)

7.1 Details of changes in equity (continued)

	Share capital VND	Share premium VND	Treasury share VND	Revaluation reserve VND	Supplementary capital reserve VND	Financial risk and operation reserve VND	Other equity funds VND	Undistributed earnings VND	Total VND
As at 1.1.2017	1,272,567,580,000	310,343,798,499	(1,072,257,008)	-	117,012,921,701	117,012,921,702	3,961,374,994	572,091,111,375	2,391,917,451,263
Share issuances (iii)	25,000,000,000	20,000,000,000	-	-	-	-	-	-	45,000,000,000
Profit for the year	-	-	-	-	-	-	-	554,059,163,742	554,059,163,742
Appropriation to bonus and welfare funds (iv)	-	-	-	-	-	-	-	(30,453,098,130)	(30,453,098,130)
Appropriation to the operation fund of BOD (iv)	-	-	-	-	-	-	-	(4,567,964,720)	(4,567,964,720)
Appropriation to statutory reserves (Note 2.19(c))	-	-	-	-	12,743,836,299	12,743,836,298	-	(25,487,672,597)	-
Final dividend of year 2016 (iv)	-	-	-	-	-	-	-	(155,586,441,600)	(155,586,441,600)
Share repurchases	-	-	(1,530,000,000)	-	-	-	-	-	(1,530,000,000)
Valuation of AFS financial assets (Note 3.19)	-	-	-	70,064,262,508	-	-	-	-	70,064,262,508
Interim dividend of year 2017 (v)	-	-	-	-	-	-	-	(77,742,220,800)	(77,742,220,800)
As at 31.12.2017	1,297,567,580,000	330,343,798,499	(2,602,257,008)	70,064,262,508	129,756,758,000	129,756,758,000	3,961,374,994	832,312,877,270	2,791,161,152,263

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY (continued)****7.1 Details of changes in equity (continued)**

- (i) According to the Resolution of the Annual General Meeting of Shareholders on 21 April 2016:
- Amount appropriated for bonus and welfare funds was 3.5% of post-tax profit of the year 2015.
 - Amount appropriated for operation fund of Board of Directors was 1.2% of post-tax profit of the year 2015.
 - Final dividend of the year 2015 was 9.3% of par value, equivalent to VND930/share.
 - Provisional rate of dividend of the year 2016 was 12% of par value, equivalent to VND1,200/share.
- (ii) According to authorisation of Annual General Meeting of Shareholders on 21 April 2016, the Board of Directors had advanced the interim dividend of the year 2016 in cash at 5% of par value, equivalent to VND500/share.
- (iii) The Employee Stock Option Plan 2016 (ESOP 2016) was approved in the Annual General Meeting of shareholders on 21 April 2016. Accordingly, the Company issued 2,500,000 shares to its executives at VND18,000/share. The total issue value was VND45 billion which was sourced from bonus and welfare fund amounting to VND14 billion and contributions of the executives amounting to VND31 billion. The new shares issued are blocked for transfer according to Policy of ESOP 2016 approved by the Board of Directors.
- During 2017, the Company repurchased 85,000 shares from resigning employees in which actual cash paid was associated with their contribution and remaining amount was reversed into bonus and welfare fund.
- (iv) According to the Resolution of the Annual General Meeting of Shareholders on 24 April 2017:
- Amount appropriated for bonus and welfare funds was 10% of post-tax profit of the year 2016.
 - Amount appropriated for operation fund of Board of Directors was 1.5% of post-tax profit of the year 2016.
 - Final dividend of the year 2016 was 12% of par value, equivalent to VND1,200/share.
 - Planned dividend of the year 2017 was 12% of par value, equivalent to VND1,200/share.
- (v) According to authorisation of Annual General Meeting of Shareholders on 24 April 2017, the Board of Directors had advanced the interim dividend of the year 2017 in cash at 6% of par value, equivalent to VND600/share.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY (continued)

7.2 Distributed earnings

	For the year ended 31 December	
	2017 VND	2016 VND
Undistributed earnings brought forward	628,246,013,560	547,779,193,929
Unrealised losses incurred in the year	(29,672,602,090)	(56,154,902,185)
Realised profits incurred in the year	527,576,863,647	302,781,407,323
Appropriations of retaining earnings:	(60,508,735,447)	(40,478,672,852)
<i>To supplementary capital reserve</i>	(12,743,836,299)	(15,226,549,070)
<i>To financial and operational risk reserve fund</i>	(12,743,836,298)	(15,226,549,070)
<i>To bonus and welfare funds</i>	(30,453,098,130)	(7,465,853,509)
<i>To operation fund of Board of Directors</i>	(4,567,964,720)	(2,559,721,203)
Distributable profits	1,065,641,539,670	753,927,026,215
Dividend declared	233,328,662,400	181,835,914,840
Income tax withheld	(1,884,872,850)	(1,719,771,001)
Net amount distributed to shareholders	231,443,789,550	180,116,143,839

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8 RELATED PARTIES DISCLOSURES

Identified related parties and relationships are presented below:

Related party	Relationship
Dragon Capital Markets Limited (DC)	Strategic shareholder – holding 30.27% of charter capital. The Company's Vice Chairman of the Board of Directors is the Deputy General Director of DC Group. 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 28.90% of charter 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 Head of Investment Department at HFIC.
PXP Vietnam Emerging Equity Fund Limited	Strategic shareholder – holding 7.21% of charter capital.
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
Norges Bank 3	DC's subsidiary
Aquila SPC Ltd	DC's subsidiary
Draig Ltd	DC's subsidiary
Idris Ltd	DC's subsidiary
Dragon Financial Holdings Limited	DC's subsidiary
DC Developing Markets Strategies Public Limited Company	DC's subsidiary
Board of Directors and Board of Management	Key management

(a) Related party transactions

During the year, the significant transactions with related parties comprise the followings:

	For the year ended 31 December	
	2017 VND	2016 VND
Dragon Capital Markets Limited (DC)		
Brokerage service - purchases	127,095,500,000	292,355,597,000
Brokerage service - sales	468,864,015,980	15,870,000,000
Brokerage fee income	547,535,426	392,876,146
Consultancy expenses	6,820,500,000	8,783,430,000
Dividend paid	70,701,858,000	56,168,698,300

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8 RELATED PARTIES DISCLOSURES (continued)

(a) Related party transactions (continued)

	For the year ended 31 December	
	2017 VND	2016 VND
Ho Chi Minh Finance and Investment State-owned Company (HFIC)		
Dividend paid	67,500,000,000	53,625,000,000
Vietnam Debt Fund SPC (VDF)		
Brokerage service - purchases	211,899,500,000	-
Brokerage service - sales	212,522,000,000	-
Brokerage fee income	84,884,300	-
Cam Vietnam Mother Fund		
Brokerage service - purchases	-	756,183,382,010
Brokerage service - sales	-	593,140,632,250
Brokerage fee income	-	1,949,211,849
Amersham Industries Limited		
Brokerage service - purchases	125,238,166,000	291,458,104,000
Brokerage service - sales	1,299,911,062,090	894,831,199,210
Brokerage fee income	2,137,723,847	1,779,433,967
Vietnam Enterprise Investments Limited		
Brokerage service - purchases	106,346,053,500	124,900,609,000
Brokerage service - sales	280,529,020,840	369,626,470,740
Brokerage fee income	580,312,614	741,790,624
Vietnam Property Fund Limited		
Brokerage service - sales	-	72,177,700,000
Brokerage fee income	-	108,266,500
Norges Bank 3		
Brokerage service - purchases	445,022,158,700	-
Brokerage service - sales	581,399,653,940	-
Brokerage fee income	1,539,632,724	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8 RELATED PARTIES DISCLOSURES (continued)

(a) Related party transactions (continued)

	For the year ended 31 December	
	2017 VND	2016 VND
DC Developing Markets Strategies Public Limited Company		
Brokerage service - purchases	312,243,370,800	180,559,543,020
Brokerage service - sales	360,463,051,000	61,205,063,300
Brokerage fee income	1,009,059,640	362,636,637
Aquila SPC Limited		
Brokerage service - purchases	466,954,938,980	-
Brokerage service - sales	56,768,352,000	-
Brokerage fee income	785,584,939	-
Draig Limited		
Brokerage service - purchases	194,807,772,000	-
Brokerage service - sales	211,345,122,000	-
Brokerage fee income	609,229,344	-
Idris Limited		
Brokerage service - purchases	133,529,133,500	-
Brokerage service - sales	18,386,400,000	-
Brokerage fee income	227,873,300	-
Dragon Financial Holdings Limited		
Brokerage service - purchases	-	-
Brokerage service - sales	8,243,205,000	-
Brokerage fee income	12,364,808	-
Compensation of key management		
Gross salaries and other benefits	24,735,439,736	17,849,168,003

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8 RELATED PARTIES DISCLOSURES (continued)

(b) Year-end balances with related parties

	As at 31 December	
	2017	2016
	VND	VND
Dragon Capital Markets Limited (DC)		
Other receivables (Note 3.5)	458,772,233,092	-
Dividend payable	23,999,023,561	19,639,405,000
Ho Chi Minh Finance and Investment State-owned Company (HFIC)		
Deposits for securities trading	24,933,079	24,829,079
Dividend payable	22,910,632,470	18,750,000,000
DC Developing Markets Strategies Public Limited Company		
Advance for purchases of bonds	81,546,445,192	-
Aquila SPC Ltd		
Advance for purchases of bonds	18,464,000,000	-

9 SEGMENT REPORTING

(a) Geographical segments

The principal activities of the Company are carried out within Vietnam territory. Risks and returns of the Company are not materially affected by distinctions between geographical areas. On this ground, the Board of Management determines that the Company has only one geographical segment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9 SEGMENT REPORTING (continued)

(b) Business activity segments

Information of segment income and expenses based on the activities of the Company is as follows:

	For the year ended 31 December 2017					
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Others VND	Total VND
Income	608,665,571,371	428,248,267,000	441,683,487,597	45,178,947,072	16,544,363,452	1,540,320,636,492
Expenses	(426,937,942,484)	(165,740,379,166)	(235,214,978,816)	(19,811,173,982)	(15,358,062)	(847,719,832,510)
Profits before tax	<u>181,727,628,887</u>	<u>262,507,887,834</u>	<u>206,468,508,781</u>	<u>25,367,773,090</u>	<u>16,529,005,390</u>	<u>692,600,803,982</u>
	For the year ended 31 December 2016					
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Others VND	Total VND
Income	354,014,104,959	69,534,501,163	374,225,382,259	24,601,902,383	2,658,276,843	825,034,167,607
Expenses	(211,926,829,410)	(23,567,021,196)	(192,731,486,224)	(9,996,332,411)	(1,429,208,944)	(439,650,878,185)
Profits before tax	<u>142,087,275,549</u>	<u>45,967,479,967</u>	<u>181,493,896,035</u>	<u>14,605,569,972</u>	<u>1,229,067,899</u>	<u>385,383,289,422</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9 SEGMENT REPORTING (continued)

(b) Business activity segments (continued)

Information of segment assets and liabilities based on the activities of the Company is as follows:

As at 31 December 2017							
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Others VND	Unallocated VND	Total VND
Assets	914,328,964,773	1,259,885,805,297	4,473,823,171,871	2,487,194,998	12,564,616,915	17,482,289,667	6,680,572,043,521
Liabilities	438,091,354,185	15,042,694,266	3,289,502,565,194	-	3,634,594,803	143,139,682,810	3,889,410,891,258
Net assets	<u>476,237,610,588</u>	<u>1,244,843,111,031</u>	<u>1,184,320,606,677</u>	<u>2,487,194,998</u>	<u>8,930,022,112</u>	<u>(125,657,393,143)</u>	<u>2,791,161,152,263</u>
As at 31 December 2016							
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Others VND	Unallocated VND	Total VND
Assets	556,090,303,345	306,371,695,555	2,732,765,149,458	1,796,274,005	13,735,560,734	6,083,351,591	3,616,842,334,688
Liabilities	78,102,715,836	-	1,003,615,835,487	-	1,221,786,220	141,984,545,882	1,224,924,883,425
Net assets	<u>477,987,587,509</u>	<u>306,371,695,555</u>	<u>1,729,149,313,971</u>	<u>1,796,274,005</u>	<u>12,513,774,514</u>	<u>(135,901,194,291)</u>	<u>2,391,917,451,263</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****10 FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to market risk, credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise the adverse effect of these risks on the Company's financial performance.

The Board of Management is responsible for setting the objectives and underlying principles of financial risk management for the Company. The Board of Management establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Financial risk management is carried out by finance personnel. The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the Board of Management.

The information presented below is based on information received by the Board of Management.

(a) Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from cash at banks, financial assets, receivables and other assets.

Balances with banks

All the bank balances are placed with local financial institutions which have high credit ratings.

Financial assets at fair value through profit or loss

The Company's listed securities will only be traded on the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange or with counterparties which have a specified credit rating. All securities transactions are settled or paid for upon receipt/ delivery of securities via approved brokers. The risk of default is considered minimal since the delivery of securities for sales transaction is made only once payment has been received and delivery of funds for purchase transaction is only made once the securities have been received. If either party fails to meet their obligations, the trade will fail.

Trading advances

The trading advances are collected from Vietnam Securities Depository which is a state-owned entity and has no history of payment defaults.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Margin loans

Margin loans are secured by eligible securities listed on Ho Chi Minh City Stock Exchange ("HOSE") and Hanoi Stock Exchange ("HNX"), customers' cash and trading proceeds. Under the local rules, the loan limit is set at 50% of the eligible securities' value. Eligible securities are defined by the Stock Exchanges based on a number of criteria including liquidity and frequently updated.

Customers Securities department has continuous review of margin loan report which includes balances, collateral assets and margin ratio. When the secured margin ratio falls below 40% (regulated level: 30%), the system alerts and the Company makes margin calls. When the secured margin ratio falls below 30%, the Company forcibly sells out collateral assets to collect the loans.

Receivables and other assets

Credit exposure is restricted by transacting with counterparties with high credit ratings and obtaining security where necessary.

Credit risk exposure includes the following balances:

	As at 31 December	
	2017	2016
	VND	VND
Cash at bank (Note 3.1)	195,756,571,187	59,579,109,106
Loans (Note 3.3)	4,501,592,303,606	2,750,945,233,394
Receivables (Note 3.5)	517,622,386,490	405,176,083,456
Total credit risk exposure	5,214,971,261,283	3,215,700,425,956

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate according to changes in market prices. The Company's market risks include interest rate risk, currency risk and other price risk, such as share price risk.

The Company manages this risk through the careful selection of securities and other financial instruments within specified limits.

- **Interest rate risk**

The Company is exposed to interest rate risk mainly on its borrowings and deposits at banks.

The Company's borrowings, deposits placed with banks and margin loans are at fixed rates and due in short term so interest rate risk is minimal.

- **Currency risk**

Currency risk is the risk that the value of the Company's financial instruments will be affected by changes in exchange rates. The Company is incorporated and operates in Vietnam, with its reporting currency being Vietnamese Dong and its transactional currency being also Vietnamese Dong. The Company's business is exposed to foreign currency risk arising from various currency exposures, primarily US Dollar ("USD").

The Company's currency exposure to the USD is as follows:

	Original currency USD		Equivalent to VND	
	2017	2016	2017	2016
Financial assets				
Cash	13,402.69	45,182.58	300,812,705	1,026,548,218
Financial liabilities	-	-	-	-
Net financial assets	13,402.69	45,182.58	300,812,705	1,026,548,218
Currency exposure	13,402.69	45,182.58	300,812,705	1,026,548,218

At 31 December 2017, if the USD had strengthened/weakened by 10% (estimated % change in exchange rate) against the VND with all other variables being held constant, the Company's profit after tax for the year would have been VND24,065,016 higher/lower as a result of foreign exchange gains/(losses) on translation of USD-denominated financial instruments. (At 31 December 2016: VND82,123,857).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

- Share price risk

Listed and unlisted shares held by the Company are affected by market risks due to the uncertainty in the future value of invested shares that can result in an increase/decrease in the provision for diminution in value of investments. The Company manages its share price risk by setting up investment limits. The Investment Committee also considers and approves decisions on investment in shares.

As at 31 December 2017, should the prices of the securities had increased/decreased by 10% with all other variables being held constant including tax rate, the Company's profit after tax would have been higher/lower by VND 68,850,415,264 (As at 31 December 2016: higher/ lower VND24,509,735,644).

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in performing financial obligations due to capital shortage.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The table below presents the Company's financial liabilities at contractual undiscounted cash flows falling due in 1 year:

	As at 31 December	
	2017 VND	2016 VND
Short-term borrowings	2,479,755,399,374	1,000,000,000,000
Short-term issued bonds	800,000,000,000	-
Trading obligations	352,425,986,816	37,343,090,857
Short-term trade account payables	3,326,671,321	2,936,065,430
Short-term accrued expenses	50,020,750,442	19,118,684,934
Other short-term payables	92,095,955,096	108,811,108,212
Total financial liabilities	3,777,624,763,049	1,168,208,949,433

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10 FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk management

Capital Adequacy Ratio ("CAR") is the ratio of the Company's capital to its risks. CAR measures the Company's ability to meet its financial liabilities and absorb certain losses resulting from risks.

CAR is calculated and presented in the Company's monthly report in accordance with Circular 87/2017/TT-BTC issued by the Ministry of Finance on 15 August 2017 ("Circular 87/2017/TT-BTC") regulating requirements of capital adequacy ratio applicable to securities business organisations and remedies for non-compliance. According to Circular 87/2017/TT-BTC, the Company is required to maintain a prescribed minimum level of CAR of 180%.

As as 31 December 2017, the Company's CAR was 526%.

11 OPERATING LEASE COMMITMENTS

The Company is currently renting offices under operating leases. The future minimum lease payments under non-cancellable operating leases were as follows:

	As at 31 December	
	2017	2016
	VND	VND
Within 1 year	15,850,298,640	10,316,776,453
Between 1 and 5 years	22,909,929,695	19,649,844,390
Total minimum payments	38,760,228,335	29,966,620,843

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12 COMPARATIVE FIGURES

Certain comparative figures have been restated and reclassified to conform to the current year's presentation under Circular 334/2016/TT-BTC, in particular:

(a) Statement of financial position

Code	ITEMS	As at 31 December 2016		
		Previously reported VND	Restatement/ reclassification VND	Restated VND
100	CURRENT ASSETS			
112	Financial assets at fair value through profit or loss (FVTPL)	306,371,695,555	-	306,371,695,555
	LIABILITIES			
	Current liabilities			
318	Trading obligations	32,610,005,800	4,733,085,057	37,343,090,857
325	Short-term accrued expenses	23,851,769,991	(4,733,085,057)	19,118,684,934

(b) Statement of income

Code	ITEMS	Year ended 31 December 2016		
		Previously reported VND	Reclassification VND	Restated VND
	OPERATING INCOME			
08	Investment consultancy service income	24,601,902,383	(24,601,902,383)	-
10	Financial consultancy service income	-	24,601,902,383	24,601,902,383
	OPERATING EXPENSES			
29	Investment consultancy expenses	(9,996,332,411)	9,996,332,411	-
31	Financial consultancy expenses	-	(9,996,332,411)	(9,996,332,411)

Item No. 400 was restated as follows:

- The amount was changed from being total of items No. 200 and No. to being total of items from No. 301 to No. 304.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12 COMPARATIVE FIGURES (continued)

(b) Statement of cash flows

Item No. 30 was restated as follows:

- Renamed from “Profits before changes in working capital” to “Changes in working capital”;
- The amount was changed from being total of items No. 01 and No. 10 and No. 18 to being total of items from No. 31 to No. 52.

Other items were restated/reclassified as follows:

Code	ITEMS	Year ended 31 December 2016		
		Previously reported VND	Restatement/ reclassification VND	Restated VND
	Cash flows from operating activities			
06	Interest expenses	-	45,677,564,138	45,677,564,138
07	Gains on disposals of fixed assets	(789,590,907)	(1,078,380,134)	(1,867,971,041)
41	(Decrease)/increase in accrued expenses	5,881,198,227	(4,733,085,057)	1,148,113,170
44	Interest paid	-	(42,965,365,923)	(42,965,365,923)
45	Decrease/(increase) in trade payable	(441,190,555)	4,733,085,057	4,291,894,502
50	Increase in other payables	27,223,376,032	(1,633,818,081)	25,589,557,951

13 SUBSEQUENT EVENTS

On 10 January 2018, the Board of Directors approved to establish its South Sai Gon transaction office at 9th floor of Etown Central Building, No.11 Doan Van Bo Street, Ward 12, District 4, Ho Chi Minh City.

Other than this fact, there have been no subsequent events occurring after the reporting date which would require adjustments or disclosures to be made in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14 OPERATIONAL FACTS

Volume and value of transactions during the year

	Volume of transactions during the year	Value of transactions during the year VND
a) Of the Company		
Shares	403,985,879	11,327,457,849,568
Bonds	169,181,265	17,821,650,446,240
b) Of Investors		
Shares	10,013,987,653	277,176,165,444,797
Bonds	1,067,633,702	111,450,253,322,594
	11,654,788,499	417,775,527,063,199

The financial statements were approved by the Board of Management on 22 March 2018.



Ho Thi Thu Thao
Head of Accounting Department



Lam Huu Ho
Chief Financial Officer




Johan Nyvene
Chief Executive Officer