

HO CHI MINH CITY SECURITIES CORPORATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

HO CHI MINH CITY SECURITIES CORPORATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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HO CHI MINH CITY SECURITIES CORPORATION

CORPORATE INFORMATION

Establishment and operation licence	No. 11/UBCK-GPHĐKD 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/GPĐC-UBCK was issued on 2 March 2017.	
Board of Directors	Mr. Do Hung Viet Mr. Le Anh Minh Mr. Nguyen Thanh Liem Mr. Pham Nghiem Xuan Bac Mr. Le Thang Can Mr. Johan Nyvene Mr. Le Hoang Anh Mr. Lam Hoai Anh	Chairman Vice Chairman Vice Chairman (resigned on 7 March 2018) Member Member Member Member Member (appointed on 26 April 2018)
Board of Management	Mr. Johan Nyvene Mr. Trinh Hoai Giang Mr. Le Cong Thien Mr. Stephen James McKeever Mr. Pham Ngoc Bich Mr. Bach Quoc Vinh Mr. Le Anh Quan Mr. Tran Tan Dat	Chief Executive Officer Deputy Chief Executive Officer Deputy Chief Executive Officer Managing Director Managing Director Managing Director Managing Director Managing Director
Legal Representative	Mr. Johan Nyvene	Chief Executive Officer
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 2018 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 73 which give a true and fair view of the financial position of the Company as at 31 December 2018 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
27 March 2019



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 2018 and approved by the Board of Management on 27 March 2019. The financial statements comprise the statement of financial position as at 31 December 2018, the statement of comprehensive 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 73.

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 Board of Management 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 2018, 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 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: HCM7921
Ho Chi Minh City, 27 March 2019

HO CHI MINH CITY SECURITIES CORPORATION

Form B 01 – CTCK

STATEMENT OF FINANCIAL POSITION

Code	ITEM	Note	As at	
			31.12.2018 VND	31.12.2017 VND
ASSETS				
100	CURRENT ASSETS		5,065,174,554,410	6,505,802,971,605
110	Financial assets		4,949,941,619,088	6,402,627,990,511
111	Cash and cash equivalents	3.1	117,332,185,998	196,221,037,531
111.1	<i>Cash</i>		<i>117,332,185,998</i>	<i>196,221,037,531</i>
112	Financial assets at fair value through profit or loss (FVTPL)	3.2	851,839,940,206	860,630,190,796
114	Loans	3.3	3,262,014,843,244	4,501,592,303,606
115	Available-for-sale financial assets (AFS)	3.4	-	399,255,614,501
116	Provision for impairments of financial assets and mortgages	3.3	(23,573,148,070)	(33,631,027,290)
118	Prepayments to suppliers		2,081,707,500	521,277,025
119	Service related receivable	3.5	725,571,555,348	471,021,351,378
122	Other receivables	3.5	54,258,327,010	46,601,035,112
129	Provision for doubtful debts	3.6	(39,583,792,148)	(39,583,792,148)
130	Other current assets		115,232,935,322	103,174,981,094
131	Advances		594,697,297	1,008,685,484
133	Short-term prepaid expenses		8,976,240,525	6,880,258,510
134	Pledged assets, mortgages, security deposits in short term		3,405,632,500	3,460,031,100
137	Other current assets		102,256,365,000	91,826,006,000
137.1	<i>Deposits for derivatives trading activities</i>	3.7	<i>102,256,365,000</i>	<i>91,826,006,000</i>
200	NON-CURRENT ASSETS		191,130,772,771	174,769,071,916
220	Fixed assets		47,422,412,537	38,006,860,366
221	Tangible fixed assets	3.8(a)	24,065,517,122	17,914,374,586
222	<i>Historical cost</i>		<i>73,789,663,436</i>	<i>58,519,025,049</i>
223a	<i>Accumulated depreciation</i>		<i>(49,724,146,314)</i>	<i>(40,604,650,463)</i>
227	Intangible fixed assets	3.8(b)	23,356,895,415	20,092,485,780
228	<i>Historical cost</i>		<i>64,392,294,363</i>	<i>51,357,006,015</i>
229a	<i>Accumulated amortisation</i>		<i>(41,035,398,948)</i>	<i>(31,264,520,235)</i>
240	Construction in progress	3.8(c)	4,447,220,550	6,851,041,776
250	Other non-current assets		139,261,139,684	129,911,169,774
251	Pledged assets, mortgages, security deposits in long term		7,528,788,877	5,653,083,350
252	Long-term prepaid expenses	3.9	100,173,558,928	94,258,086,424
253	Deferred income tax assets	3.17	1,558,791,879	-
254	Deposits in the Settlement support fund	3.10	20,000,000,000	20,000,000,000
255	Other long-term assets		10,000,000,000	10,000,000,000
255.1	<i>Deposits in the Derivatives trading clearing fund</i>	3.11	<i>10,000,000,000</i>	<i>10,000,000,000</i>
270	TOTAL ASSETS		5,256,305,327,181	6,680,572,043,521

The notes on pages 15 to 73 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
(continued)

Code	ITEM	Note	As at	
			31.12.2018 VND	31.12.2017 VND
300	LIABILITIES		2,195,769,164,684	3,889,410,891,258
310	Current liabilities		2,195,769,164,684	3,874,368,196,992
311	Short-term borrowings and finance lease liabilities		1,554,132,323,195	2,479,755,399,374
312	<i>Short-term borrowings</i>	3.12	1,554,132,323,195	2,479,755,399,374
316	Short-term issued bonds	3.12	150,000,000,000	800,000,000,000
318	Trading obligations	3.13	315,637,153,051	352,425,986,816
320	Short-term trade accounts payable		3,466,914,332	3,326,671,321
322	Tax and other payables to the State Budget	3.14	34,014,747,386	80,514,265,840
324	Employee welfare payables		3,591,087,935	2,971,042,385
325	Short-term accrued expenses	3.15	58,349,981,835	50,020,750,442
329	Other short-term liabilities	3.16	31,471,069,058	92,095,955,096
331	Bonus and welfare funds		45,105,887,892	13,258,125,718
340	Non-current liabilities		-	15,042,694,266
356	Deferred income tax liabilities	3.17	-	15,042,694,266
400	OWNERS' EQUITY		3,060,536,162,497	2,791,161,152,263
410	Capital and reserves		3,060,536,162,497	2,791,161,152,263
411	Owners' capital		1,625,017,521,491	1,625,309,121,491
411.1	Share capital	3.18	1,297,567,580,000	1,297,567,580,000
411.1a	<i>Ordinary shares</i>		1,297,567,580,000	1,297,567,580,000
411.2	Share premium		330,343,798,499	330,343,798,499
411.5	Treasury shares		(2,893,857,008)	(2,602,257,008)
412	Revaluation reserve	3.19	-	70,064,262,508
414	Supplementary capital reserve		129,756,758,000	129,756,758,000
415	Financial and operational risk reserve		129,756,758,000	129,756,758,000
416	Other equity funds		3,961,374,994	3,961,374,994
417	Undistributed earnings	3.20	1,172,043,750,012	832,312,877,270
417.1	<i>Realised post-tax profits</i>		1,223,955,850,562	861,985,479,360
417.2	<i>Unrealised losses</i>		(51,912,100,550)	(29,672,602,090)
440	TOTAL RESOURCES		5,256,305,327,181	6,680,572,043,521

The notes on pages 15 to 73 are an integral part of these financial statements.

OFF STATEMENT OF FINANCIAL POSITION ITEMS

Code	ITEM	Note	As at	
			31.12.2018	31.12.2017
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		5,176.74	13,402.69
	Japanese Yen		241,915	240,905
	Singapore Dollar		590	300
	British Pound		100.00	93.17
	New Taiwan Dollar		3,200	3,200
	Canadian Dollar		100	100
	Malaysian Ringgit		750	-
006	Number of shares in issue (shares)	4.3	129,554,168	129,570,368
007	Number of treasury shares (shares)	3.18	202,590	186,390
			<i>Par value (VND)</i>	
008	Securities listed/registered at Vietnam Securities Depository (VSD)		317,517,950,000	447,684,720,000
009	Securities in custody of VSD and not yet traded		3,150,000,000	146,075,030,000
010	Securities purchased and awaiting settlement		18,501,900,000	12,200,000,000
012	Securities not in custody of VSD		26,401,400,000	34,897,120,000
B	ASSETS OF AND LIABILITIES TO CUSTOMERS			
021	Securities listed/registered at Vietnam Securities Depository (VSD)		20,261,840,614,043	18,338,836,463,686
021.1	<i>Freely traded securities</i>		15,934,948,960,000	14,920,958,190,000
021.2	<i>Restricted securities</i>		269,550,390,000	235,619,410,000
021.3	<i>Mortgaged securities</i>		3,391,438,550,000	2,733,898,110,000
021.4	<i>Suspended securities</i>		132,776,880,000	93,676,820,000
021.5	<i>Securities awaiting settlement</i>		270,097,200,000	310,630,550,000
021.7	<i>Customers' deposits for derivatives trading</i>		263,028,634,043	44,053,383,686
022	Securities in custody of VSD and not yet traded		7,536,110,000	172,212,900,000
022.1	<i>Securities in custody of VSD and not yet traded – freely traded securities</i>		5,612,110,000	139,206,100,000
022.2	<i>Securities in custody of VSD and not yet traded – suspended securities</i>		1,924,000,000	33,006,800,000
023	Securities purchased and awaiting settlement		352,223,480,000	391,444,340,000

The notes on pages 15 to 73 are an integral part of these financial statements.

HO CHI MINH CITY SECURITIES CORPORATION

Form B 01 – CTCK

OFF STATEMENT OF FINANCIAL POSITION ITEMS
(continued)

Code	ITEM	As at	
		31.12.2018 VND	31.12.2017 VND
B	ASSETS OF AND LIABILITIES TO CUSTOMERS (continued)		
026	Customers' deposits	1,285,995,489,258	944,598,631,066
027	<i>Customers' deposits for securities trading</i>	1,022,966,855,215	900,545,247,380
027.1	<i>Customers' deposits at VSD</i>	263,028,634,043	44,053,383,686
031	Payables to customers relating to their deposits at the Company for securities trading	1,022,966,855,215	900,545,247,380
031.1	<i>Payables to domestic customers relating to their deposits at the Company for securities trading</i>	1,016,049,164,264	899,585,811,824
031.2	<i>Payables to foreign customers relating to their deposits at the Company for securities trading</i>	6,917,690,951	959,435,556



Le Thi Thuy Duong
Preparer



Lam Huu Ho
Chief Financial Officer




Johan Nyvene
Chief Executive Officer
27 March 2019

The notes on pages 15 to 73 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Code	ITEM	Note	For the year ended 31 December	
			2018 VND	2017 VND
	OPERATING INCOME			
01	Gains from financial assets at fair value through profit or loss (FVTPL)		928,460,243,499	428,248,267,000
01.1	<i>Realised gains on disposal of FVTPL financial assets</i>	5.1	858,463,794,818	333,375,626,482
01.2	<i>(Decrease)/increase in revaluation gains of FVTPL financial assets</i>	5.2	(35,012,239,201)	34,575,574,912
01.3	<i>Dividends and interest income from FVTPL financial assets</i>		105,008,687,882	60,297,065,606
03	Interest income from loans and receivables		523,064,352,711	439,218,521,489
06	Brokerage fee income		758,849,301,292	601,941,990,625
09	Custody service income		8,554,349,465	6,723,580,746
10	Financial consultancy service income		119,216,643,588	45,178,947,072
11	Other operating income		11,671,488,830	16,266,327,089
20	TOTAL OPERATING INCOME		2,349,816,379,385	1,537,577,634,021
	OPERATING EXPENSES			
21	Losses from financial assets at fair value through profit or loss (FVTPL)		(650,116,339,657)	(158,409,352,306)
21.1	<i>Realised losses on disposal of FVTPL financial assets</i>	5.1	(662,889,080,398)	(150,316,077,489)
21.2	<i>Decrease/(increase) in revaluation losses of FVTPL financial assets</i>	5.2	12,772,740,741	(8,093,274,817)
24	Provisions for doubtful debts, impairments of financial assets and diminution in value of mortgages, and borrowing costs	5.3	(155,881,063,174)	(156,024,647,341)
26	Self-trading expenses		(75,036,982,785)	(47,284,737,897)
27	Brokerage fee expenses		(414,598,167,005)	(326,594,494,995)
30	Custody fee expenses		(10,276,510,005)	(6,896,562,514)
31	Financial consultancy expenses		(21,555,635,774)	(22,984,196,336)
32	Other operating expenses		(1,139,112,140)	(6,525,285,991)
40	TOTAL OPERATING EXPENSES		(1,328,603,810,540)	(724,719,277,380)

The notes on pages 15 to 73 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
(continued)

Code	ITEM	Note	For the year ended 31 December	
			2018 VND	2017 VND
	FINANCIAL INCOME			
42	Dividend income and interest income from demand deposits		2,310,619,199	2,464,966,108
50	TOTAL FINANCIAL INCOME		2,310,619,199	2,464,966,108
62	GENERAL AND ADMINISTRATION EXPENSES	5.4	(181,439,833,060)	(123,000,555,130)
70	OPERATING RESULT		842,083,354,984	692,322,767,619
	OTHER INCOME AND EXPENSES			
71	Other income		102,300,000	278,036,363
80	NET OTHER INCOME		102,300,000	278,036,363
90	NET ACCOUNTING PROFIT BEFORE TAX		842,185,654,984	692,600,803,982
91	Realised profit		864,425,153,444	666,118,503,887
92	Unrealised (loss)/profit		(22,239,498,460)	26,482,300,095
100	CORPORATE INCOME TAX	5.5	(166,705,500,612)	(138,541,640,240)
100.1	Corporate income tax – current		(165,790,921,130)	(137,376,727,470)
100.2	Corporate income tax – deferred		(914,579,482)	(1,164,912,770)
200	NET PROFIT AFTER TAX		675,480,154,372	554,059,163,742
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 OTHER COMPREHENSIVE INCOME		-	70,064,262,508
500	EARNINGS PER SHARE			
501	Basic earnings per share (VND/share)	5.6	5,214	4,289
502	Diluted earnings per share (VND/share)	5.6	5,214	4,289



Le Thi Thuy Duong
Preparer



Lam Huu Ho
Chief Financial Officer




Johan Nyvene
Chief Executive Officer
27 March 2019

STATEMENT OF CASH FLOWS
(Indirect method)

Code	ITEM	Note	For the year ended 31 December	
			2018 VND	2017 VND
	Cash flows from operating activities			
01	Net profit before tax		842,185,654,984	692,600,803,982
02	Adjustments for:		160,835,620,303	161,653,748,972
03	Depreciation and amortisation		20,281,165,370	9,560,933,260
04	(Reversal of provisions)/provisions		(10,057,879,220)	18,306,613,917
06	Interest expenses		165,938,942,394	142,391,099,821
07	Profits from investing activities		(2,412,919,199)	(2,743,002,471)
08	Accrued interest income		(12,913,689,042)	(5,861,895,555)
10	Changes in non-cash expenses		(12,772,740,741)	8,093,274,817
11	(Decrease)/increase in revaluation losses of FVTPL financial assets		(12,772,740,741)	8,093,274,817
18	Changes in non-cash income		35,012,239,201	(34,575,574,912)
19	Decrease/(increase) in revaluation gains of FVTPL financial assets		35,012,239,201	(34,575,574,912)
30	Changes in working capital		848,066,516,593	(2,748,696,469,964)
31	Increase in FVTPL financial assets		(13,449,247,870)	(527,776,195,146)
33	Decrease/(increase) in loans		1,239,577,460,362	(1,750,647,070,212)
34	Decrease/(increase) in AFS financial assets		311,675,286,366	(399,255,614,501)
37	Increase in service related receivables		(254,550,203,970)	(101,012,947,702)
39	Decrease/(increase) in other receivables		7,981,004,530	(9,030,986,945)
41	(Decrease)/increase in accrued expenses (excluding interest expenses)		(9,435,390,531)	24,770,735,175
42	Increase in prepaid expenses		(8,011,454,519)	(924,812,891)
43	Corporate income tax ("CIT") paid		(197,402,447,080)	(117,934,556,700)
44	Interest paid		(171,732,474,670)	(136,259,769,488)
45	(Decrease)/increase in trade payables		(1,420,187,464)	315,473,501,850
46	Increase in employee welfare payables		620,045,550	289,082,344
47	(Decrease)/increase in tax and other payables to the State Budget (excluding CIT paid)		(14,898,222,504)	20,738,537,300
50	Decrease in other short-term payables	6.1	(28,635,985,680)	(51,868,764,976)
52	Other payments for operating activities		(12,251,665,927)	(15,257,608,072)
60	Net cash inflows from/(outflows for) operating activities		1,873,327,290,340	(1,920,924,217,105)
	Cash flows from investing activities			
61	Purchases of fixed assets		(27,292,896,315)	(34,238,069,123)
62	Proceeds from disposals of fixed assets		112,530,000	305,840,000
70	Net cash outflows from investing activities		(27,180,366,315)	(33,932,229,123)

The notes on pages 15 to 73 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(Indirect method)
(continued)

Code	ITEM	Note	For the year ended 31 December	
			2018 VND	2017 VND
	Cash flows from financing activities			
71	Proceeds from issuance of shares	6.1, 7.1(iv)	-	31,000,000,000
72	Payments for share repurchases		(200,880,000)	(1,054,000,000)
73.2	Proceeds from borrowings	6.2	24,405,151,937,751	29,946,435,798,979
74.3	Repayments of borrowings	6.3	(25,980,775,013,930)	(27,666,680,399,605)
76	Dividend paid		(349,211,819,379)	(218,817,600,515)
80	Net cash (outflows for)/inflows from financing activities		(1,925,035,775,558)	2,090,883,798,859
90	Net (decrease)/increase in cash and cash equivalents		(78,888,851,533)	136,027,352,631
101	Cash and cash equivalents at beginning of year		196,221,037,531	60,193,684,900
101.1	Cash	3.1	196,221,037,531	60,193,684,900
103	Cash and cash equivalents at end of year		117,332,185,998	196,221,037,531
103.1	Cash	3.1	117,332,185,998	196,221,037,531

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

STATEMENT OF CASH FLOWS
(Indirect method)
(continued)

CASH FLOWS OF BROKERAGE AND TRUSTING ACTIVITIES

Code	ITEM	For the year ended 31 December	
		2018 VND	2017 VND
	Cash flows of brokerage and trusting activities		
01	Trade proceeds	111,418,661,903,490	81,100,663,005,900
02	Trade payments	(105,630,067,603,400)	(83,232,814,229,906)
07	Receipts for settlement of customers' transactions	-	2,457,689,421,144
08	Payments from customers' trading accounts	(5,657,618,342,790)	-
11	Payments for custody fees of customers	(8,554,349,465)	(6,876,672,819)
20	Net increase in customers' deposits	122,421,607,835	318,661,524,319
30	Customers' deposits at beginning of year	900,545,247,380	581,883,723,061
31	Cash at bank	900,545,247,380	581,883,723,061
32	<i>Customers' deposits at the Company for securities trading</i>	<i>900,545,247,380</i>	<i>581,883,723,061</i>
40	Customers' deposits at end of year	1,022,966,855,215	900,545,247,380
41	Cash at bank	1,022,966,855,215	900,545,247,380
42	<i>Customers' deposits at the Company for securities trading</i>	<i>1,022,966,855,215</i>	<i>900,545,247,380</i>



Le Thi Thuy Duong
Preparer



Lam Huu Ho
Chief Financial Officer




Johan Nyvene
Chief Executive Officer
27 March 2019

STATEMENT OF CHANGES IN EQUITY

Items	As at		For the year ended 31 December 2017		For the year ended 31 December 2018		As at	
	1.1.2017	1.1.2018	Increase	Decrease	Increase	Decrease	31.12.2017	31.12.2018
1. Share capital	1,581,839,121,491	1,625,309,121,491	43,470,000,000	-	(291,600,000)	-	1,625,309,121,491	1,625,017,521,491
1.1 Ordinary shares	1,272,567,580,000	1,297,567,580,000	25,000,000,000	-	-	-	1,297,567,580,000	1,297,567,580,000
1.2 Share premium	310,343,798,499	330,343,798,499	20,000,000,000	-	-	-	330,343,798,499	330,343,798,499
1.3 Treasury shares	(1,072,257,008)	(2,602,257,008)	(1,530,000,000)	-	(291,600,000)	-	(2,602,257,008)	(2,893,857,008)
2. Revaluation reserve	-	70,064,262,508	70,064,262,508	-	-	(70,064,262,508)	70,064,262,508	-
3. Supplementary capital reserve	117,012,921,701	129,756,758,000	12,743,836,299	-	-	-	129,756,758,000	129,756,758,000
4. Financial and operational risk reserve	117,012,921,702	129,756,758,000	12,743,836,298	-	-	-	129,756,758,000	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	572,091,111,375	832,312,877,270	554,059,163,742	(293,837,397,847)	675,480,154,372	(335,749,281,630)	832,312,877,270	1,172,043,750,012
6.1 Realised profits	628,246,013,560	861,985,479,360	527,576,863,647	(293,837,397,847)	697,719,652,832	(335,749,281,630)	861,985,479,360	1,223,955,850,562
6.2 Unrealised losses	(56,154,902,185)	(29,672,602,090)	26,482,300,095	-	(22,239,498,460)	-	(29,672,602,090)	(51,912,100,550)
Total	2,391,917,451,263	2,791,161,152,263	693,081,098,847	(293,837,397,847)	675,188,554,372	(405,813,544,138)	2,791,161,152,263	3,060,536,162,497

Le Thi Thuy Duong
Preparer

Lam Huu Ho
Chief Financial Officer



Johan Nyvene
Chief Executive Officer
27 March 2019

The notes on pages 15 to 73 are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1 GENERAL INFORMATION

Establishment and listing status

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-GPHĐKD 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/GPĐC-UBCK was issued on 2 March 2017.

The Company was listed on the Ho Chi Minh City Stock Exchange in accordance with Decision No. 27/QĐ-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 20 April 2009.

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

Operating charter

The Company’s latest Operating charter was issued in the Annual General Meeting of shareholders and came into effect since 26 April 2018.

Principal activities

The principal activities of the Company include provision of securities brokerage service, proprietary securities trading, securities investment consultancy service, corporate finance consultancy service, and 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 the 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 stipulated in its Operating charter and prevailing regulations on securities.

Network of operation

As at the reporting date, the Company had 10 branches and transaction offices in Vietnam.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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”) and 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 the 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 indeterminable).

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.

The financial statements in Vietnamese language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Vietnamese language financial statements.

2.2 Form of records applied

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

2.3 Fiscal year

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

2.4 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 comprehensive 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 profit or loss of the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 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 that 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.

2.6 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 by the Board of Management 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 initial 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).

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, Board of Management 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 Financial assets (continued)****(a) Classification (continued)***(i) Financial assets carried at fair value through profit or loss (FVTPL) (continued)*

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 indeterminable). All gains or losses from change in fair value of FVTPL financial assets are recognised in profit or loss of the statement of comprehensive income.

(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 the assets 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 meeting conditions to be classified as loans and receivables.

HTM financial assets are initially recorded at cost inclusive of costs of purchase, and subsequently measured at amortised cost using the effective interest rate method ("EIR").

Amortised cost of HTM financial assets is determined at historical cost less principal received, plus (or less) accumulated amortisation using the 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 2018**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 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:

- Items that the Company intends to dispose of shortly or in the foreseeable future and as such classified as held for trading, or classified as FVTPL financial assets at initial recognition;
- Items that the Company classified as AFS financial assets at initial recognition; or
- 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 cost of purchase and 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 disposal of financial assets, dividend and interest receivable, service related receivables, receivables from trade errors and other receivables. Receivables are recorded on an accrual basis and presented at cost less provision for impairment of doubtful debts (if any).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 Financial assets (continued)****(a) Classification (continued)***(v) Available-for-sale financial assets (AFS)*

Available-for-sale financial assets are non-derivative 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 cost of purchase. At reporting date, AFS financial assets are measured at fair value. Those shares not traded on an active market or those whose fair value is not reliably determined are accounted for at cost.

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

At de-recognition, accumulated gains or losses in equity are recognised in the profit or loss as a reclassification. Gains using the effective interest rate method are recognised in profit or loss in accordance with accounting 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 an AFS financial asset is impaired, accumulated revaluation loss in equity is reclassified to profit or loss despite that asset not being de-recognised.

(b) Reclassification*(i) Reclassification of non-FVTPL financial assets upon disposal*

Non-FVTPL financial assets are reclassified to FVTPL financial assets before disposal.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 Financial assets (continued)****(b) Reclassification (continued)***(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 the assets 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 conditions 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 as AFS and re-measured at fair value. Difference between its carrying value and fair value is recognised in the profit or loss – 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 de-recognised 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 of the assets.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, but has neither transferred 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

(e) *Determination of market value/fair value*

The Company follows the prevailing regulations in determining the market value/fair value of financial assets, 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/not registered for trading at the Vietnam Securities Depository (“VSD”)*

These shares are revalued based on the average of transacted prices announced by three (3) independent quoting entities at the latest trading date within one (1) month prior to the valuation date. Management and executives of the Company must not be related to management and executives of the quoting entities in accordance with Law on Securities.

- (iii) *Bonds listed on stock exchanges*

These bonds are revalued basing on the quoted price (also called “clean price”) on stock exchanges at the latest trading date prior to the valuation date plus accumulated accrued interests.

- (iv) *Unlisted bonds*

Unlisted bonds are measured at their purchase prices plus accumulated accrued interests.

- (v) *Certificates of open-ended funds/ exchanged traded fund (“ETF”)*

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

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

These shares are revalued based on its book value at the 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 at valuation date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

(f) Provision for impairment of loans

Provision for 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. Provision/reversal of provision for loans is debited/credited to expenses in profit or loss of the statement of comprehensive income.

(g) Provision for impairment of receivables

Receivables are subject to impairment assessment based on the overdue status of the receivables or the expected loss arising from undue debts of which the indebted economic entities declare bankruptcy or undergo liquidation procedures; debtors are missing, deceased, prosecuted or in litigation.

The Company makes provision for overdue receivables in accordance with Circular 228/2009/TT-BTC issued by the 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
Above 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%
Above 3 years	100%

Provision/(reversal of provision) incurred during the year for impairment is debited/credited to expenses in profit or loss of the statement of comprehensive 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.

Gain/(loss) on disposal

Gain/(loss) on disposal of financial assets are accounted for as income/(expenses) in profit or loss of the statement of comprehensive income. Costs of shares and fund certificates are determined using the weighted average method up to the end of trading dates, while costs of bonds and derivatives are determined using the specific identification method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

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

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

Provision/(reversal of provision) for diminution in value of financial assets is debited/credited to expenses in profit or loss of the statement of comprehensive income.

2.7 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date (“repos”) are not de-recognised 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.

2.8 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 disposal are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in profit or loss of the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.9 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 profit or loss of the statement of comprehensive on a straight-line basis over the year of the lease.

2.10 Prepaid expenses

Prepaid expenses include prepayments for goods and services, tools and equipment not qualified to be recognised as fixed assets under prevailing 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 amortised to expenses over two (2) to forty (40) years in profit or loss of the statement of comprehensive income:

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

2.11 Short-term/long-term security deposits

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

2.12 Liabilities**(a) Recognition/de-recognition**

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 de-recognised when such obligations are fully discharged. Liabilities are recognised on an accrual basis and on prudence 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; and
- 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 year from the reporting date to their maturity dates.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 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.

2.14 Income tax paid on behalf of investors

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 institutional investors and pay on their behalf. For individual investors (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 investors. For local institutional investors, the Company is not responsible for withholding tax as these entities are responsible for their own tax payment and declaration.

2.15 Borrowing costs

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

2.16 Accrued expenses

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

2.17 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 2018****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.18 Equity****(a) *Share capital***

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

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issue 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 year permitted by prevailing regulations on securities. Treasury shares are recorded at cost and deducted from equity. The Company does not account for gains/(losses) from purchase/sale, issuance/cancellation of its equity instruments.

(b) *Undistributed profits*

Undistributed profits represent cumulative undistributed post-tax profits at the reporting date including cumulative realised profits and cumulative unrealised profits.

Unrealised profit/(loss) of the year is the total difference between gain and loss arising from revaluation of financial assets at FVTPL or other financial assets charged to profit or loss of the statement of comprehensive income.

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

(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 resolutions of Annual General Meeting of shareholders.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Revenue and income recognition****(a) Revenue from provision of services to investors**

Revenue from provision of services to investors comprises securities brokerage fees, securities underwriting fees, financial consultancy fees, securities custody service and entrustment service fees.

Revenue from the provision of services is recognised in profit or loss of the statement of comprehensive 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 comprises income from proprietary trading activities and dividend income.

Income from proprietary trading activities is measured as difference between selling price before selling costs and costs of securities disposed. Costs of shares and fund certificates are determined using the weighted average method up to the end of trading dates, while costs of bonds and derivatives are determined using the specific identification method.

Cash dividend is recognised as income in profit or loss of the statement of comprehensive income when the Company's right to receive dividend is established, while stock dividends is not recognised as income, instead their quantity are added to the Company's securities portfolio.

(c) Income from capital activities

Income from capital activities comprises interest income from deposits at bank, income from margin loans, trading advances and financial support agreements. Such 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 activities other than those listed above is recognised on an accrual basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.20 Expenses****(a) Recognition**

Expenses are recognised on an accrual 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.

2.21 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 with which 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 an 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.

2.22 Dividend distribution

Dividend of the Company is recognised as a liability in the Company's financial statements when the dividend is declared in accordance with the Company's charter and prevailing applicable regulations.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 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 the related party relationship, the Company considers the substance of the relationship not merely the legal form.

2.24 Segment reporting

A segment is a separable component of 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 Company's operations in a comprehensive way.

2.25 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	
	31.12.2018	31.12.2017
	VND	VND
Cash on hand	214,969,560	464,466,344
Cash at bank	117,117,216,438	195,756,571,187
Total	117,332,185,998	196,221,037,531

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

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

	Ticker symbol	As at 31.12.2018		As at 31.12.2017	
		Cost VND	Market value/ fair value VND	Cost VND	Market value/ fair value VND
Listed shares and shares traded on UPCoM		709,217,997,093	672,534,932,248	613,330,509,297	633,483,284,204
Vietnam Prosperity Joint-Stock Commercial Bank	VPB	75,480,916,835	69,438,907,650	-	-
Vingroup Joint Stock Company	VIC	63,560,661,503	59,581,750,600	58,903,642,753	60,559,602,800
Vietnam Dairy Products Joint Stock Company	VNM	59,409,623,886	56,724,480,000	57,849,520,349	61,394,317,600
Masan Group Corporation	MSN	43,441,013,888	41,793,425,000	41,213,708,101	45,629,213,500
Hoa Phat Group Joint Stock Company	HPG	39,529,491,256	40,626,579,400	44,693,293,899	50,725,291,450
VIETJET Aviation Joint Stock Company	VJC	34,277,986,635	33,281,520,000	-	-
Military Commercial Joint Stock Bank	MBB	31,795,383,922	29,621,027,400	59,387,064,847	67,995,546,000
Vincom Retail Joint Stock Company	VRE	30,518,717,358	30,421,713,600	-	-
Saigon Beer – Alcohol – Beverage Corporation	SAB	24,599,840,230	26,661,725,000	8,660,928,687	7,339,392,000
Sai Gon Thuong Tin Commercial Joint Stock Bank	STB	21,570,272,938	21,097,235,050	20,820,555,900	21,364,127,300
No Va Land Investment Group Corporation	NVL	21,134,909,503	21,070,632,600	12,575,923,787	13,339,641,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VCB	19,992,117,637	19,866,422,500	20,064,034,957	22,612,203,300
FPT Corporation	FPT	19,890,578,135	19,947,771,200	27,993,703,556	27,929,951,100
Phu Nhuan Jewelry Joint Stock Company	PNJ	13,640,612,565	13,417,258,400	573,936	822,000
Others		210,375,870,802	188,984,483,848	261,167,558,525	254,593,176,154
Unlisted and unregistered shares		53,552,640,000	39,377,138,000	93,725,137,636	41,622,042,000
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
Ca Mau Seafood Joint Stock Company (*)		-	-	10,950,000,000	585,000,000
Others		14,749,000,000	573,498,000	43,971,497,636	2,233,402,000
Listed bond		81,450,161,318	81,450,161,318	173,114,572,242	175,199,112,192
Ho Chi Minh City Infrastructure Investment Joint Stock Company	CII11709	81,450,161,318	81,450,161,318	173,114,572,242	175,199,112,192
Unlisted bond		1,000,000,000	1,000,000,000	-	-
Vietnam Bank for Social Policies	BVBS18164	1,000,000,000	1,000,000,000	-	-
ETF certificates		58,531,242,345	57,477,708,640	10,132,573,711	10,325,752,400
VFMVN30 ETF	E1VFN30	58,531,242,345	57,477,708,640	10,132,573,711	10,325,752,400
Total		903,752,040,756	851,839,940,206	890,302,792,886	860,630,190,796

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

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

(*) Shares of Ca Mau Seafood Joint Stock Company (SEAPRIMEXCO) were registered for trading on UPCoM since 11 January 2018 under the ticker symbol CAT.

As at 31 December 2018

	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	709,217,997,093	4,617,455,796	(41,300,520,641)	672,534,932,248
Unlisted and unregistered shares	53,552,640,000	-	(14,175,502,000)	39,377,138,000
Listed bond	81,450,161,318	-	-	81,450,161,318
Unlisted bond	1,000,000,000	-	-	1,000,000,000
ETF certificates	58,531,242,345	-	(1,053,533,705)	57,477,708,640
Total	903,752,040,756	4,617,455,796	(56,529,556,346)	851,839,940,206

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.3 Loans and provision 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	
		31.12.2018	31.12.2017
		VND	VND
Margin loans	(i)	3,143,086,409,319	4,484,136,971,952
Trading advances	(ii)	118,928,433,925	17,455,331,654
Total		3,262,014,843,244	4,501,592,303,606

(i) Margin loans

These represent the amounts lent to investors 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 investors at the trading date ("T-date advance"). These amounts were refunded within two (2) working days.

(b) Provision for impairments of financial assets and mortgages

The entire balance of provision for impairments of financial assets and mortgages is provision for impairments of margin loans.

Movements in provision for impairments of financial assets and mortgages during the year are as follows:

	For the year ended 31 December	
	2018	2017
	VND	VND
Beginning of year	33,631,027,290	19,997,479,770
(Reserval)/provision during the year	(10,057,879,220)	13,633,547,520
End of year	23,573,148,070	33,631,027,290

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.4 Available-for-sale financial assets (AFS)

	As at 31.12.2018		As at 31.12.2017	
	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
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

	Cost VND	Comparison to market price or fair value		Market price/ fair value 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 2018

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.5 Receivables

	As at 31.12.2018		As at 31.12.2017	
	Carrying value VND	Doubtful amount VND	Carrying value VND	Doubtful amount VND
Service related receivables				
Receivable from securities purchasing (i)	690,233,913,794	-	468,267,233,092	-
Financial consultancy service fees receivable	2,455,150,000	1,145,650,000	1,336,650,000	1,145,650,000
Other receivables from securities trading	32,882,491,554	-	1,417,468,286	-
	725,571,555,348	1,145,650,000	471,021,351,378	1,145,650,000
Other receivables				
Overdue margin loans (ii)	37,783,317,946	37,783,317,946	37,783,317,946	37,783,317,946
Others	16,475,009,064	654,824,202	8,817,717,166	654,824,202
	54,258,327,010	38,438,142,148	46,601,035,112	38,438,142,148
Total	779,829,882,358	39,583,792,148	517,622,386,490	39,583,792,148

(i) This is receivable from institutional investors in relation to their purchases of securities.

(ii) This is the residual amount of overdue margin loans after the Company forcibly sold all collateral assets to recover the loans. The Company has made full provision for these balances as at 31 December 2018 and as at 31 December 2017 (Note 3.6).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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	37,783,317,946	37,783,317,946	37,783,317,946	-	-	37,783,317,946
Financial 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	39,583,792,148	39,583,792,148	39,583,792,148	-	-	39,583,792,148

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.7 Deposits for derivatives trading activities

This is the Company's deposits for its proprietary derivatives trading activities in compliance with Decision No. 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 1.1.2018	4,009,883,640	54,509,141,409	58,519,025,049
New purchases	-	15,767,117,203	15,767,117,203
Transfers from construction in progress (Note 3.8(c))	-	894,311,990	894,311,990
Disposals	-	(1,390,790,806)	(1,390,790,806)
As at 31.12.2018	4,009,883,640	69,779,779,796	73,789,663,436
Accumulated depreciation			
As at 1.1.2018	1,946,584,030	38,658,066,433	40,604,650,463
Charge for the year	523,367,239	9,986,919,418	10,510,286,657
Disposals	-	(1,390,790,806)	(1,390,790,806)
As at 31.12.2018	2,469,951,269	47,254,195,045	49,724,146,314
Net book value			
As at 1.1.2018	2,063,299,610	15,851,074,976	17,914,374,586
As at 31.12.2018	1,539,932,371	22,525,584,751	24,065,517,122

As at 31 December 2018, 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 2018 was VND36,110,470,869 (as at 31 December 2017: VND33,953,123,446).

The Company had no tangible fixed assets awaiting disposal as at 31 December 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 1.1.2018	51,357,006,015
New purchases	6,838,477,775
Transfers from construction in progress (Note 3.8(c))	6,196,810,573
As at 31.12.2018	<u>64,392,294,363</u>
Accumulated amortisation	
As at 1.1.2018	31,264,520,235
Charge for the year	9,770,878,713
As at 31.12.2018	<u>41,035,398,948</u>
Net book value	
As at 1.1.2018	<u>20,092,485,780</u>
As at 31.12.2018	<u><u>23,356,895,415</u></u>

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2018 was VND 28,861,336,978 (as at 31 December 2017: VND22,784,069,825).

The Company had no intangible fixed asset awaiting disposal as at 31 December 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.8 Fixed assets (continued)

(c) Construction in progress

Construction in progress comprises the following:

	As at	
	31.12.2018 VND	31.12.2017 VND
Software purchases	4,447,220,550	2,755,263,000
System setup costs	-	3,012,405,848
Others	-	1,083,372,928
Total	4,447,220,550	6,851,041,776

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

	For the year ended 31 December	
	2018 VND	2017 VND
Beginning of year	6,851,041,776	11,158,311,542
Increase during year	4,687,301,337	30,594,667,027
Transfers to tangible fixed assets (Note 3.8(a))	(894,311,990)	(13,128,083,806)
Transfers to intangible fixed assets (Note 3.8(b))	(6,196,810,573)	(21,773,852,987)
End of year	4,447,220,550	6,851,041,776

3.9 Long-term prepaid expenses

	As at	
	31.12.2018 VND	31.12.2017 VND
Office rentals	89,703,467,288	92,536,208,360
Office renovations	5,803,432,315	1,721,878,064
IT costs	4,666,659,325	-
Total	100,173,558,928	94,258,086,424

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.10 Deposits in the Settlement support fund

According to Decision No. 45/QĐ-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 2018 and as at 31 December 2017, the Company fully contributed the maximum amount.

3.11 Deposits in the Derivatives trading clearing fund

According to the Policy on Management and Use of Derivatives trading clearing fund issued in conjunction with Decision No. 97/QĐ-VSD dated 23 March 2017 by 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 2018

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.12 Short-term borrowings and short-term issued bonds

Movements in short-term borrowings and issued bonds 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		5.0 - 9.0	2,204,800,000,000	10,673,700,000,000	(11,528,500,000,000)	1,350,000,000,000
Bank overdrafts		6.4 - 8.1	274,955,399,374	13,126,451,937,751	(13,197,275,013,930)	204,132,323,195
			<u>2,479,755,399,374</u>	<u>23,800,151,937,751</u>	<u>(24,725,775,013,930)</u>	<u>1,554,132,323,195</u>
Short-term issued bonds						
Private issue in accordance to Resolution No. 13/2017	(ii)	9.0	800,000,000,000	-	(800,000,000,000)	-
Private issue in accordance to Resolution No. 10/2018	(iii)	7.0 - 8.15	-	605,000,000,000	(455,000,000,000)	150,000,000,000
			<u>800,000,000,000</u>	<u>605,000,000,000</u>	<u>(1,255,000,000,000)</u>	<u>150,000,000,000</u>
Total			<u><u>3,279,755,399,374</u></u>	<u><u>24,405,151,937,751</u></u>	<u><u>(25,980,775,013,930)</u></u>	<u><u>1,704,132,323,195</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.12 Short-term borrowings and short-term issued bonds (continued)**

- (i) Short-term borrowings have maturities from 1 to 3 months and are used to supplement working capital. Value of short-term collateral assets for these borrowings as at 31 December 2018 was VND4,002,260,933,454 (as at 31 December 2017: VND4,979,630,897,948).
- (ii) According to the Board of Directors' Resolution No. 13/2017/NQ-HĐQT dated 26 October 2017, the Company privately issued 800 bonds with details as follows:
- Type of bond: unlisted bond, non-convertible and unsecured
 - Actual quantity of issue: 800 (equal to maximum approved quantity of issue)
 - Issue price: at par value VND1 billion/bond
 - Total value of issue: VND800 billion
 - Coupon rate: 9% per annum
 - Maturity: 1 year
 - Repayment: principals and interests are repaid once at maturity.
 - Issue date: 15 December 2017
 - Maturity date: 15 December 2018. The Company repaid in full on this date.
- (iii) According to the Board of Directors' Resolution No. 10/2018/NQ-HĐQT dated 12 April 2018, the Company privately issued 605 bonds with details as follows:
- Type of bond: unlisted bond, non-convertible and unsecured
 - Actual quantity of issue: 605
 - Maximum approved quantity of issue: 1,200
 - Issue price: at par value VND1 billion/bond
 - Total value of issue: VND605 billion
 - Coupon rate: 7% - 8.15% per annum. The coupon rate is fixed for maximum first 6 months, then subject to negotiation between the Company and bondholders but shall not exceed 10% per annum.
 - Maturity: 2 years
 - Early termination: after fixed-coupon period, both the Company and the bondholders reserve the right to redeem/call the issued bonds before their maturities, whether in full in part. Interest rate in such cases shall be applied in accordance with the bonds' terms and conditions and applicable contractual documents.
 - Repayment: principals and interests are repaid once at maturity.
 - Designated bondholders: Dragon Capital Markets Limited Company and other investment funds.
 - Issuance period: from April to December 2018

The Company had no short-term borrowings from related parties as at 31 December 2018 and as at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.13 Trading obligations

	As at	
	31.12.2018	31.12.2017
	VND	VND
Advances from investors for securities purchases	226,450,317,590	157,727,861,392
Trading settlement balances with the stock exchanges	83,159,390,391	180,277,721,001
Payables to stock exchanges and VSD	6,026,789,270	12,392,648,623
Others	655,800	2,027,755,800
Total	315,637,153,051	352,425,986,816

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.14 Tax and other payables to the State Budget

	As at 1.1.2018 VND	Incurred during the year VND	Paid during the year VND	As at 31.12.2018 VND
Corporate income tax – current	48,296,385,750	165,790,921,130	(197,402,447,080)	16,684,859,800
Personal income tax withheld and paid on behalf of investors	10,984,227,718	166,983,096,011	(166,768,295,853)	11,199,027,876
Corporate income tax withheld and paid on behalf of foreign institutions	5,728,933,050	57,878,517,320	(60,356,574,189)	3,250,876,181
Foreign contractor withholding tax	1,598,581,784	6,616,243,463	(7,876,562,168)	338,263,079
Personal income tax withheld and paid on behalf of employees	13,760,408,957	58,063,166,448	(69,481,747,067)	2,341,828,338
Value added tax	145,728,581	13,010,564,154	(12,956,400,623)	199,892,112
Business licence tax	-	11,519,200	(11,519,200)	-
Total	80,514,265,840	468,354,027,726	(514,853,546,180)	34,014,747,386

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.15 Short-term accrued expenses

	As at	
	31.12.2018 VND	31.12.2017 VND
Allowance for working performance	45,000,000,000	34,000,000,000
Interest expenses	3,953,633,544	9,747,165,820
Others	9,396,348,291	6,273,584,622
Total	58,349,981,835	50,020,750,442

3.16 Other short-term liabilities

	As at	
	31.12.2018 VND	31.12.2017 VND
Business development expenses payables	19,288,313,897	2,999,866,418
Dividends payable to shareholders	5,097,667,994	82,277,009,573
Dividends paid on behalf	2,507,431,082	2,296,720,302
Others	4,577,656,085	4,522,358,803
Total	31,471,069,058	92,095,955,096

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	
		31.12.2018 VND	31.12.2017 VND
Deferred tax assets recoverable within 12 months	(i)	1,558,791,879	2,473,371,361
Deferred tax liabilities payable within 12 months	(ii)	-	(17,516,065,627)
Total		1,558,791,879	(15,042,694,266)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.17 Deferred income tax (continued)

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

	For the year ended 31 December	
	2018	2017
	VND	VND
Opening balance	(15,042,694,266)	3,638,284,131
Charged to profit or loss	(914,579,482)	(1,164,912,770)
Recognised directly in equity	17,516,065,627	(17,516,065,627)
Closing balance	1,558,791,879	(15,042,694,266)

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

	As at	
	31.12.2018	31.12.2017
	VND	VND
Deductible temporary differences:		
Provisions for impairment of overdue margin loans	7,793,959,395	12,366,856,806
At tax rate of 20%:		
Deferred tax assets:	1,558,791,879	2,473,371,361

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	
	31.12.2018	31.12.2017
	VND	VND
Taxable temporary differences:		
Revaluation gain of AFS financial assets (Note 3.4)	-	87,580,328,135
At tax rate of 20%:		
Deferred tax assets:	-	17,516,065,627

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.18 Share capital

(a) *Number of shares*

	As at	
	31.12.2018	31.12.2017
Number of shares registered	129,756,758	129,756,758
Number of shares issued	129,756,758	129,756,758
Number of shares repurchased	(202,590)	(186,390)
Number of shares in issue	129,554,168	129,570,368

As at 31 December 2018 and as at 31 December 2017, 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) *Movements in share capital*

	Ordinary shares
As at 1 January 2017	127,155,368
New shares issued	2,500,000
Treasury shares repurchased	(85,000)
As at 31 December 2017	129,570,368
New shares issued	-
Treasury shares repurchased	(16,200)
As at 31 December 2018	129,554,168

3.19 Revaluation reserve

	For the year ended 31 December	
	2018 VND	2017 VND
Opening balance	70,064,262,508	-
Reclassified into profit or loss upon disposals	(70,064,262,508)	-
Recognised directly in equity	-	70,064,262,508
Closing balance	-	70,064,262,508

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.20 Undistributed earnings

	As at	
	31.12.2018 VND	31.12.2017 VND
Realised post-tax profits	1,223,955,850,562	861,985,479,360
Unrealised losses	(51,912,100,550)	(29,672,602,090)
Total	1,172,043,750,012	832,312,877,270

Movements in undistributed earnings in the year are as follows:

	As at 31.12.2017 VND	Profit for the year VND	Dividend declared VND	Appropriation to reserves VND	As at 31.12.2018 VND
Realised post-tax profits	861,985,479,360	697,719,652,832	(272,032,477,800)	(63,716,803,830)	1,223,955,850,562
Unrealised losses	(29,672,602,090)	(22,239,498,460)	-	-	(51,912,100,550)
Undistributed earnings	832,312,877,270	675,480,154,372	(272,032,477,800)	(63,716,803,830)	1,172,043,750,012

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS

4.1 Bad debts written off

	As at	
	31.12.2018	31.12.2017
	VND	VND
Other receivables	345,059,000	345,059,000
	<u>345,059,000</u>	<u>345,059,000</u>

4.2 Foreign currencies

Included in cash and cash equivalents are balances held in foreign currencies (in original currency) as follows:

	As at	
	31.12.2018	31.12.2017
US Dollar	5,176.74	13,402.69
Japanese Yen	241,915	240,905
Singapore Dollar	590	300
British Pound	100.00	93.17
New Taiwan Dollar	3,200	3,200
Canadian Dollar	100	100
Malaysian Ringgit	750	-
	<u>5,176.74</u>	<u>13,402.69</u>

4.3 Number of shares in issue

	As at	
	31.12.2018	31.12.2017
Ordinary shares		
Quantity issued within 1 year (share)	-	2,500,000
Quantity issued for 1 year or more (share)	129,554,168	127,070,368
	<u>129,554,168</u>	<u>127,070,368</u>
Total	<u>129,554,168</u>	<u>129,570,368</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

5.1 Net realised gains on disposal of FVTPL financial assets

	<u>For the year ended 31 December</u>	
	2018 VND	2017 VND
Realised gains on disposal of FVTPL financial assets	858,463,794,818	333,375,626,482
<i>In which:</i>		
<i>Underlying securities</i>	400,473,436,818	223,939,360,482
<i>Derivatives</i>	457,990,358,000	109,436,266,000
Realised losses on disposal of FVTPL financial assets	(662,889,080,398)	(150,316,077,489)
<i>In which:</i>		
<i>Underlying securities</i>	(376,885,661,398)	(51,575,446,569)
<i>Derivatives</i>	(286,003,419,000)	(98,740,630,920)
Net realised gains	<u>195,574,714,420</u>	<u>183,059,548,993</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (continued)

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

Details of net realised gains on disposal of FVTPL financial assets by category are as follows:

	Quantity disposed	Sales proceeds VND	Costs of disposal (*) VND	Realised (losses)/gains during this year VND	Realised gains in prior year VND
Shares	206,040,843	12,067,849,357,146	(12,071,746,895,098)	(3,897,537,952)	160,549,347,002
Bonds	2,185,876	220,131,211,304	(219,904,853,457)	226,357,847	488,328,262
ETF certificates	282,824,910	4,732,015,511,600	(4,704,756,556,075)	27,258,955,525	11,326,238,649
Realised gains on disposal of underlying securities				23,587,775,420	172,363,913,913
Net position gains from future contracts				171,986,939,000	10,695,635,080
Total				195,574,714,420	183,059,548,993

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (continued)

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

	For the year ended 31 December	
	2018 VND	2017 VND
(Decrease)/increase in revaluation gains of FVTPL financial assets	(35,012,239,201)	34,575,574,912
Decrease/(increase) on revaluation losses of FVTPL financial assets	12,772,740,741	(8,093,274,817)
Total	(22,239,498,460)	26,482,300,095

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

	Cost VND	Market value/ fair value VND	Accumulated revaluation losses as at 31.12.2018 VND	Accumulated revaluation gains/(losses) as at 31.12.2017 VND	(Charged)/ credited to profit or loss VND
Listed shares and shares traded on UPCoM	709,217,997,093	672,534,932,248	(36,683,064,845)	20,152,774,907	(56,835,839,752)
Unlisted and unregistered shares	53,552,640,000	39,377,138,000	(14,175,502,000)	(52,103,095,636)	37,927,593,636
Listed bond	81,450,161,318	81,450,161,318	-	2,084,539,950	(2,084,539,950)
Unlisted bonds	1,000,000,000	1,000,000,000	-	-	-
ETF certificates	58,531,242,345	57,477,708,640	(1,053,533,705)	193,178,689	(1,246,712,394)
Total	903,752,040,756	851,839,940,206	(51,912,100,550)	(29,672,602,090)	(22,239,498,460)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (continued)

5.3 Provisions for doubtful debts, impairments of financial assets and diminution in value of mortgages, and borrowing costs

	<u>For the year ended 31 December</u>	
	2018	2017
	VND	VND
(Reversal of provision)/provisions for impairment loss of financial assets and mortgages (Note 3.3)	(10,057,879,220)	13,633,547,520
Interest expense	165,938,942,394	142,391,099,821
	<u>155,881,063,174</u>	<u>156,024,647,341</u>

5.4 General and administration expenses

	<u>For the year ended 31 December</u>	
	2018	2017
	VND	VND
Staff costs	100,543,567,890	73,827,837,504
Office rental expenses	38,654,160,368	23,265,856,065
Outsourcing expenses	21,123,606,179	14,610,808,943
Depreciation and amortisation	10,841,170,058	5,672,877,522
Office tools and supplies	1,578,940,324	1,021,349,339
Tax and other fees	759,745,067	282,928,942
Other administrative expenses	7,938,643,174	4,318,896,815
Total	<u>181,439,833,060</u>	<u>123,000,555,130</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5 NOTES TO THE STATEMENT OF COMPREHENSIVE 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	
	2018	2017
	VND	VND
Accounting profit before tax	842,185,654,984	692,600,803,982
Tax calculated at a rate of 20%:	168,437,130,997	138,520,160,796
Adjustment:		
Non-taxable income	(2,904,135,865)	(2,970,569,520)
Non-deductible expenses	1,172,505,480	2,992,048,964
Corporate income tax charge (*)	166,705,500,612	138,541,640,240
Charged to profit or loss:		
Corporate income tax – current	165,790,921,130	137,376,727,470
Corporate income tax – deferred	914,579,482	1,164,912,770
Total	166,705,500,612	138,541,640,240

(*) 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 the Company's corporate income tax up to 31 December 2016.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (continued)

5.6 Earnings per share

(a) Basic earnings per share

According to prevailing regulations, basic earnings per share are calculated by dividing the net profit attributable to shareholders after deducting the appropriations to 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 these financial statements, the resolution of Annual General Meeting of shareholders regarding the appropriations to bonus and welfare funds from post-tax profits of the current year was not yet available. Therefore, the net profit amount used for calculation of basic earnings per shares of the current year is not deducted by the amount to be appropriated to bonus and welfare funds. For comparability purpose, the corresponding amount of prior year was not deducted by the amounts appropriated to bonus and welfare funds, neither.

	For the year ended 31 December	
	2018	2017
Net profit after tax attributable to ordinary shareholders (VND)	675,480,154,372	554,059,163,742
Weighted average number of ordinary shares in issue (shares)	129,561,679	129,175,546
Basic earnings per share (VND/share)	5,214	4,289

If basic earnings per shares for the year ended 31 December 2017 was calculated taking into account such deduction due to appropriation to bonus and welfare funds from post-tax profits in accordance to Resolution of Annual General Meeting of shareholders No. 01/2018/NQ-ĐHĐCĐ dated 26 April 2018, the adjusted amount would be as follows:

Items	For the year ended 31 December		
	Previously reported	Adjustment	Recalculated figures
Net profit after tax attributable to ordinary shareholders (VND)	554,059,163,742	(63,716,803,830)	490,342,359,912
Weighted average number of ordinary shares in issue (shares)	129,175,546		129,175,546
Basic earnings per share (VND/share)	4,289		3,796

(b) Diluted earnings per share

The Company did not have potentially diluted ordinary shares during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY

7.1 Details of changes in equity

	Share capital VND	Share premium VND	Treasury shares 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 1.1.2018	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
Post-tax profit for the year	-	-	-	-	-	-	-	675,480,154,372	675,480,154,372
Appropriation to bonus and welfare funds (i)	-	-	-	-	-	-	-	(55,405,916,374)	(55,405,916,374)
Appropriation to operation fund of Board of Directors (i)	-	-	-	-	-	-	-	(8,310,887,456)	(8,310,887,456)
Final dividend of the year 2017 (i)	-	-	-	-	-	-	-	(194,299,977,000)	(194,299,977,000)
Share repurchases (iii)	-	-	(291,600,000)	-	-	-	-	-	(291,600,000)
Reclassification to profit or loss upon disposal (Note 3.19)	-	-	-	(70,064,262,508)	-	-	-	-	(70,064,262,508)
Dividend Declared for the year 2018 (ii)	-	-	-	-	-	-	-	(77,732,500,800)	(77,732,500,800)
As at 31.12.2018	1,297,567,580,000	330,343,798,499	(2,893,857,008)	-	129,756,758,000	129,756,758,000	3,961,374,994	1,172,043,750,012	3,060,536,162,497

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 2.18(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
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 2018****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 26 April 2018:
- 10% of post-tax profit for the year 2017 was appropriated to bonus and welfare funds;
 - 1.5% of post-tax profit for the year 2017 was appropriated to operation fund of Board of Directors;
 - Final dividend of the year 2017 was 15% of par value, equivalent to VND1,500/share.
 - Planned dividend of the year 2018 was 15% of par value, equivalent to VND1,500/share.

- (ii) According to authorisation of Annual General Meeting of Shareholders on 26 April 2018, on 15 November 2018, the Board of Directors had advanced the interim dividend of the year 2018 in cash at 6% of par value, equivalent to VND600/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, in which VND14 billion was sourced from bonus and welfare funds and VND31 billion was contributed by the executives. These shares are restricted from transfer in accordance with the ESOP 2016 Policy approved by the Board of Directors.

During the year, the Company repurchased 16,200 shares from resigning employees. The Company refunded them at their actual contributions to obtain the shares (equivalent to VND12,400/share) and the remaining value was reserved to bonus and welfare funds.

- (iv) According to the Resolution of the Annual General Meeting of shareholders on 24 April 2017:
- 10% of post-tax profit for the year 2016 was appropriated to bonus and welfare funds;
 - 1.5% of post-tax profit for the year 2016 was appropriated to operation fund of Board of Directors;
 - 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, on 25 December 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 2018

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

7.2 Distributed earnings

	<u>For the year ended 31 December</u>	
	2018 VND	2017 VND
Undistributed earnings brought forward	861,985,479,360	628,246,013,560
Accumulated unrealised losses	(51,912,100,550)	(29,672,602,090)
Realised profits incurred in the year	697,719,652,832	527,576,863,647
Appropriations from undistributed earnings:	(63,716,803,830)	(60,508,735,447)
<i>To supplementary capital reserve</i>	-	(12,743,836,299)
<i>To financial and operational risk reserve fund</i>	-	(12,743,836,298)
<i>To bonus and welfare funds</i>	(55,405,916,374)	(30,453,098,130)
<i>To operation fund of Board of Directors</i>	(8,310,887,456)	(4,567,964,720)
Distributable profits	<u>1,444,076,227,812</u>	<u>1,065,641,539,670</u>
Dividend declared	272,032,477,800	233,328,662,400
Income tax withheld	(1,412,458,875)	(1,884,872,850)
Net amount distributed to shareholders	<u>270,620,018,925</u>	<u>231,443,789,550</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 a Director of DC Group. The Company's member of the Board of Directors cum Chief Executive is a 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 City Finance and Investment State-owned Company (HFIC)	Strategic shareholder, holding 28.90% of charter capital. Two members of the Board of Directors are Deputy General Director and Head of Investment Department at HFIC.
Board of Directors and Board of Management	Key management

(a) Related parties transactions

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

	For the year ended 31 December	
	2018 VND	2017 VND
Dragon Capital Markets Limited (DC)		
Brokerage service - purchases	-	127,095,500,000
Brokerage service - sales	321,120,255,600	468,864,015,980
Brokerage fee income	240,840,192	547,535,426
Consultancy expense	-	6,820,500,000
Dividend paid	106,052,787,000	70,701,858,000
Ho Chi Minh City Finance and Investment State-owned Company (HFIC)		
Dividend paid	101,250,000,000	67,500,000,000
Compensation of key management		
Gross salaries and other benefits	32,037,000,957	24,735,439,736

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8 RELATED PARTIES DISCLOSURES (continued)

(b) Year-end balances with related parties

	As at	
	31.12.2018	31.12.2017
	VND	VND
Dragon Capital Markets Limited (DC)		
Dividend payable	-	23,999,023,561
Ho Chi Minh City Finance and Investment State-owned Company (HFIC)		
Deposits for securities trading	25,007,904	24,933,079
Dividend payable	-	22,910,632,470

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 these grounds, the Board of Management determines that the Company has only one geographical segment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9 SEGMENT REPORTING (continued)

(b) Business activity segments

Income and expenses based on the Company's business activity segments are as follows:

	For the year ended 31 December 2018				
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Total VND
Revenue and income (*)	779,075,139,587	928,460,243,499	523,064,352,711	119,216,643,588	2,349,816,379,385
Expenses	(601,787,505,709)	(642,665,345,473)	(52,896,037,846)	(31,254,921,512)	(1,328,603,810,540)
<i>In which:</i>					
<i>Direct cash expenses</i>	(578,075,057,718)	(642,719,829,255)	(62,953,917,066)	(31,232,695,402)	(1,314,981,499,441)
<i>Total amount of significant non-cash expenses, other than depreciation, amortisation and allocation of prepaid expenses</i>	-	12,772,740,741	10,057,879,220	-	22,830,619,961
<i>Total depreciation and amortisation of fixed assets</i>	(13,032,524,244)	(819,385,461)	-	(22,226,110)	(13,874,135,815)
<i>Allocation of long-term and short-term prepaid expenses</i>	(10,679,923,747)	(11,898,871,498)	-	-	(22,578,795,245)
Segment result	<u>177,287,633,878</u>	<u>285,794,898,026</u>	<u>470,168,314,865</u>	<u>87,961,722,076</u>	<u>1,021,212,568,845</u>
Net financial income					2,310,619,199
Net other income					102,300,000
General and administration expenses					(181,439,833,060)
Operating result					<u>842,185,654,984</u>

(*) All of revenues are from services rendered to external customers, and all of income is generated from transactions with external partners.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9 SEGMENT REPORTING (continued)

(b) Business activity segments (continued)

Income and expenses based on the Company's business activity segments are as follows:

	For the year ended 31 December 2017				
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Total VND
Revenue and income (*)	622,466,932,352	428,248,267,000	441,683,487,597	45,178,947,072	1,537,577,634,021
Expenses	(324,625,047,318)	(163,492,786,171)	(225,852,110,932)	(10,749,332,960)	(724,719,277,381)
<i>In which:</i>					
<i>Direct cash expenses</i>	(310,144,344,962)	(150,913,892,949)	(212,218,563,412)	(10,749,332,960)	(684,026,134,283)
<i>Total amount of significant non-cash expenses, other than depreciation, amortisation and allocation of prepaid expenses</i>	-	(8,093,274,817)	(13,633,547,520)	-	(21,726,822,337)
<i>Total depreciation and amortisation of fixed assets</i>	(6,162,617,926)	-	-	-	(6,162,617,926)
<i>Allocation of long-term and short-term prepaid expenses</i>	(8,318,084,430)	(4,485,618,405)	-	-	(12,803,702,835)
Segment result	<u>297,841,885,034</u>	<u>264,755,480,829</u>	<u>215,831,376,665</u>	<u>34,429,614,112</u>	<u>812,858,356,640</u>
Net financial income					2,464,966,108
Net other income					278,036,363
General and administration expenses					(123,000,555,130)
Operating result					<u>692,600,803,982</u>

(*) All of revenues are from services rendered to external customers, and all of income is generated from transactions with external partners.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9 SEGMENT REPORTING (continued)

(b) Business activity segments (continued)

Assets and liabilities based on the Company's business activity segments are as follows:

	As at 31 December 2018					
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Unallocated VND	Total VND
Segment assets	871,838,163,387	965,722,873,139	3,375,423,227,994	3,531,711,273	-	5,216,515,975,793
Unallocated assets	-	-	-	-	39,789,351,388	39,789,351,388
Total assets	871,838,163,387	965,722,873,139	3,375,423,227,994	3,531,711,273	39,789,351,388	5,256,305,327,181
Segment liabilities	328,500,415,674	-	1,708,085,956,739	-	-	2,036,586,372,413
Unallocated liabilities	-	-	-	-	159,182,792,271	159,182,792,271
Total liabilities	328,500,415,674	-	1,708,085,956,739	-	159,182,792,271	2,195,769,164,684
Total expense incurred for purchases of fixed assets	16,605,178,370	4,191,641,551	-	153,780,000	8,746,117,620	29,696,717,541
<i>Segment assets</i>	16,605,178,370	4,191,641,551	-	153,780,000	-	20,950,599,921
<i>Unallocated assets</i>	-	-	-	-	8,746,117,620	8,746,117,620

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9 SEGMENT REPORTING (continued)

(b) Business activity segments (continued)

Assets and liabilities based on the Company's business activity segments are as follows:

	As at 31 December 2017					
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Unallocated VND	Total VND
Segment assets	914,328,964,773	1,259,885,805,297	4,473,823,171,871	2,487,194,998	-	6,650,525,136,939
Unallocated assets	-	-	-	-	30,046,906,582	30,046,906,582
Total assets	<u>914,328,964,773</u>	<u>1,259,885,805,297</u>	<u>4,473,823,171,871</u>	<u>2,487,194,998</u>	<u>30,046,906,582</u>	<u>6,680,572,043,521</u>
Segment liabilities	438,091,354,185	15,042,694,266	3,289,502,565,194	-	-	3,742,636,613,645
Unallocated liabilities	-	-	-	-	146,774,277,613	146,774,277,613
Total liabilities	<u>438,091,354,185</u>	<u>15,042,694,266</u>	<u>3,289,502,565,194</u>	<u>-</u>	<u>146,774,277,613</u>	<u>3,889,410,891,258</u>
Total expense incurred for purchases of fixed assets	25,437,765,083	-	-	-	13,110,823,806	38,548,588,889
<i>Segment assets</i>	25,437,765,083	-	-	-	-	25,437,765,083
<i>Unallocated assets</i>	-	-	-	-	13,110,823,806	13,110,823,806

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 of the Company 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 from 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 bank balances are placed with local credit institutions which have high credit ratings.

Financial assets at fair value through profit or loss

The Company's listed and unlisted 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 sale 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

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 2018**

10 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Margin loans

Margin loans are secured by eligible securities listed on the stock exchanges, customers' cash and trading proceeds. Under the prevailing regulations on margin lending, 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.

Customer Services department is responsible for the continuous review of margin loan report which includes balances, collateral assets and margin maintenance ratio. When the margin maintenance ratio falls below 40% (regulated level: 30%), the system alerts and the Company makes margin calls. When the margin maintenance 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	
	31.12.2018	31.12.2017
	VND	VND
Cash at bank (Note 3.1)	117,117,216,438	195,756,571,187
Loans (Note 3.3)	3,262,014,843,244	4,501,592,303,606
Receivables (Note 3.5)	779,829,882,358	517,622,386,490
Total credit risk exposure	4,158,961,942,040	5,214,971,261,283

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 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 from 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 the US Dollar ("USD"). As at 31 December 2018 and as at 31 December 2017, the Company had a small amount in United States Dollar, therefore its currency risk is considered not material.

- Share price risk

Listed and unlisted shares held by the Company are affected by market risk 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.

At 31 December 2018, had the prices of securities increased/decreased by 10% with all other variables being held constant (including tax rate), the Company's profit after tax for the year would have been higher/lower by VND113,578,475,216 (at 31 December 2017: higher/lower by VND110,971,235,264).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10 FINANCIAL RISK MANAGEMENT (continued)

(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 within 1 year:

	As at	
	31.12.2018	31.12.2017
	VND	VND
Short-term borrowings (Note 3.12)	1,554,132,323,195	2,479,755,399,374
Short-term issued bonds (Note 3.12)	150,000,000,000	800,000,000,000
Trading obligations (Note 3.13)	315,637,153,051	352,425,986,816
Short-term trade account payables	3,466,914,332	3,326,671,321
Short-term accrued expenses (Note 3.15)	58,349,981,835	50,020,750,442
Other short-term payables (Note 3.16)	31,471,069,058	92,095,955,096
Total financial liabilities	2,113,057,441,471	3,777,624,763,049

(d) Capital risk management

Capital Adequacy Ratio ("CAR") is an indicator that measures the Company's financial safety and ability to meet its financial obligations and absorb certain losses resulting from risks arising during its business operation.

CAR is calculated and presented in the Company's monthly capital adequacy ratio report in accordance with Circular 87/2017/TT-BTC issued by the Ministry of Finance on 15 August 2017 ("Circular 87/2017/TT-BTC") effective from 10 October 2017, regulating requirements of capital adequacy ratio applicable to securities dealing institutions and sanctions imposed on non-compliance. According to Circular 87/2017/TT-BTC, the Company is required to maintain a prescribed minimum level of CAR of 180%.

As at 31 December 2018, the Company's CAR was 505% (as at 31 December 2017: 526%).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11 OPERATING LEASE COMMITMENTS

The Company currently rents offices under operating leases. The future minimum lease payments under non-cancellable operating lease contracts are as follows:

	As at	
	31.12.2018	31.12.2017
	VND	VND
Within 1 year	25,771,977,761	15,975,476,765
Between 1 and 5 years	62,705,263,783	34,886,548,067
Total minimum payments	88,477,241,544	50,862,024,832

12 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation, in particular:

Code	ITEMS	For the year ended 31 December 2017		
		Previously reported	Reclassification	Reclassified
		VND	VND	VND
	OPERATING EXPENSES			
26	Self-trading expenses	(100,063,505,528)	52,778,767,632	(47,284,737,897)
27	Brokerage fee expenses	(285,215,150,671)	(41,379,344,325)	(326,594,494,995)
31	Financial consultancy expenses	(8,970,191,476)	(14,014,004,860)	(22,984,196,336)
32	Other operating expenses	(9,139,867,544)	2,614,581,553	(6,525,285,991)

Furthermore, the segmental reports were presented with more detailed information as required in Vietnamese Accounting Standard No. 28 and guidance in Circular 20/2006/TT-BTC issued by the Ministry of Finance on 20 March 2006 in order to help users of financial statements to understand and evaluate the Company's operations in a comprehensive way.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****13 SUBSEQUENT EVENTS**

On 30 January 2019, the Company declared its plans of share issuances which were approved in the Annual General Meeting of Shareholders on 26 April 2018, in particular:

(a) Issuance of bonus shares to existing shareholders

- Bonus ratio: 3:2 (shareholder holding 3 shares as at closing date is entitled to 2 bonus shares)
- Expected quantity of issue: 86,369,445 shares
- Expected par value of issue: VND863,694,450,000
- Bonus shares are freely traded
- Bonus subscription rights are not transferable
- Financial resource of the issuance: undistributed earnings and share premium of audited financial statements for the year 2017
- Closing date: 21 February 2019

(b) Issuance of new shares to existing shareholders

- Subscription right ratio: 3:2 (shareholder holding 3 shares as at closing date is entitled to purchase 2 shares)
- Expected quantity of issue: 86,369,445 shares
- Issue price: VND14,000/share
- Expected value of issue: VND1,209,172,230,000
- New shares issued are freely traded
- Bonus subscription rights are transferable once from 28 February 2019 to 12 April 2019.
- Subscription and payment period is from 28 February 2019 to 19 April 2019.
- The Board of Directors are authorised to distribute shares not taken up to other investors at the price not lower than one offered to existing shareholders.

(c) Issuance under Employee Stock Option Plan 2018 (ESOP 2018)

- Subscribers: executives of the Company
- Expected quantity of issue: 6,477,000 shares (approximately 5% of quantity in issue)
- Issue price: VND14,000/share
- Expected value of issue: VND90,678,000,000, which is sourced from bonus and welfare fund by VND34,004,250,000 and employees' contribution by VND56,673,750,000
- New shares issued are blocked for transfer according to Policy of ESOP 2018 approved by the Board of Directors
- The Board of Directors are authorised to finalise the list of eligible subscribers and number of shares allotted to each subscriber
- Expected issue date: from 8 to 19 April 2019

Other than these facts, there have been no further significant 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 2018

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	962,814,931	32,413,100,071,180
Bonds	130,631,672	14,155,185,297,490
Future contracts	270,666	26,022,137,906,000
b) Of Investors		
Shares	8,132,028,513	214,643,356,895,190
Bonds	646,845,136	66,407,127,591,858
Future contracts	9,773,942	273,060,974,937,000
	9,882,364,860	626,701,882,698,718

The financial statements were approved by the Board of Management on 27 March 2019.



Le Thi Thuy Duong
Preparer



Lam Huu Ho
Chief Financial Officer




Johan Nyvene
Chief Executive Officer