

**FINANCIAL STATEMENTS**

QUARTER 2/2019

**HO CHI MINH CITY SECURITIES  
CORPORATION**



## STATEMENT OF FINANCIAL POSITION

Code	ITEMS	Note	As at	
			30.06.2019 VND	31.12.2018 VND
	<b>ASSETS</b>			
<b>100</b>	<b>CURRENT ASSETS</b>		<b>6,998,268,200,447</b>	<b>5,065,174,554,410</b>
<b>110</b>	<b>Financial assets</b>		<b>6,862,918,495,428</b>	<b>4,949,941,619,088</b>
111	Cash and cash equivalents	3.1	390,190,355,845	117,332,185,998
111.1	<i>Cash</i>		390,190,355,845	117,332,185,998
	Financial assets at fair value through profit or loss (FVTPL)	3.2	1,055,234,839,105	851,839,940,206
114	Loans	3.3	4,719,424,343,608	3,262,014,843,244
115	Available-for-sale financial assets (AFS)		-	-
116	Provisions for impairment loss of financial assets and mortgages	3.4	(23,573,148,070)	(23,573,148,070)
118	Prepayments to suppliers		1,928,338,710	2,081,707,500
119	Service related receivable	3.5	703,271,433,319	725,571,555,348
122	Other receivables	3.5	56,026,125,059	54,258,327,010
129	Provision for doubtful debts	3.6	(39,583,792,148)	(39,583,792,148)
<b>130</b>	<b>Other current assets</b>		<b>135,349,705,019</b>	<b>115,232,935,322</b>
131	Advances		468,266,720	594,697,297
133	Short-term prepaid expenses		11,681,292,849	8,976,240,525
134	Pledged assets, mortgages, security deposits in short term		3,484,832,500	3,405,632,500
137	Other current assets		119,715,312,950	102,256,365,000
137.1	<i>Deposits for derivatives trading activities</i>		119,715,312,950	102,256,365,000
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>195,811,507,078</b>	<b>191,130,772,771</b>
<b>220</b>	<b>Fixed assets</b>		<b>41,663,648,381</b>	<b>47,422,412,537</b>
221	Tangible fixed assets	3.7	22,711,123,482	24,065,517,122
222	<i>Historical cost</i>		77,279,924,019	73,789,663,436
223a	<i>Accumulated depreciation</i>		(54,568,800,537)	(49,724,146,314)
227	Intangible fixed assets	3.7	18,952,524,899	23,356,895,415
228	<i>Historical cost</i>		65,313,024,363	64,392,294,363
229a	<i>Accumulated amortisation</i>		(46,360,499,464)	(41,035,398,948)
<b>240</b>	<b>Construction in progress</b>	3.7	<b>8,603,677,656</b>	<b>4,447,220,550</b>
<b>250</b>	<b>Other non-current assets</b>		<b>145,544,181,041</b>	<b>139,261,139,684</b>
251	Pledged assets, mortgages, security deposits in long term		7,591,788,877	7,528,788,877
252	Long-term prepaid expenses	3.8	106,393,600,285	100,173,558,928
253	Deferred income tax assets		1,558,791,879	1,558,791,879
254	Deposits in the Settlement Supporting Fund	3.9	20,000,000,000	20,000,000,000
255	Other long-term assets	3.10	10,000,000,000	10,000,000,000
255.1	<i>Deposits in the Derivatives trading clearing fund</i>		10,000,000,000	10,000,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b><u>7,194,079,707,525</u></b>	<b><u>5,256,305,327,181</u></b>

STATEMENT OF FINANCIAL POSITION  
(continued)

Code	ITEMS	Note	As at	
			30.06.2019 VND	31.12.2018 VND
<b>300</b>	<b>LIABILITIES</b>		<b>2,975,822,428,493</b>	<b>2,195,769,164,684</b>
<b>310</b>	<b>Current liabilities</b>		<b>2,975,822,428,493</b>	<b>2,195,769,164,684</b>
	Short-term borrowings and finance lease liabilities			
311			2,441,123,117,328	1,554,132,323,195
312	<i>Short-term borrowings</i>	3.11	2,441,123,117,328	1,554,132,323,195
316	Short-term issued bonds	3.11	150,000,000,000	150,000,000,000
318	Trading obligations	3.12	257,364,716,939	315,637,153,051
320	Short-term trade accounts payable		2,195,435,243	3,466,914,332
322	Tax and other payables to the State Budget	3.13	40,761,715,839	34,014,747,386
324	Employee welfare payables		3,934,850,638	3,591,087,935
325	Short-term accrued expenses	3.14	36,897,875,219	58,349,981,835
329	Other short-term liabilities	3.15	25,275,446,676	31,471,069,058
331	Bonus and welfare funds		18,269,270,611	45,105,887,892
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>4,218,257,279,032</b>	<b>3,060,536,162,497</b>
<b>410</b>	<b>Capital and reserves</b>	3.16	<b>4,218,257,279,032</b>	<b>3,060,536,162,497</b>
411	Owners' capital		3,413,254,836,992	1,625,017,521,491
411.1	Share capital		3,058,822,630,000	1,297,567,580,000
411.1a	<i>Ordinary shares</i>		3,058,822,630,000	1,297,567,580,000
411.2	Share premium		358,946,064,000	330,343,798,499
411.5	Treasury shares		(4,513,857,008)	(2,893,857,008)
414	Revaluation reserve		129,756,758,000	129,756,758,000
415	Supplementary capital reserve		129,756,758,000	129,756,758,000
416	Financial and operational risk reserve		3,961,374,994	3,961,374,994
417	Other equity funds	3.17	541,527,551,046	1,172,043,750,012
417.1	<i>Undistributed earnings</i>		568,457,338,847	1,223,955,850,562
417.2	<i>Realised profits</i>		(26,929,787,801)	(51,912,100,550)
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>7,194,079,707,525</b>	<b>5,256,305,327,181</b>



HO CHI MINH CITY SECURITIES CORPORATION

Form B01a – CTCK

OFF STATEMENT OF FINANCIAL POSITION ITEMS

Code	ITEMS	Note	As at	
			30.06.2019	31.12.2018
<b>A</b>	<b>ASSETS OF THE COMPANY AND ASSETS IN TRUST</b>			
004	Bad debts written off (VND)	4.1	345,059,000	345,059,000
005	Foreign currencies (original currency)	4.2		
	US Dollar		4,976.70	5,176.74
	Japanese Yen		241,915	241,915
	Singapore Dollar		844	590
	British Pound		100	100
	Taiwanese Dollar		3,200	3,200
	Canadian Dollar		100	100
	Malaysian Ringgit		750	750
006	Number of shares in issue (shares)	4.3	305,589,673	129,554,168
007	Number of treasury shares (shares)		292,590	202,590
			<i>Par value (VND)</i>	
008	Securities listed/registered to Vietnam Securities Depository (VSD)		536,694,758,000	317,517,950,000
009	Securities custodied at VSD but not yet traded		3,737,270,000	3,150,000,000
010	Securities awaiting settlement		54,065,212,000	18,501,900,000
012	Securities not custodied at VSD		26,401,400,000	26,401,400,000
018	Covered warrant (CW)	4.4	2,611,260	-
<b>B</b>	<b>ASSETS OF AND LIABILITIES TO CUSTOMERS</b>			
021	Securities listed/registered to Vietnam Securities Depository (VSD)			
021.1	<i>Freely traded securities</i>		19,361,774,710,000	15,934,948,960,000
021.2	<i>Blocked securities</i>		310,782,240,000	269,550,390,000
021.3	<i>Morgaged securities</i>		2,897,840,520,000	3,391,438,550,000
021.4	<i>Suspended securities</i>		307,777,880,000	132,776,880,000
021.5	<i>Securities awaiting settlement</i>		388,884,340,000	270,097,200,000
021.7	<i>Customers' deposits for derivatives trading</i>		128,688,769,758	263,028,634,043
022	Securities custodied at VSD but not yet traded		187,447,030,000	7,536,110,000
022.1	<i>Securities custodied at VSD but not yet traded – freely traded securities</i>		167,729,900,000	5,612,110,000
022.2	<i>Securities custodied at VSD but not yet traded – blocked securities</i>		19,717,130,000	1,924,000,000

OFF STATEMENT OF FINANCIAL POSITION ITEMS  
(continued)

Code	ITEMS	Note	As at	
			30.06.2019 VND	31.12.2018 VND
<b>B</b>	<b>ASSETS OF AND LIABILITIES TO CUSTOMERS (continued)</b>			
023	Securities awaiting settlement		374.426.063.000	352.223.480.000
026	Customers' deposits		1.122.103.627.843	1.285.995.489.258
027	Customers' deposits for securities trading		993.414.858.085	1.022.966.855.215
027.1	Customers' deposits at VSD		128.688.769.758	263.028.634.043
031	Payables to customers relating to their deposits at the Company for securities trading		993.414.858.085	1.022.966.855.215
031.1	<i>Payables to domestic customers relating to their deposits at the Company for securities trading</i>		967.331.396.888	1.016.049.164.264
031.2	<i>Payables to foreign customers relating to their deposits at the Company for securities trading</i>		26.083.461.197	6.917.690.951

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

19 July 2019

Deputy Chief Executive Officer




Trinh Hoai Giang

HO CHI MINH CITY SECURITIES CORPORATION  
FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

Form B02a – CTCK

STATEMENT OF INCOME

Code	ITEMS	Note	2nd Quarter		Year to date	
			2019 VND	2018 VND	2019 VND	2018 VND
	<b>OPERATING INCOME</b>					
01	Gains from financial assets at fair value through profit or loss (FVTPL)		176,348,860,219	319,802,297,875	251,485,670,618	706,801,741,538
01.1	Realised gains on disposals of FVTPL financial assets	5.1	137,811,265,927	292,238,260,204	196,677,129,176	692,666,385,106
01.2	Gains from revaluation of FVTPL financial assets	5.2a	13,690,491,294	(585,852,201)	10,452,747,719	(39,348,104,553)
01.3	Dividends and interest income from FVTPL financial assets		24,847,102,998	28,149,889,872	44,355,793,723	53,483,460,985
03	Interest income from loans and receivables		131,161,835,825	136,180,751,113	233,785,625,058	292,435,709,563
06	Brokerage fee income		126,652,415,657	228,234,050,251	237,818,436,480	461,237,406,966
09	Custody service income		1,842,556,024	2,051,247,156	3,777,322,386	4,123,040,327
10	Financial consultancy service income		32,878,068,178	3,400,867,342	34,833,742,068	61,441,309,867
11	Other operating income		563,062,536	1,081,190,406	1,096,026,498	3,126,378,001
20	<b>TOTAL OPERATING INCOME</b>		<b>469,446,798,439</b>	<b>690,750,404,143</b>	<b>762,796,823,108</b>	<b>1,529,165,586,262</b>
	<b>OPERATING EXPENSES</b>					
21	Losses from financial assets at fair value through profit or loss (FVTPL)		139,389,326,198	295,549,930,629	165,782,333,179	484,502,939,404
21.1	Realised losses on disposals of FVTPL financial assets	5.1	136,266,331,950	295,194,227,696	180,311,898,209	510,872,498,747
21.2	Losses from revaluation of FVTPL financial assets	5.2a	3,098,809,640	355,702,933	(14,553,749,638)	(26,369,559,343)
21.4	Increase in revaluation losses of covered warrants	5.2b	24,184,608	-	24,184,608	-
23	Impairment loss of AFS		-	(4,265,406,129)	-	-
24	Provisions for diminution in value of financial assets and impairment losses and borrowing costs to finance lending activities		48,063,189,304	46,036,392,380	74,718,178,055	106,388,116,206
26			20,814,226,279	20,629,339,411	38,206,755,439	40,681,666,235
27	Self-trading expenses		79,686,825,832	104,388,413,023	152,997,081,044	218,906,827,538
30	Brokerage fee expenses		1,907,258,630	2,483,322,977	4,235,601,166	5,091,317,209
31	Custody fee expenses		3,293,729,191	5,978,644,189	6,222,488,360	16,278,647,389
32	Financial consultancy expenses		100,713,393	87,774,111	211,151,730	190,658,517
40	Other operating expenses		293,255,268,827	470,888,410,591	442,373,588,973	872,040,172,498



**HO CHI MINH CITY SECURITIES CORPORATION**  
**FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019**

**Form B02a – CTCK**

**STATEMENT OF INCOME**  
**(continued)**

Code	ITEMS	Note	2nd Quarter		Year to date	
			2019 VND	2018 VND	2019 VND	2018 VND
	<b>FINANCIAL INCOME</b>					
42	Dividend income and interest income from demand deposits		552,332,290	243,555,446	1,753,663,447	1,929,823,120
50	<b>TOTAL FINANCIAL INCOME</b>		<b>552,332,290</b>	<b>243,555,446</b>	<b>1,753,663,447</b>	<b>1,929,823,120</b>
62	<b>GENERAL AND ADMINISTRATION EXPENSES</b>	5.3	<b>40,788,478,831</b>	<b>36,117,834,562</b>	<b>83,989,531,196</b>	<b>70,674,247,049</b>
70	<b>OPERATING RESULT</b>		<b>135,955,383,071</b>	<b>183,987,714,436</b>	<b>238,187,366,386</b>	<b>588,380,989,835</b>
	<b>OTHER INCOME AND EXPENSES</b>					
71	Other income		18,386,364	-	18,386,364	78,918,182
80	<b>NET OTHER INCOME</b>		<b>18,386,364</b>	<b>-</b>	<b>18,386,364</b>	<b>78,918,182</b>
90	<b>NET ACCOUNTING PROFIT BEFORE TAX</b>		<b>135,973,769,435</b>	<b>183,987,714,436</b>	<b>238,205,752,750</b>	<b>588,459,908,017</b>
91	Realised profit		125,406,272,389	184,929,269,570	213,223,440,001	601,438,453,227
92	Unrealised profit/(loss)		10,567,497,046	(941,555,134)	24,982,312,749	(12,978,545,210)

**STATEMENT OF INCOME**  
 (continued)

Code	ITEMS	Note	2nd Quarter		Year to date	
			2019 VND	2018 VND	2019 VND	2018 VND
100	<b>CORPORATE INCOME TAX</b>		<b>25,337,441,320</b>	<b>36,746,982,746</b>	<b>45,603,530,980</b>	<b>116,588,622,320</b>
100.1	Corporate income tax – current		25,337,441,320	35,893,901,520	45,603,530,980	116,588,622,320
100.2	Corporate income tax – deferred		-	853,081,226	-	-
200	<b>NET PROFIT AFTER TAX</b>		<b>110,636,328,115</b>	<b>147,240,731,690</b>	<b>192,602,221,770</b>	<b>471,871,285,697</b>

Prepared by



**Le Thi Thuy Duong**

Chief Financial Officer



**Lam Huu Ho**



19 July 2019

Deputy Chief Executive Officer



**Trinh Hoai Giang**



**HO CHI MINH CITY SECURITIES CORPORATION**  
FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

Form B03(b)a – CTCK

**STATEMENT OF CASH FLOWS**  
(Indirect method)

Code	ITEMS	Year to date	
		2019 VND	2018 VND
	<b>Cash flows from operating activities</b>		
01	<b>Net profit before tax</b>	<b>238,205,752,750</b>	<b>588,459,908,017</b>
02	<b>Adjustments for:</b>		
03	Depreciation and amortisation	11,657,578,656	9,117,978,794
06	Interest expenses	74,718,178,055	106,388,116,206
07	Profits from investing activities	(18,386,364)	(78,918,182)
08	Accrued interest income	(15,006,164,657)	(15,077,167,946)
10	<b>Add non-cash expenses</b>		
11	Decrease in revaluation losses of FVTPL financial assets	(14,553,749,638)	(26,369,559,343)
11.1	Losses from revaluation of outstanding covered warrant payables	24,184,608	-
18	<b>Less non-cash income</b>		
19	(Decrease)/increase in revaluation gains of FVTPL financial assets	(10,452,747,719)	39,348,104,553
30	<b>Changes in working capital</b>	<b>(1,864,508,453,781)</b>	<b>2,199,794,573,587</b>
31	(Decrease)/increase in FVTPL financial assets	(178,388,401,542)	630,799,004,190
33	(Increase)/decrease in loans	(1,457,409,500,364)	1,459,632,569,706
34	Decrease in AFS financial assets	-	311,675,286,366
37	Decrease in service related receivables	22,300,122,029	102,364,382,376
39	(Decrease)/increase in other receivables	13,364,797,185	(1,550,810,059)
41	Decrease in accrued expenses (excluding interest expenses)	(58,728,746,795)	(36,046,412,945)
42	Increase in prepaid expenses	(8,925,093,681)	(11,797,436,455)
43	Corporate income tax paid	(36,950,949,460)	(128,991,106,550)
44	Interest paid	(64,551,912,876)	(70,962,806,079)
45	Decrease in trade payables	(1,118,110,299)	(4,870,614,074)
46	Increase in employee welfare payables	343,762,703	863,696,090
47	Decrease in tax and other payables to the State Budget (excluding corporate income tax paid)	(1,907,451,703)	(7,505,211,478)
50	Decrease in other short-term payables	(75,990,918,820)	(123,659,146,974)
50.1	Increase in covered warrant payables	1,055,097,792	-
51	Other receivables for operating activities	-	81,779,610,000
52	Other payments for operating activities	(17,601,147,950)	(1,936,430,527)
60	<b>Net cash inflows /(outflows for) from operating activities</b>	<b>(1,579,933,808,090)</b>	<b>2,901,583,035,686</b>

**HO CHI MINH CITY SECURITIES CORPORATION**  
**FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019**

Form B03(b)a – CTCK

**STATEMENT OF CASH FLOWS**  
**(Indirect method)**  
**(continued)**

Code	ITEMS	Year to date	
		2019 VND	2018 VND
	<b>Cash flows from investing activities</b>		
61	Purchases of fixed assets	(10,055,271,606)	(16,340,043,710)
62	Proceeds from disposals of fixed assets	20,225,000	86,810,000
<b>70</b>	<b>Net cash outflows for investing activities</b>	<b>(10,035,046,606)</b>	<b>(16,253,233,710)</b>
	<b>Cash flows from financing activities</b>		
71	Cash receipt from issuance of share, or capital contributed by shareholders	1,222,514,474,000	-
72	Repayment of capital contributed by shareholders, repurchase of issued share	(1,116,000,000)	(21,600,000)
73	Proceeds from borrowings	16,189,267,966,616	14,778,261,287,940
74.3	Repayments of borrowings	(15,302,277,172,483)	(16,825,947,888,314)
76	Dividend paid	(245,562,243,590)	(271,608,990,495)
<b>80</b>	<b>Net cash inflows/(outflows for) from financing activities</b>	<b>1,862,827,024,543</b>	<b>(2,319,317,190,869)</b>
<b>90</b>	<b>Net decrease in cash and cash equivalents</b>	<b>272,858,169,847</b>	<b>566,012,611,107</b>
<b>101</b>	<b>Cash and cash equivalents at beginning of period</b>	<b>117,332,185,998</b>	<b>196,221,037,531</b>
101.1	Cash	117,332,185,998	196,221,037,531
<b>103</b>	<b>Cash and cash equivalents at end of period</b>	<b>390,190,355,845</b>	<b>762,233,648,638</b>
103.1	Cash	390,190,355,845	762,233,648,638

STATEMENT OF CASH FLOWS  
(Indirect method)  
(continued)

CASH FLOWS OF BROKERAGE AND TRUSTING ACTIVITIES

Code	ITEMS	Year to date	
		2019 VND	2018 VND
	<b>Cash flows of brokerage and trusting activities</b>		
01	Trade proceeds	31,120,426,418,550	64,911,102,420,300
02	Trade payments	(34,166,473,391,660)	(69,934,747,958,840)
07	Receipts for settlement of customers' transactions	3,020,272,298,366	5,531,865,448,041
11	Payments for custody fees of customers	(3,777,322,386)	(4,123,040,327)
20	<b>(Decrease)/increase in customers' deposits</b>	<b>(29,551,997,130)</b>	<b>504,096,869,174</b>
30	<b>Customers' deposits at beginning of period</b>	<b>1,022,966,855,215</b>	<b>900,545,247,380</b>
31	Cash at bank	1,022,966,855,215	900,545,247,380
32	<i>Customers' deposits at the Company for securities trading</i>	1,022,966,855,215	900,545,247,380
40	<b>Customers' deposits at end of period</b>	<b>993,414,858,085</b>	<b>1,404,642,116,554</b>
41	Cash at bank	993,414,858,085	1,404,642,116,554
42	<i>Customers' deposits at the Company for securities trading</i>	993,414,858,085	1,404,642,116,554

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

19 July 2019

Deputy Chief Executive Officer




Trinh Hoai Giang



STATEMENT OF CHANGES IN EQUITY

Items	As at		For the period ended 30 June 2018		For the period ended 30 June 2018		As at	
	1.1.2018	1.1.2019	Tăng	Giảm	Tăng	Giảm	30.06.2018	30.06.2019
	VND	VND	VND	VND	VND	VND	VND	VND
1. Share capital	1,625,309,121,491	1,625,017,521,491	(21,600,000)	-	2,118,581,114,000	330,343,798,499	1,625,287,521,491	3,413,254,836,992
1.1 Ordinary shares	1,297,567,580,000	1,297,567,580,000	-	-	1,761,255,050,000	-	1,297,567,580,000	3,058,822,630,000
1.2 Share premium	330,343,798,499	330,343,798,499	-	-	358,946,064,000	330,343,798,499	330,343,798,499	358,946,064,000
1.3 Treasury shares	(2,602,257,008)	(2,893,857,008)	(21,600,000)	-	(1,620,000,000)	-	(2,623,857,008)	(4,513,857,008)
2. Financial and operational risk reserve	129,756,758,000	129,756,758,000	-	-	-	-	129,756,758,000	129,756,758,000
3. Supplementary capital reserve	129,756,758,000	129,756,758,000	-	-	-	-	129,756,758,000	129,756,758,000
4. Other equity funds	3,961,374,994	3,961,374,994	-	-	-	-	3,961,374,994	3,961,374,994
5. Revaluation reserve	70,064,262,508	-	-	70,064,262,508	-	-	-	-
6. Undistributed earnings	832,312,877,270	1,172,043,750,012	471,871,285,697	258,049,180,830	192,602,221,770	823,118,420,736	1,046,134,982,137	541,527,551,046
6.1 Realised profits	861,985,479,360	1,223,955,850,562	484,849,830,907	258,049,180,830	167,619,909,021	823,118,420,736	1,088,786,129,437	568,457,338,847
6.2 Unrealised (losses)/profits	(29,672,602,090)	(51,912,100,550)	(12,978,545,210)	-	24,982,312,749	-	(42,651,147,300)	(26,929,787,801)
<b>Total</b>	<b>2,791,161,152,263</b>	<b>3,060,536,162,497</b>	<b>471,849,685,697</b>	<b>328,113,443,338</b>	<b>2,311,183,335,770</b>	<b>1,153,462,219,235</b>	<b>2,934,897,394,622</b>	<b>4,218,257,279,032</b>

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho



19 July 2019

Deputy Chief Executive Officer



Trinh Hoai Giang

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

1 GENERAL INFORMATION

***Establishment and operation licence***

Ho Chi Minh City Securities Corporation (“the Company”) is a joint stock company incorporated in Vietnam under Business registration certificate No. 4103001573 issued by the Department of Planning and Investment of Ho Chi Minh City on 23 April 2003 and the establishment and operation licence No. 11/UBCK-GPHDKD issued by the State Securities Commission (“SSC”) on 29 April 2003. The establishment and operation licence was amended several times and the latest amendment No. 40/GPĐC-UBCK was on 25 June 2019.

***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](mailto:info@hsc.com.vn)

Telephone: (+84 28) 3823 3299

***Charter***

The Company’s latest charter was approved in the Annual General Meeting of shareholders and became effective from 25 April 2019 onwards.

***Operations***

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

***Charter capital***

The Company’s charter capital according to its latest establishment and operation licence is VND 3,058,822,630,000.

***Investment objectives and investment restrictions***

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

***Network of operation***

As at 30 June 2019, the Company had 8 branches and representative offices in Vietnam.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**1 GENERAL INFORMATION (continued)**

**The corporation's operational features during the Q2/2019 affected financial statements**

The profit after tax for Q2/2019 was lower 25% than the same period of last year because of the following reasons:

The revenue for Q2/2019 decreased by 32% compared to Q2/2018:

- Although the market condition of Q2/2019 were not satisfactory compared to Q2/2018, the proprietary trading activities in Q2/2019 increased considerably based on derivative transactions. After setting-off gains from financial assets at fair value through profit and loss in code 1.1 against losses from financial assets at fair value through profit and loss in code 2.1 in statement of income, proprietary trading activities increased 52% and were key contributor to total revenue as Q2/2018;
- Revenue from brokerage services for Q2/2019 declined by 45% as a result of 41% decreasing in market trading value compared to that of the same period of 2018, and HSC's market share insignificantly changed compared to Q2/2018;
- A big business deal was completed and recognised in revenue of Q2/2019. In Q1/2018, there is no complete business deal.

The operating expenses and the administrative expenses for Q2/2019 decreased 14% compared to the same period of last year:

- The operating expenses (excluded from affection mentioned in code 2.1) declined by 21% in Q2/2019, because brokerage expense corresponding to revenue from brokerage services reduced 24% compared to the last quarter of 2018;
- The administrative expenses for Q2/2019 were 13% higher than Q2/2018 because of increasing the employee number of back-office departments, which corresponded with development of the market and of the Company.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**1 GENERAL INFORMATION (continued)****The corporation's operational features during the six-month period affected financial statements**

The profit after tax for the six-month period (1H2019) was lower 59% than the same period of last year because of the following reasons:

The revenue for 1H2019 decreased by 50% compared to 1H2018:

- In unsatisfactory market, the proprietary trading activities decreased remarkably compared to 2018. After setting-off gains from financial assets at fair value through profit and loss in code 1.1 against losses from financial assets at fair value through profit and loss in code 2.1 in statement of income, proprietary trading activities decreased 61%;
- Revenue from brokerage services for 1H2019 declined by 48%, as a result of 44% decreasing in market trading value compared to that of the same period of 2018, and HSC's market share insignificantly changed;
- Revenue from margin lending activities (mentioned in gain from loans and receivables) for 1H2019 dropped by 20% compared to 1H2018. The reduction rate of revenue from margin lending activities at HSC was lower than the overall market reduction in the first 6 months of 2019;
- The value of completed and recognised in revenue of business deal in 1H2019 was approximately equal 50% of value of 1H2018, so the revenue from financial services of 1H2019 reduced 43% compared to 1H2018.

The operating expenses and the administrative expenses for 1H2019 declined 19% compared to 1H2018:

- ❖ Brokerage expense corresponding to revenue from brokerage services reduced 30% compared to the last period of 2018;
- ❖ Bank interest expenses, HSC bond for the first six month 2019 decreased by 30% consistent with reduced loans compared to the same period in 2018, because there was more than VND1.200 Billion capital was used in Q2/2019.
- The administrative expenses for 1H2019 were 19% higher than 1H2018 because of increasing the employee number of back-office departments, which corresponded with development of the market and of the Company.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation of interim financial statements**

The financial statements have been prepared 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. 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) based on market value (or fair value in case market value is undetermined).

**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.

These financial statements are prepared for the period from 1 January 2019 to 30 June 2019.

**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 income.

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

**2.5 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 which are subject to an insignificant risk of conversion into cash.

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



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 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 a short-term period; or
- At initiation recognition, it constitutes a part of an identified portfolio of financial instruments which are traded for short-term profits; or
- It is a derivative (except those are 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, Chief Executive Office and major shareholders.

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

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



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

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

*(ii) Loans*

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

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

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

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

*(iii) Receivables*

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 Financial assets (continued)****(a) Classification (continued)****(iv) Available-for-sale financial assets (AFS)**

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

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

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

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

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

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

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

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

- Non-derivative FVTPL financial assets that are not required to be classified as FVTPL at initial recognition may be reclassified as loans and receivables in limited circumstances or cash and cash equivalents if meeting certain criteria for reclassification.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 Financial assets (continued)****(b) Reclassification (continued)**

- Gains and losses from revaluation of FVTPL financial assets arising before the reclassification are not reversed.
- If the change in intention/ability to hold a financial asset results in it being inappropriately reclassified as an HTM asset, that asset must be reclassified into AFS group and remeasured at fair value. Difference between its carrying value and its fair value is recognised in the statement of income – Changes in fair value of reclassified assets.

**(c) Recognition/derecognition**

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

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

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

**(d) Initial recognition**

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

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

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

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

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

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



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.6 Financial assets (continued)**

*(i) Unlisted securities registered/unregistered to Vietnam Securities Depository (“VSD”)*

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

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

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

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

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

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

**(f) Provision for impairment of loans**

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

**(g) Provision for impairment of receivables**

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 Financial assets (continued)****(g) Provision for impairment of receivables (continued)**

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

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

**(h) Recognition of gain/(loss)***Purchasing transaction costs*

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

*Selling transaction costs*

Selling transaction costs are expensed off in the reporting period.

*Gain/(loss) on disposals*

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

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

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



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase at a specified future date (“repos”) are not derecognised from the interim 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 disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the statement of income.

**2.9 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 the income statement on a straight-line basis over the period of the lease.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.10 Prepaid expenses**

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

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

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

**2.11 Security deposits**

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

**2.12 Liabilities**

**(a) Recognition/Derecognition**

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

**(b) Classification**

Classifications of liabilities are based on their nature as follows:

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**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 interim 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 customers**

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

**2.15 Borrowing costs**

Borrowing costs that are directly attributable to the construction or production of any qualifying 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 the statement of income when incurred.

**2.16 Accrued expenses**

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

**2.17 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 PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

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

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

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

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

**(b) Undistributed profits**

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

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

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

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

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

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

**(d) Other equity funds**

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**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 consists of securities brokerage fees, securities underwriting fees and investment consultancy fees, securities custody services and entrustment services.

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

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

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

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

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

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

**(c) Income from capital activities**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.19 Revenue and income recognition (continued)**

**(e) Other income**

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

**2.20 Expenses**

**(a) Recognition**

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

**(b) Classification**

Expenses are classified by function as follows:

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

**2.21 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 that the Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the quarter taxable profit and the current tax rates. Current and deferred tax should be recognised as income or an expense and included in profit or loss for the quarter, 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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****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.

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

**2.24 Segment reporting**

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

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

**2.25 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	
	30.06.2019	31.12.2018
	VND	VND
Cash on hand	236,344,234	214,969,560
Cash at bank	384,454,011,611	117,117,216,438
Security deposit for covered warrants issued (i)	5,500,000,000	-
<b>Total</b>	<b>390,190,355,845</b>	<b>117,332,185,998</b>

- (i) This represents security deposit at custodian banks in relation to covered warrants issued by the Company



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continue)

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

	As at 30.06.2019		As at 31.12.2018	
	Cost VND	Market value/ fair value VND	Cost VND	Market value/ fair value VND
<b>Securities listed and securities traded on UPCoM</b>	<b>673,577,237,493</b>	<b>660,812,593,973</b>	<b>709,217,997,093</b>	<b>672,534,932,248</b>
Mobile World Investment Corporation (MWG)	60,014,836,400	63,100,288,000	106,614,140,258	105,527,259,000
Vietnam Dairy Products Joint-Stock Company (VNM)	59,627,063,217	58,700,151,000	59,409,623,886	56,724,480,000
Military Commercial Joint - Stock Bank (MBB)	49,881,769,504	48,231,724,200	31,795,383,922	29,621,027,400
Technology and Commercial Joint Stock Bank (TCB)	49,585,194,708	48,013,993,500	-	-
VinGroup Joint Stock Company (VIC)	48,835,064,054	48,491,142,700	63,560,661,503	59,581,750,600
Masan Group Corporation (MSN)	41,626,351,342	40,278,240,000	43,441,013,888	41,793,425,000
Vietnam Prosperity Joint - Stock Commercial Bank (VPB)	34,129,372,715	33,877,739,700	75,480,916,835	69,438,907,650
VietJet Aviation Joint Stock Company (VJC)	34,840,984,344	36,204,672,000	34,277,986,635	33,281,520,000
Hoa Phat Group Joint Stock Company (HPG)	32,897,681,050	40,609,175,000	39,529,491,256	40,626,579,400
Vinhomes., JSC (VHM)	29,237,788,315	29,061,705,400	-	-
FPT Telecom JSC (FPT)	25,320,219,987	25,712,823,500	19,890,578,135	19,947,771,200
Joint Stock Commercial Bank for Foreign Trade of Vietnam (VCB)	21,945,800,134	21,726,901,500	19,992,117,637	19,866,422,500
Saigon Thuong Tin Commercial Joint Stock Bank (STB)	20,799,230,613	20,246,913,150	21,570,272,938	21,097,235,050
NovaLand Investment Group Corporation (NVL)	20,229,883,620	20,258,755,200	21,134,909,503	21,070,632,600
Vincom Retail Joint Stock Company (VRE)	15,893,134,783	15,536,271,400	30,518,717,358	30,421,713,600
Phu Nhuan Jewelry Joint Stock Company (PNJ)	12,180,663,629	13,866,496,000	13,640,612,565	13,417,258,400
PetroVietnam Gas Joint Stock Corporation (GAS)	10,570,575,209	9,897,225,000	-	-
Others	105,961,623,869	86,998,376,723	128,361,570,774	110,118,949,848
<b>Underlying assets designated as hedges for covered warrants</b>	<b>4,193,173,592</b>	<b>4,209,550,000</b>	-	-
Mobile World Investment Corporation (MWG)	2,850,833,000	2,848,960,000	-	-
Military Commercial Joint - Stock Bank (MBB)	1,342,340,592	1,360,590,000	-	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continue)****3.2 Financial assets at fair value through profit or loss (FVTPL) (continue)**

	As at 30.06.2019		As at 31.12.2018	
	Cost VND	Market value/ fair value VND	Cost VND	Market value/ fair value VND
<b>Unlisted and unregistered securities</b>	<b>53,552,640,000</b>	<b>39,377,138,000</b>	<b>53,552,640,000</b>	<b>39,377,138,000</b>
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
Can Tho Import - Export Seafood Joint Stock Company	4,900,000,000	239,414,000	4,900,000,000	239,414,000
Saigon Post and Telecommunications Service Corporation	4,406,400,000	220,084,000	4,406,400,000	220,084,000
Others	5,442,600,000	114,000,000	5,442,600,000	114,000,000
<b>Bond</b>	<b>331,546,334,732</b>	<b>331,546,334,732</b>	<b>82,450,161,318</b>	<b>82,450,161,318</b>
Government bond - TD1949205	190,999,680,000	190,999,680,000	-	-
Ho Chi Minh City Infrastructure Investment Joint Stock Company	139,546,654,732	139,546,654,732	81,450,161,318	81,450,161,318
Vietnam Bank for Social Policies	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
<b>ETF certificates</b>	<b>19,271,056,481</b>	<b>19,289,222,400</b>	<b>58,531,242,345</b>	<b>57,477,708,640</b>
VFMVN30 ETF	19,271,056,481	19,289,222,400	58,531,242,345	57,477,708,640
<b>Total</b>	<b><u>1,082,140,442,298</u></b>	<b><u>1,055,234,839,105</u></b>	<b><u>903,752,040,756</u></b>	<b><u>851,839,940,206</u></b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continue)

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

As at 30 June 2019

	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	673,577,237,493	15,033,788,188	(27,798,431,708)	660,812,593,973
Underlying assets designated as hedges for covered warrants	4,193,173,592	18,249,408	(1,873,000)	4,209,550,000
Unlisted and unregistered shares	53,552,640,000	-	(14,175,502,000)	39,377,138,000
Listed bond	331,546,334,732	-	-	331,546,334,732
ETF certificates	19,271,056,481	18,165,919	-	19,289,222,400
<b>Total</b>	<b>1,082,140,442,298</b>	<b>15,070,203,515</b>	<b>(41,975,806,708)</b>	<b>1,055,234,839,105</b>

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	82,450,161,318	-	-	82,450,161,318
ETF certificates	58,531,242,345	-	(1,053,533,705)	57,477,708,640
<b>Total</b>	<b>903,752,040,756</b>	<b>4,617,455,796</b>	<b>(56,529,556,346)</b>	<b>851,839,940,206</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continue)****3.3 Loans**

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

		As at	
		30.06.2019	31.12.2018
		VND	VND
Margin loans	(i)	4,642,309,650,782	3,143,086,409,319
Trading advances	(ii)	77,114,692,826	118,928,433,925
<b>Total</b>		<b><u>4,719,424,343,608</u></b>	<b><u>3,262,014,843,244</u></b>

**(i) Margin loans**

Margin loans represent the amounts lent to customers for their purchases of listed securities in accordance with Decision 87/2017/QĐ-UBCK issued by the State Securities Commission on 25 January 2017.

**(ii) Trading advances**

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

**3.4 Provisions for impairment loss of financial assets and mortgages**

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

## 3.5 Receivables

		As at	
		30.06.2019	31.12.2018
		VND	VND
<b>Receivables from services provided by the Company</b>			
Receivable from securities purchasing	(i)	551,918,817,984	690,233,913,794
Receivable from VSD		116,610,796,177	-
Consultancy service fees receivable		33,020,541,930	1,336,650,000
Other receivables from trading activities		1,721,277,228	34,000,991,554
		<u>703,271,433,319</u>	<u>725,571,555,348</u>
<b>Other receivables</b>			
Overdue margin loans	(ii)	37,783,317,946	37,783,317,946
Others		18,242,807,113	16,475,009,064
		<u>56,026,125,059</u>	<u>54,258,327,010</u>

- (i) The receivable as from securities trading as at 30 June 2019 was due from institutional investor.
- (ii) This was residual amount of overdue margin loans after the Company forcedly sold out all of collateral assets to collect the loans. This amount was fully provided.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 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	Provided VND	Reversed VND	Closing balance VND
Overdue margin loans	37,783,317,946	37,783,317,946	37,783,317,946	-	-	37,783,317,946
Consultancy service fees receivable	1,145,650,000	1,145,650,000	1,145,650,000	-	-	1,145,650,000
Other receivables from securities trading	654,824,202	654,824,202	654,824,202			654,824,202
<b>Total</b>	<b>39,583,792,148</b>	<b>39,583,792,148</b>	<b>39,583,792,148</b>	<b>-</b>	<b>-</b>	<b>39,583,792,148</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

## 3.7 Fixed assets

(a) *Tangible fixed assets*

	Transportation vehicles VND	Office equipment VND	Total VND
<b>Historical cost</b>			
As at 01.01.2019	4,009,883,640	69,779,779,796	73,789,663,436
New purchases	-	4,978,084,500	4,978,084,500
Disposals		(1,487,823,917)	(1,487,823,917)
As at 30.06.2019	<u>4,009,883,640</u>	<u>73,270,040,379</u>	<u>77,279,924,019</u>
<b>Accumulated depreciation</b>			
As at 01.01.2019	2,469,951,269	47,254,195,045	49,724,146,314
Charge for the period	261,683,617	6,070,794,523	6,332,478,140
Disposals		(1,487,823,917)	(1,487,823,917)
As at 30.06.2019	<u>2,731,634,886</u>	<u>51,837,165,651</u>	<u>54,568,800,537</u>
<b>Net book value</b>			
As at 01.01.2019	<u>1,539,932,371</u>	<u>22,525,584,751</u>	<u>24,065,517,122</u>
As at 30.06.2019	<u>1,278,248,754</u>	<u>21,432,874,728</u>	<u>22,711,123,482</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

## 3.7 Fixed assets (continued)

## (b) Intangible fixed assets

	Computer software VND
<b>Historical cost</b>	
As at 01.01.2019	64,392,294,363
New purchases	<u>920,730,000</u>
As at 30.06.2019	<u><b>65,313,024,363</b></u>
<b>Accumulated depreciation</b>	
As at 01.01.2019	41,035,398,948
Charge for the period	<u>5,325,100,516</u>
As at 30.06.2019	<u><b>46,360,499,464</b></u>
<b>Net book value</b>	
As at 01.01.2019	<u>23,356,895,415</u>
As at 30.06.2019	<u><b>18,952,524,899</b></u>

## (c) Construction in progress

Construction in progress comprises the following:

	As at	
	30.06.2019	31.12.2018
	VND	VND
Purchases of trading software	8,603,677,656	4,447,220,550

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.8 Long-term prepaid expenses**

	<b>As at</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Office rentals	88,287,096,752	89,703,467,288
Office renovations	7,494,000,217	5,803,432,315
IT costs	10,612,503,316	4,666,659,325
<b>Total</b>	<b><u>106,393,600,285</u></b>	<b><u>100,173,558,928</u></b>

**3.9 Deposits in the Settlement Supporting Fund**

According to Decision No.45/QD-VSD dated 22 May 2014 issued by the Vietnam Securities Depository, the Company is required to deposit an initial amount of VND120 million at the Vietnam Securities Depository and an additional annual contribution equivalent to 0.01% of the total value of brokered securities in the previous year up to the maximum limit of VND2.5 billion in any one year. The maximum amount of contribution is VND20 billion.

As at 30 June 2019, the Company fully contributed the maximum amount.

**3.10 Deposits in the Derivatives trading Settlement Fund**

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.11 Short-term borrowings**

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

	Interest % per annum	Opening balance VND	Disbursement VND	Repayment VND	Closing balance VND
<b>Short-term borrowings (i)</b>					
Bank borrowings	5.0 – 8.0	1,350,000,000,000	8,732,800,000,000	(8,005,200,000,000)	2,077,600,000,000
Bank overdrafts	6.8 – 7.9	204,132,323,195	7,456,467,966,616	(7,297,077,172,483)	363,523,117,328
		<b>1,554,132,323,195</b>	<b>16,189,267,966,616</b>	<b>(15,302,277,172,483)</b>	<b>2,441,123,117,328</b>
<b>Short-term issued bonds (ii) (ii)</b>					
Private offering short term bond	7.0	150,000,000,000	-	-	150,000,000,000
		<b>150,000,000,000</b>	<b>-</b>	<b>-</b>	<b>150,000,000,000</b>
<b>Total</b>		<b><u>1,704,132,323,195,00</u></b>	<b><u>16,189,267,966,616</u></b>	<b><u>(15,302,277,172,483)</u></b>	<b><u>2,591,123,117,328</u></b>

(i) Borrowings have maturities from 1 to 3 months and are used for working capital.

The Company had no borrowings from related parties as at 30 June 2019.

(ii) According to Board of Directors' Resolution No.10/2018/NQ-HDQT dated 12 April 2018, HSC have issued VND 605 Billion unlisted, callable corporate bonds at face value VND 1 Billion/bond, interest rate 7,0-8,15%/year, no collateral with 2 years maturity in 2018. On 31 December 2018, HSC purchased VND 455 Billion bonds and value of bond circulation was VND 150 billion. From that day to 30 June 2019, the number and value of bond have not changed.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.12 Trading obligations**

	As at	
	30.06.2019 VND	31.12.2018 VND
Advances from investors for securities purchases	241,777,922,788	226,450,973,390
Payables to Stock Exchanges and VSD	7,813,860,805	6,026,789,270
Covered warrant payables	1,079,282,400	-
Trading settlement balances with the Stock Exchanges	-	83,159,390,391
Others	6,693,650,946	-
<b>Total</b>	<b><u>257,364,716,939</u></b>	<b><u>315,637,153,051</u></b>

**3.13 Tax and other payables to the State budget**

	As at	
	30.06.2019 VND	31.12.2018 VND
Corporate income tax - current	25,337,441,320	16,684,859,800
Personal income tax withheld and paid on behalf of investors	8,128,083,953	11,199,027,876
Corporate income tax withheld and paid on behalf of foreign institutions	4,229,601,812	3,250,876,181
Foreign contractor tax	12,989,917	338,263,079
Personal income tax withheld and paid on behalf of employees	-	2,341,828,338
Value added tax	3,053,598,837	199,892,112
<b>Total</b>	<b><u>40,761,715,839</u></b>	<b><u>34,014,747,386</u></b>

**3.14 Short-term accrued expenses**

	As at	
	30.06.2019 VND	31.12.2018 VND
Allowance for working performance	17,496,000,000	45,000,000,000
Interest expenses	14,119,898,723	3,953,633,544
Others	5,281,976,496	9,396,348,291
<b>Total</b>	<b><u>36,897,875,219</u></b>	<b><u>58,349,981,835</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.15 Other short-term liabilities**

	As at	
	30.06.2019 VND	31.12.2018 VND
Business development expenses payables	788,313,897	19,288,313,897
Dividends payable to shareholders	5,511,928,604	5,097,667,994
Dividends paid on behalf	3,408,196,722	2,507,431,082
Other payables	15,567,007,453	4,577,656,085
<b>Total</b>	<b><u>25,275,446,676</u></b>	<b><u>31,471,069,058</u></b>

**3.16 Share capital****(a) Number of shares**

	As at	
	30.06.2019 VND	31.12.2018 VND
Number of shares registered	305,882,263	129,756,758
Number of shares issued	305,882,263	129,756,758
Number of shares repurchased	(292,590)	(202,590)
Number of existing shares in issue	<b><u>305,589,673</u></b>	<b><u>129,554,168</u></b>

As at 30 June 2019 and as at 31 December 2018, 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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

## 3.16 Share capital (continued)

## (b) Movement of share capital

	Ordinary shares
As at 1 January 2018	129,570,368
Treasury shares repurchased	(16,200)
As at 31 December 2018	129,554,168
New shares issued	176,125,505
<i>In which :</i>	
<i>Capital increase from equity</i>	86,368,239
<i>New shares issue</i>	83,280,266
<i>Issue under ESOP 2018 program</i>	6,477,000
Treasury shares repurchased	(90,000)
As at 30 June 2019	<u>305,589,673</u>

## 3.17 Undistributed earnings

	As at	
	30.06.2019	31.12.2018
	VND	VND
Undistributed earnings brought forward	1,223,955,850,562	861,985,479,360
Realised profits incurred in the period	167,619,909,021	697,719,652,832
Accumulated unrealised losses	(26,929,787,801)	(51,912,100,550)
Appropriations from undistributed earnings	(43,906,210,035)	(63,716,803,830)
<i>In which:</i>		
<i>To bonus and welfare funds</i>	(33,774,007,719)	(55,405,916,374)
<i>To operation fund of Board of Directors</i>	(10,132,202,316)	(8,310,887,456)
Dividend declared	(245,873,619,200)	(272,032,477,800)
To share capital	(533,338,591,501)	-
<b>Total</b>	<u><b>541,527,551,046</b></u>	<u><b>1,172,043,750,012</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS

## 4.1 Bad debts written off

	As at	
	30.06.2019	31.12.2018
	VND	VND
Other receivables	345,059,000	345,059,000

## 4.2 Foreign currencies

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

	As at	
	30.06.2019	31.12.2018
US Dollar	4,976.70	5,176.74
Japanese Yen	241,915	241,915
Singapore Dollar	844	590
British Pound	100	100
Taiwanese Dollar	3,200	3,200
Canadian Dollar	100	100
Malaysian Ringgit	750	750

## 4.3 Number of shares in issue

	As at	
	30.06.2019	31.12.2018
	VND	VND
Quantity issued for 1 year or more (share)	129,464,168	129,554,168
Quantity issued within 1 year (share)	176,125,505	-
<b>Total</b>	<b>305,589,673</b>	<b>129,554,168</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS (continued)

## 4.4 Covered warrant

Ticker symbol	Underlying security	Issuance date	Maturity date	As at 30.06.2019		
				Number of covered warrants authorised for issue	Covered warrant Number of covered warrants issued	Number of covered warrants authorised but not yet issued
CMBB1902	Military Commercial Joint - Stock Bank (MBB)	17.06.2019	17.12.2019	1,000,000	123.740	876.260
CMWG1903	Mobile World Investment Corporation (MWG)	26.06.2019	26.12.2019	2,000,000	265.000	1.735.000
<b>Total</b>				<b>3,000,000</b>	<b>388,740</b>	<b>2,611,260</b>

## 5 NOTES TO THE STATEMENT OF INCOME

## 5.1 Net realised gains on disposals of FVTPL financial assets

	2nd Quarter		Year to date	
	2019 VND	2018 VND	2019 VND	2018 VND
Realised gains on disposals of FVTPL financial assets	137,811,265,927	292,238,260,204	196,677,129,176	692,666,385,106
Realised losses on disposals of FVTPL financial assets	(136,266,331,950)	(295,194,227,696)	(180,311,898,209)	(510,872,498,747)
<b>Total</b>	<b>1,544,933,977</b>	<b>(2,955,967,492)</b>	<b>16,365,230,967</b>	<b>181,793,886,359</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 5 NOTES TO THE STATEMENT OF INCOME (continued)

## 5.2 Gains/(losses) from revaluation of FVTPL financial assets and covered warrant

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

	2nd Quarter		Year to date	
	2019 VND	2018 VND	2019 VND	2018 VND
Gains from revaluation of FVTPL financial assets	13,690,491,294	(585,852,201)	10,452,747,719	(39,348,104,553)
Losses from revaluation of FVTPL financial assets	(3,098,809,640)	(355,702,933)	14,553,749,638	26,369,559,343
<b>Total</b>	<b>10,591,681,654</b>	<b>(941,555,134)</b>	<b>25,006,497,357</b>	<b>(12,978,545,210)</b>

## 5.2b Gains/(losses) from revaluation of covered warrant

	2nd Quarter		Year to date	
	2019 VND	2018 VND	2019 VND	2018 VND
Losses from revaluation of outstanding covered warrant payables	(24,184,608)	-	(24,184,608)	-
<b>Total</b>	<b>(24,184,608)</b>	<b>-</b>	<b>(24,184,608)</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 5 NOTES TO THE STATEMENT OF INCOME (continued)

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

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

	Cost VND	Market value/ fair value VND	Accumulated revaluation gains/(losses) 30.06.2019 VND	Accumulated revaluation gains/(losses) 31.12.2018 VND	Credited/ (charged) to statement of income VND
Listed shares and shares traded on UPCoM	673,577,237,493	660,812,593,973	(12,764,643,520)	(36,683,064,845)	(23,918,421,325)
Underlying assets designated as hedges for covered warrants	4,193,173,592	4,209,550,000	16,376,408	-	(16,376,408)
Unlisted and unregistered shares	53,552,640,000	39,377,138,000	(14,175,502,000)	(14,175,502,000)	-
Listed bond	331,546,334,732	331,546,334,732	-	-	-
ETF certificates	19,271,056,481	19,289,222,400	18,165,919	(1,053,533,705)	1,071,699,624
<b>Total</b>	<b>1,082,140,442,298</b>	<b>1,055,234,839,105</b>	<b>(26,905,603,193)</b>	<b>(51,912,100,550)</b>	<b>25,006,497,357</b>

b Details of gains/(losses) from revaluation of covered warrants are as follows:

	Cost VND	Market value/ fair value VND	Accumulated revaluation gains/(losses) 30.06.2019 VND	Accumulated revaluation gains/(losses) 31.12.2018 VND	Credited/ (charged) to statement of income VND
Covered warrants	1,055,097,792	1,079,282,400	(24,184,608)	-	(24,184,608)
<b>Total</b>	<b>1,055,097,792</b>	<b>1,079,282,400</b>	<b>(24,184,608)</b>	<b>-</b>	<b>(24,184,608)</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 5 NOTES TO THE STATEMENT OF INCOME (continued)

## 5.3 General and administration expenses

	2nd Quarter		Year to date	
	2019 VND	2018 VND	2019 VND	2018 VND
Staff costs	26,326,113,336	24,804,532,522	53,123,758,684	48,150,929,709
Office rental expenses	2,878,143,059	1,502,784,552	5,906,788,513	3,006,542,828
Outsourcing expenses	6,589,469,390	5,487,585,418	14,624,775,275	11,146,258,426
Depreciation and amortisation	3,114,149,346	2,559,466,594	6,073,075,644	5,054,870,416
Tax and other fees	69,730,144	348,641,634	276,066,853	440,298,804
Office tools and supplies	447,537,153	351,605,457	810,417,033	704,484,222
Other administrative expenses	1,363,336,403	1,063,218,385	3,174,649,194	2,170,862,644
<b>Total</b>	<b><u>40,788,478,831</u></b>	<b><u>36,117,834,562</u></b>	<b><u>83,989,531,196</u></b>	<b><u>70,674,247,049</u></b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 6 RELATED PARTIES DISCLOSURES

Identified related parties and relationships are presented below:

<u>Related party</u>	<u>Relationship</u>
Dragon Capital Markets Limited (DC)	Strategic shareholder – holding 30.27% of share capital The Company's Vice Chairman of the Board of Directors is the Director, cum the member of the Board Directors of DC Group The Company's member of the Board of Directors is Director of DC Group The Company's member of the Board of Directors, cum Chief Executive Officer is representative for DC's shares
Ho Chi Minh Finance and Investment State-owned Company (HFIC)	Strategic shareholder – holding 28,90% of share capital The Company's Vice Chairman of the Board of Directors is the Deputy Director of HFIC The Company's member of the Board of Directors is Head of Investment Department at HFIC
Board of Directors and Board of Management	Key management

(a) *Related party transactions in Q2/2019*

<u>Related party</u>	<u>Transactions</u>	<u>Current period VND</u>
Dragon Capital Markets Limited (DC)	Dividend paid	74,629,739,000
Ho Chi Minh Finance and Investment State-owned Company (HFIC)	Dividend paid	71,250,000,000
Compensation of key management	Gross salaries and other benefits in Q2/2019	6,970,181,468

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 6 RELATED PARTIES DISCLOSURES (continued)

## (b) Period-end balances with related parties

<u>Related party</u>	<u>Transactions</u>	<u>Current period VND</u>
Ho Chi Minh Finance and Investment State-owned Company (HFIC)	Deposits for securities trading	25,045,184

## 7 SEGMENT INFORMATION

(a) *Geographical segments*

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 7 SEGMENT INFORMATION (continued)

## (b) Business activity segments

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

	For the period ended 30 June 2019				
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Total VND
Revenue and income (*)	242,691,785,364	251,485,670,618	233,785,625,058	34,833,742,068	762,796,823,108
Expenses	(157,443,833,940)	(203,989,088,618)	(74,718,178,055)	(6,222,488,360)	(442,373,588,973)
<i>In which:</i>					
<i>Direct cash expenses</i>	(129,063,690,411)	(213,596,291,283)	(74,718,178,055)	(6,190,875,583)	(423,569,035,332)
<i>Total amount of significant non-cash expenses, other than depreciation, amortisation and allocation of prepaid expenses</i>	-	14,529,565,030	-	-	14,529,565,030
<i>Total depreciation and amortisation of fixed assets</i>	(6,634,915,435)	(698,606,925)	-	(31,612,777)	(7,365,135,137)
<i>Allocation of long-term and short-term prepaid expenses</i>	(21,745,228,094)	(4,223,755,440)	-	-	(25,968,983,534)
Segment result	85,247,951,424	47,496,582,000	159,067,447,003	28,611,253,708	320,423,234,135
Net financial income					1,753,663,447
Net other income					18,386,364
General and administration expenses					(83,989,531,196)
Operating result					238,205,752,750



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 7 SEGMENT INFORMATION (continued)

## (b) Business activity segments (continued)

	For the period ended 30 June 2018				
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Total VND
Revenue and income (*)	468,486,825,294	706,801,741,538	292,435,709,563	61,441,309,867	1,529,165,586,262
Expenses	(224,188,803,264)	(525,184,605,639)	(106,388,116,206)	(16,278,647,389)	(872,040,172,498)
<i>In which:</i>					
<i>Direct cash expenses</i>	(209,771,798,442)	(544,359,249,736)	(106,388,116,206)	(16,278,647,389)	(876,797,811,773)
<i>Total amount of significant non-cash expenses, other than depreciation, amortisation and allocation of prepaid expenses</i>	-	26,369,559,343	-	-	26,369,559,343
<i>Total depreciation and amortisation of fixed assets</i>	(5,202,925,886)	(116,434,487)	-	-	(5,319,360,373)
<i>Allocation of long-term and short-term prepaid expenses</i>	(9,214,078,936)	(7,078,480,759)	-	-	(16,292,559,695)
Segment result	<u>244,298,022,030</u>	<u>181,617,135,899</u>	<u>186,047,593,357</u>	<u>45,162,662,478</u>	<u>657,125,413,764</u>
Net financial income					1,929,823,120
Net other income					78,918,182
General and administration expenses					(70,674,247,049)
Operating result					588,459,908,017

(\*) 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 PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 7 SEGMENT INFORMATION (continued)

## (b) Business activity segments (continued)

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

	As at 30 June 2019					
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Unallocated VND	Total VND
Segment assets	822,014,648,162	1,178,320,523,682	5,104,887,510,260	34,518,335,690	-	7,139,741,017,794
Unallocated assets	-	-	-	-	54,338,689,731	54,338,689,731
<b>Total assets</b>	<b>822,014,648,162</b>	<b>1,178,320,523,682</b>	<b>5,104,887,510,260</b>	<b>34,518,335,690</b>	<b>54,338,689,731</b>	<b>7,194,079,707,525</b>
Segment liabilities	262,091,408,171	-	2,605,243,016,051	-	-	2,867,334,424,222
Unallocated liabilities	-	-	-	-	108,488,004,271	108,488,004,271
<b>Total liabilities</b>	<b>262,091,408,171</b>	<b>-</b>	<b>2,605,243,016,051</b>	<b>-</b>	<b>108,488,004,271</b>	<b>2,975,822,428,493</b>

  

	As at 30 June 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
<b>Total assets</b>	<b>871,838,163,387</b>	<b>965,722,873,139</b>	<b>3,375,423,227,994</b>	<b>3,531,711,273</b>	<b>39,789,351,388</b>	<b>5,256,305,327,181</b>
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
<b>Total liabilities</b>	<b>328,500,415,674</b>	<b>-</b>	<b>1,708,085,956,739</b>	<b>-</b>	<b>159,182,792,271</b>	<b>2,195,769,164,684</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

## 8 COMPARATIVE FIGURES

Certain comparative figures have been restated and reclassified to conform to the current year's presentation, specifically presented as follows:

## Statement of income

Code	ITEMS	2nd Quarter			Year to date		
		Previously reported VND	Restatement/ reclassification VND	Restated VND	Previously reported VND	Restatement/ reclassification VND	Restated VND
	<b>OPERATING EXPENSES</b>						
26	Self-trading expenses	44,764,052,454	(24,134,713,043)	20,629,339,411	96,127,932,460	(55,446,266,225)	40,681,666,235
27	Brokerage fee expenses	76,929,390,433	27,459,022,590	104,388,413,023	162,652,771,216	56,254,056,322	218,906,827,538
31	Financial consultancy expenses	2,243,529,665	3,735,114,524	5,978,644,189	4,237,488,998	12,041,158,391	16,278,647,389
33	Other operating expenses	183,770,537	(95,996,426)	87,774,111	478,332,842	(287,674,325)	190,658,517
40	<b>TOTAL OPERATING EXPENSES</b>	<b>463,924,982,946</b>	<b>6,963,427,645</b>	<b>470,888,410,591</b>	<b>859,478,898,335</b>	<b>12,561,274,163</b>	<b>872,040,172,498</b>
62	<b>GENERAL AND ADMINISTRATION EXPENSES</b>	<b>43,081,262,207</b>	<b>(6,963,427,645)</b>	<b>36,117,834,562</b>	<b>83,235,521,212</b>	<b>(12,561,274,163)</b>	<b>70,674,247,049</b>

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho



19 July 2019

Deputy Chief Executive Officer



Trinh Hoai Giang