

# **FINANCIAL STATEMENTS**

**QUARTER 4/2017**

**HO CHI MINH SECURITIES  
CORPORATION**

HO CHI MINH CITY SECURITIES CORPORATION

Form B01g – CTCK

STATEMENT OF FINANCIAL POSITION

Code	ITEMS	Note	As at	
			31.12.2017 VND	31.12.2016 VND
	<b>ASSETS</b>			
<b>100</b>	<b>CURRENT ASSETS</b>		<b>6,505,802,971,605</b>	<b>3,472,717,136,729</b>
<b>110</b>	<b>Financial assets</b>		<b>6,402,627,990,511</b>	<b>3,468,203,146,189</b>
111	Cash and cash equivalents	3.1	196,221,037,531	60,193,684,900
111.1	Cash		196,221,037,531	60,193,684,900
112	Financial assets at fair value through profit or loss (FVTPL)	3.2	860,630,190,796	306,371,695,555
114	Loans	3.4	4,501,592,303,606	2,750,945,233,394
115	Available-for-sale (AFS) financial assets	3.3	399,255,614,501	-
116	Provisions for impairment loss of financial assets and mortgages	3.5	(33,631,027,290)	(19,997,479,770)
118	Prepayments to suppliers		521,277,025	424,654,405
119	Service fees receivable	3.6	471,021,351,378	370,008,403,676
122	Other receivables	3.6	46,601,035,112	35,167,679,780
129	Provision for doubtful debts	3.7	(39,583,792,148)	(34,910,725,751)
<b>130</b>	<b>Other current assets</b>		<b>103,174,981,094</b>	<b>4,513,990,540</b>
131	Advances to suppliers		1,008,685,484	433,534,797
133	Short-term prepaid expenses		6,880,258,510	4,052,697,143
134	Pledged assets, mortgages, security deposits in short term		3,460,031,100	27,758,600
137	Other short-term assets		91,826,006,000	-
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>174,769,071,916</b>	<b>144,125,197,959</b>
<b>220</b>	<b>Fixed assets</b>		<b>38,006,860,366</b>	<b>9,116,376,326</b>
221	Tangible fixed assets	3.8	17,914,374,586	5,630,956,930
222	Historical cost		58,519,025,049	45,772,044,510
223a	Accumulated depreciation		(40,604,650,463)	(40,141,087,580)
227	Intangible fixed assets	3.8	20,092,485,780	3,485,419,396
228	Historical cost		51,357,006,015	29,853,565,250
229a	Accumulated amortisation		(31,264,520,235)	(26,368,145,854)
<b>240</b>	<b>Construction in progress</b>	3.8	<b>6,851,041,776</b>	<b>11,158,311,542</b>
<b>250</b>	<b>Other non-current assets</b>		<b>129,911,169,774</b>	<b>123,850,510,091</b>
	Pledged assets, mortgages, security deposits in long term		5,653,083,350	4,718,807,750
251	Long-term prepaid expenses	3.9	94,258,086,424	96,160,834,900
253	Deferred income tax assets	3.10	-	3,638,284,131
254	Deposits in the Settlement Supporting Fund	3.11	20,000,000,000	19,332,583,310
255	Other long-term assets	3.12	10,000,000,000	-
255.1	Deposits in the Derivatives trading Settlement Fund		10,000,000,000	-
<b>270</b>	<b>TOTAL ASSETS</b>		<b>6,680,572,043,521</b>	<b>3,616,842,334,688</b>

STATEMENT OF FINANCIAL POSITION  
(continued)

Code	ITEMS	Note	As at	
			31.12.2017 VND	31.12.2016 VND
<b>300</b>	<b>LIABILITIES</b>		<b>3,889,410,891,258</b>	<b>1.224.924.883.425</b>
<b>310</b>	<b>Current liabilities</b>		<b>3,874,368,196,992</b>	<b>1.224.924.883.425</b>
	Short-term borrowings and finance lease liabilities			
311			2,479,755,399,374	1.000.000.000.000
312	Short-term borrowings	3.13	2,479,755,399,374	1.000.000.000.000
316	Short-term bonds	3.14	800,000,000,000	-
318	Trading obligations	3.15	352,425,986,816	37.343.090.857
320	Short-term trade accounts payable		3,326,671,321	2.936.065.430
322	Tax and other payables to the State Budget	3.16	80,514,265,840	39.140.841.363
324	Employee welfare payables		2,971,042,385	2.681.960.041
325	Short-term accrued expenses	3.17	50,020,750,442	19.118.684.934
329	Other short-term liabilities	3.18	92,095,955,096	108.811.108.212
331	Bonus and welfare funds		13,258,125,718	14.893.132.588
<b>340</b>	<b>Non-current liabilities</b>		<b>15,042,694,266</b>	<b>-</b>
356	Defferred income tax payable	3.19	15,042,694,266	-
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>2,791,161,152,263</b>	<b>2.391.917.451.263</b>
<b>410</b>	<b>Capital and reserves</b>	3.20	<b>2,791,161,152,263</b>	<b>2.391.917.451.263</b>
411	Owners' capital		1,625,309,121,491	1.581.839.121.491
411.1	Share capital		1,297,567,580,000	1.272.567.580.000
411.1a	Ordinary shares		1,297,567,580,000	1.272.567.580.000
411.2	Share premium		330,343,798,499	310.343.798.499
411.5	Treasury shares		(2,602,257,008)	(1.072.257.008)
	Difference from revaluation of assets at fair value			
412			70,064,262,508	-
414	Supplementary capital reserve		129,756,758,000	117.012.921.701
415	Financial and operational risk reserve		129,756,758,000	117.012.921.702
416	Other equity fund		3,961,374,994	3.961.374.994
417	Undistributed earnings	3.21	832,312,877,270	572.091.111.375
417.1	Realised profits		861,985,479,360	628.246.013.560
417.2	Unrealised losses		(29,672,602,090)	(56.154.902.185)
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>6,680,572,043,521</b>	<b>3,616,842,334,688</b>



HO CHI MINH CITY SECURITIES CORPORATION

Form B01g – CTCK

OFF STATEMENT OF FINANCIAL POSITION ITEMS

Code	ITEMS	Note	As at	
			31.12.2017	31.12.2016
<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	Currencies (original currency)	4.2		
	US Dollar		13,402.69	45,182.58
	Japanese Yen		240,905	190,755
	Singapore Dollar		300	300
	British Pound		93,17	100
	Taiwanese Dollar		3,200	3,200
	Canadian Dollar		100	100
006	Number of shares in issue (share)	4.3	129,570,368	127,155,368
007	Number of treasury shares (share)		186,390	101,390
008	Securities listed/registered to Vietnam Securities Depository (VSD)		447,684,720,000	74,178,610,000
			<b>Par value (VND)</b>	
009	Securities custodied at VSD but not yet traded		146,075,030,000	1,010,000
010	Securities awaiting settlement		12,200,000,000	2,099,960,000
012	Securities not custodied at VSD		34,897,120,000	60,297,270,000
<b>B</b>	<b>ASSETS OF AND LIABILITIES TO CUSTOMERS</b>			
021	Securities listed/registered to Vietnam Securities Depository (VSD)		18,294,783,080,000	12,992,363,100,000
021.1	Freely traded securities		14,920,958,190,000	10,695,622,580,000
021.2	Blocked securities		235,619,410,000	12,819,940,000
021.3	Morgaged securities		2,733,898,110,000	1,964,810,500,000
021.4	Suspended securities		93,676,820,000	90,276,820,000
021.5	Securities awaiting for settlement		310,630,550,000	228,833,260,000
022	Securities custodied at VSD but yet not traded		172,212,900,000	38,878,010,000
022.1	Securities custodied at VSD but yet not traded – freely traded securities		139,206,100,000	22,049,360,000
022.2	Securities custodied at VSD but yet not traded – blocked securities		33,006,800,000	16,828,650,000

HO CHI MINH CITY SECURITIES CORPORATION

Form B01g – CTCK

OFF STATEMENT OF FINANCIAL POSITION ITEMS  
(continued)

Code	ITEMS	Note	As at	
			31.12.2017 VND	31.12.2016 VND
<b>B</b>	<b>ASSETS OF AND LIABILITIES TO CUSTOMERS (continued)</b>			
023	Securities awaiting for settlement		391,444,340,000	219,655,840,000
026	Customers' deposits		944,598,631,066	581,883,723,061
027	Customers' deposits for securities trading		900,545,247,380	581,883,723,061
027.1	Customers' collateral value at VSD		44,053,383,686	-
031	Payables to customers for their deposits for securities trading hold by the Company		900,545,247,380	581,883,723,061
031.1	Payables to domestic customers for their deposits for securities trading hold by the Company		899,585,811,824	581,657,003,061
031.2	Payables to foreign customers for their deposits for securities trading hold by the Company		959,435,556	226,720,000

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

19 January 2018

Chief Executive Officer




Johan Nyvene

**HO CHI MINH CITY SECURITIES CORPORATION**

Form B02g – CTCK

**STATEMENT OF INCOME**

Code	ITEMS	Note	4th Quarter		Year to date	
			2017 VND	2016 VND	2017 VND	2016 VND
	<b>OPERATING INCOME</b>					
01	Gains from financial assets at fair value through profit or loss (FVTPL)		234,339,591,729	47,548,708,763	428,248,267,000	99,024,690,204
01.1	Realised gains on disposals of FVTPL financial assets	5.1	99,006,355,403	38,033,659,059	223,939,360,482	61,894,006,092
01.2	Gains from derivatives trading activities		106,753,076,000	-	109,436,266,000	-
01.3	Gains from revaluation of FVTPL financial assets	5.2	11,396,809,745	1,053,296,454	34,575,574,912	5,246,169,979
01.4	Dividends and interest income on FVTPL financial assets		17,183,350,581	8,461,753,250	60,297,065,606	31,884,514,133
03	Interest income on loans and receivables		131,593,333,869	93,390,941,916	439,218,521,489	343,656,813,084
06	Brokerage fee income		274,173,878,412	82,722,876,002	601,941,990,625	348,957,129,710
08	Investment consultancy service income		14,593,845,873	9,608,154,275	45,178,947,072	24,601,902,383
09	Custody service income		1,914,933,995	1,377,832,740	6,723,580,746	5,056,975,249
11	Other operating income		13,395,582,384	393,637,100	16,266,327,089	1,868,685,936
20	<b>TOTAL OPERATING INCOME</b>		<b>670,011,166,262</b>	<b>235,042,150,796</b>	<b>1,537,577,634,021</b>	<b>823,166,196,566</b>
	<b>OPERATING EXPENSES</b>					
21	Losses from financial assets at fair value through profit or loss (FVTPL)		146,614,229,502	9,316,834,437	158,409,352,306	17,764,618,901
21.1	Realised losses on disposals of FVTPL financial assets	5.1	39,521,460,206	2,517,648,679	51,575,446,569	14,268,022,902
21.2	Losses from derivatives trading activities		98,128,640,000	-	98,740,630,920	-
21.3	Losses from revaluation of FVTPL financial assets	5.2	8,964,129,296	6,799,185,758	8,093,274,817	3,496,595,999
24	Provisions for diminution of financial assets and impairment losses		68,765,110,705	35,638,491,751	156,024,647,341	65,564,043,908
26	Self-trading expenses	5.3	51,411,868,448	12,500,133,867	100,063,505,528	23,567,021,196
27	Brokerage fee expenses	5.3	115,017,499,444	48,755,776,412	285,215,150,671	206,830,545,356
30	Custody fee expenses	5.3	1,969,112,782	1,381,335,341	6,896,562,514	5,096,284,054
31	Consultancy expenses	5.3	2,896,554,753	2,532,332,411	8,970,191,476	9,996,332,411
32	Other operating expenses	5.3	3,603,537,114	131,469,498	9,139,867,544	18,865,791,047
40	<b>TOTAL OPERATING EXPENSES</b>		<b>390,277,912,748</b>	<b>110,256,373,717</b>	<b>724,719,277,380</b>	<b>347,684,636,873</b>



HO CHI MINH CITY SECURITIES CORPORATION

Form B02g – CTCK

STATEMENT OF INCOME  
(continued)

Code	ITEMS	Note	4th Quarter		Year to date	
			2017 VND	2016 VND	2017 VND	2016 VND
	<b>FINANCIAL INCOME</b>					
42	Dividend income and interest income on demand deposits		100,988,511	44,345,378	2,464,966,108	1,078,380,134
50	<b>TOTAL FINANCIAL INCOME</b>		<b>100,988,511</b>	<b>44,345,378</b>	<b>2,464,966,108</b>	<b>1,078,380,134</b>
	<b>GENERAL AND ADMINISTRATION EXPENSES</b>					
62	GENERAL AND ADMINISTRATION EXPENSES	5.4	45,346,366,129	24,631,093,961	123,000,555,130	91,966,241,312
70	<b>OPERATING RESULT</b>		<b>234,487,875,896</b>	<b>100,199,028,496</b>	<b>692,322,767,619</b>	<b>384,593,698,515</b>
	<b>OTHER INCOME AND EXPENSES</b>					
71	Other income		-	781,818,182	278,036,363	789,590,907
80	<b>NET OTHER INCOME</b>		-	<b>781,818,182</b>	<b>278,036,363</b>	<b>789,590,907</b>
90	<b>NET ACCOUNTING PROFIT BEFORE TAX</b>		<b>234,487,875,896</b>	<b>100,980,846,678</b>	<b>692,600,803,982</b>	<b>385,383,289,422</b>
91	Realised profit		232,055,195,447	106,726,735,982	666,118,503,887	383,633,715,442
92	Unrealised profit		2,432,680,449	(5,745,889,304)	26,482,300,095	1,749,573,980
100	<b>CORPORATE INCOME TAX</b>		<b>48,296,385,750</b>	<b>25,215,930,849</b>	<b>138,541,640,240</b>	<b>80,852,308,119</b>
100.1	Corporate income tax – current		48,296,385,750	28,854,214,980	137,376,727,470	84,490,592,250
100.2	Corporate income tax – deferred		-	(3,638,284,131)	1,164,912,770	(3,638,284,131)
200	<b>NET PROFIT AFTER TAX</b>		<b>186,191,490,146</b>	<b>75,764,915,829</b>	<b>554,059,163,742</b>	<b>304,530,981,303</b>

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

19 January 2018  
Chief Executive Officer




Johan Nyvene

HO CHI MINH CITY SECURITIES CORPORATION

Form B03bg – CTCK

STATEMENT OF CASH FLOWS  
(Indirect method)

Code	ITEMS	Year to date	
		2017 VND	2016 VND
	<b>Cash flows from operating activities</b>		
01	Net profit before tax	692,600,803,982	385,383,289,422
02	Adjustments for:		
03	Depreciation and amortisation	9,560,933,260	5,921,197,566
04	Provisions	18,306,613,917	38,188,900,427
06	Interest expenses	142,391,099,821	45,677,564,138
07	Profits from investing activities	(2,743,002,471)	(1,867,971,041)
08	Accrued interest income	(5,861,895,555)	(1,817,395,834)
10	Add non-cash expenses		
11	Losses from revaluation of FVTPL financial assets	8,093,274,817	3,496,595,999
13	Lỗ suy giảm giá trị các khoản cho vay	-	-
18	Less non-cash income		
19	Gains from revaluation of FVTPL financial assets	(34,575,574,912)	(5,246,169,979)
30	<b>Tổng thay đổi vốn lưu động</b>	<b>(2,762,696,469,964)</b>	<b>(724,821,019,913)</b>
31	Increase in FVTPL financial assets	(527,776,195,146)	(172,447,248,081)
33	Increase in loans	(1,750,647,070,212)	(141,340,458,864)
34	Decrease/(increase) in AFS financial assets	(399,255,614,501)	-
37	Decrease/(increase) in service fee receivables	(101,012,947,702)	(312,862,986,163)
39	(Increase)/decrease in other receivables	(9,030,986,945)	(14,518,124,837)
41	Increase in accrued expenses (excluding interest expenses)	24,770,735,175	1,148,113,170
42	(Increase)/decrease in prepaid expenses	(924,812,891)	3,936,476,781
43	Corporate income tax paid	(85,403,475,500)	(74,560,483,150)
44	Interest expenses paid	(136,259,769,488)	(42,965,365,923)
45	(Increase)/decrease in trade payables	315,473,501,850	4,291,894,502
46	((Increase)/decrease in employee welfare payables	289,082,344	(29,362,405)
47	Increase/(decrease) in tax and other payables to the State Budget (excluding corporate income tax paid)	(11,792,543,900)	1,748,741,225
50	Increase/(decrease) in other short-term payables	(65,868,764,976)	25,589,557,951
52	Other payments on operating activities	(15,257,608,072)	(2,811,774,119)
60	<b>Net cash outflows from operating activities</b>	<b>(1,934,924,217,105)</b>	<b>(255,085,009,215)</b>



HO CHI MINH CITY SECURITIES CORPORATION

Form B03bg – CTCK

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

Code	ITEMS	Year to date	
		2017 VND	2016 VND
	<b>Cash flows from investing activities</b>		
61	Purchases of fixed assets	(34,238,069,123)	(14,082,769,966)
62	Proceeds from disposals of fixed assets	305,840,000	868,550,000
70	<b>Net cash outflows from investing activities</b>	<b>(33,932,229,123)</b>	<b>(13,214,219,966)</b>
	<b>Cash flows from financing activities</b>		
71	Proceeds from issue of shares	45,000,000,000	-
72	Payments for share repurchases	(1,054,000,000)	(1,367,550)
73	Proceeds from borrowings	29,946,435,798,979	15,916,247,935,548
74.3	Repayments of borrowings	(27,666,680,399,605)	(15,570,351,140,329)
76	Dividend paid	(218,817,600,515)	(181,549,774,401)
80	<b>Net cash inflows from financing activities</b>	<b>2,104,883,798,859</b>	<b>164,345,653,268</b>
90	<b>Net decrease in cash and cash equivalents</b>	<b>136,027,352,631</b>	<b>(103,953,575,913)</b>
101	<b>Cash and cash equivalents at beginning of period</b>	<b>60,193,684,900</b>	<b>164,147,260,813</b>
101.1	Cash	60,193,684,900	164,147,260,813
103	<b>Cash and cash equivalents at end of period</b>	<b>196,221,037,531</b>	<b>60,193,684,900</b>
103.1	Cash	196,221,037,531	60,193,684,900

## HO CHI MINH CITY SECURITIES CORPORATION

Form B03bg – CTCK

STATEMENT OF CASH FLOWS  
(Indirect method)  
(continued)

## CASH FLOWS OF BROKERAGE AND TRUSTING ACTIVITIES

Code	ITEMS	Year to date	
		2017 VND	2016 VND
	<b>Cash flows of brokerage and trusting activities</b>		
01	Trade proceeds	81,100,663,005,900	55,264,325,527,560
02	Trade payments	(83,232,814,229,906)	(55,568,381,170,200)
07	Receipts for settlement of customers' transactions	2,457,536,329,071	397,986,782,186
11	Payments of custody fees for customers	(6,723,580,746)	(5,056,975,249)
20	<b>Net increase in customers' deposits</b>	<b>318,661,524,319</b>	<b>88,874,164,297</b>
30	<b>Customers' deposits at beginning of period</b>	<b>581,883,723,061</b>	<b>493,009,558,764</b>
31	Cash at bank	581,883,723,061	493,009,558,764
32	<i>Customers' deposits for securities trading hold by the Company</i>	581,883,723,061	493,009,558,764
40	<b>Customers' deposits at end of period</b>	<b>900,545,247,380</b>	<b>581,883,723,061</b>
41	Cash at bank	900,545,247,380	581,883,723,061
42	<i>Customers' deposits for securities trading hold by the Company</i>	900,545,247,380	581,883,723,061

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

19 January 2018

Chief Executive Officer




Johan Nyvene

## STATEMENT OF CHANGES IN EQUITY

Items	As at		Previous year		Current year		As at	
	1.1.2016 VND	1.1.2017 VND	Increase VND	Decrease VND	Increase VND	Decrease VND	31.12.2016 VND	31.12.2017 VND
1. Share capital	1,582,140,489,041	1,581,839,121,491	(301,367,550)	-	43,470,000,000	-	1,581,839,121,491	1,625,309,121,491
1.1 Ordinary shares	1,272,567,580,000	1,272,567,580,000	-	-	25,000,000,000	-	1,272,567,580,000	1,297,567,580,000
1.2 Share premiumn	310,343,798,499	310,343,798,499	-	-	20,000,000,000	-	310,343,798,499	330,343,798,499
1.3 Treasury shares	(770,889,458)	(1,072,257,008)	(301,367,550)	-	(1,530,000,000)	-	(1,072,257,008)	(2,602,257,008)
2. Financial and operational risk reserve	101,786,372,632	117,012,921,702	15,226,549,070	-	12,743,836,298	-	117,012,921,702	129,756,758,000
3. Supplement capital reserve	101,786,372,631	117,012,921,701	15,226,549,070	-	12,743,836,299	-	117,012,921,701	129,756,758,000
4. Other equity fund	3,961,374,994	3,961,374,994	-	-	-	-	3,961,374,994	3,961,374,994
5. Difference from revaluation of assets at fair value	-	-	-	-	70,064,262,508	-	-	70,064,262,508
6. Undistributted earnings	489,874,717,764	572,091,111,375	304,530,981,303	222,314,587,692	554,059,163,742	293,837,397,847	572,091,111,375	832,312,877,270
6.1 Realised profits	547,779,193,929	628,246,013,560	302,781,407,323	222,314,587,692	527,576,863,647	293,837,397,847	628,246,013,560	861,985,479,360
6.2 Unrealised losses	(57,904,476,165)	(56,154,902,185)	1,749,573,980	-	26,482,300,095	-	(56,154,902,185)	(29,672,602,090)
<b>Total</b>	<b>2,279,549,327,062</b>	<b>2,391,917,451,263</b>	<b>334,682,711,893</b>	<b>222,314,587,692</b>	<b>623,016,836,339</b>	<b>216,095,177,047</b>	<b>2,391,917,451,263</b>	<b>2,791,161,152,263</b>

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

19 January 2018

Chief Executive Officer



Johan Nyvene



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**1 GENERAL INFORMATION**

***Establishment and operation licence***

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

***Head quarter and contact information***

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

Contact point:

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 24 April 2017 onwards.

***Operations***

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

***Capital size***

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

***Investment objectives and investment restrictions***

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

***Network operation***

As at 31 December 2017, the Company had 8 branches and representative offices in Vietnam.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**1 GENERAL INFORMATION (continued)**

**The corporation's operational features during the Q4/2017 affected financial statements**

The profit after tax for Q4/2017 increased by 146% compared to that of the same period of 2016 because of the following reasons:

The operating revenue for Q4/2017 increased by 185% compared to Q4/2016:

- Revenue from brokerage services for Q4/2017 increased by 231%, as a result of 122% growth in market trading value compared to that of the same period of 2016, HSC's market share growingly increased in Q4/ 2017;
- Revenue from margin lending activities (mentioned in gain from loans and receivables) for Q4/2017 increased by 41% compared to Q4/2016. The main reasons are changing the size of the market in margin lending activities and changing Company's procedures that made average loan outstanding balance increased by 40% compared to that of the same period of 2016. Average loan interest rate between two periods is the same;
- In active market, proprietary trading activities for Q4/2017 contributed considerably to the total business results. In addition derivatives market started opening in the end of Q3/2017 created the new product for proprietary trading activities and contributed to total revenue of the Company;
- After restructuring phase, Advisory activities contributed significantly to the total revenue of HSC, made total revenue increase by 52% for Q4/2017 compared to the same period of 2016.

The operating and administrative expenses for Q4/2017 increased by 223% compared to Q4/2016, in which:

- The operating expenses (expenditures that directly associated with activities generating revenues) grew by 254% in Q4/2017, corresponding to the increase in brokerage revenues, including brokerage fees for Stock Exchanges, salary and commission expenses for brokers and the increase in bank interest expenses related to margin lending activities;
- The administrative expenses for Q4/2017 were 84% higher than Q4/2016.

**The corporation's operational features in 2017 affected financial statements**

The profit after tax in 2017 increased by 82% compared to 2016 because of the following reasons:



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**1 GENERAL INFORMATION (continued)**

**The corporation's operational features in 2017 affected financial statements (continued)**

The operating revenue in 2017 increased by 87% compared to 2016:

- Revenue from brokerage services in 2017 increased by 72%, as a result of 46% growth in market trading value compared to that of the same period of 2016, although HSC's market share stably maintained in 2017;
- Revenue from margin lending activities (mentioned in gain from loans and receivables) in 2017 increased by 28% compared to the last period of 2016. The main reasons are changing the size of the market in margin lending activities and changing Company's procedures that made average loan outstanding balance increased by 25% compared to that of the same period of last year. Average loan interest rate in 2017 was higher than the same period of last, because preferential interest rate was eliminated gradually for special customer;
- In active market, proprietary trading activities contributed considerably to the total business results.
- After restructuring phase, Advisory activities which increased 84% during 2 years, contributed significantly to the total revenue.

The operating and administrative expenses in 2017 increased by 93% compared to 2016, in which:

- The operating expenses (expenditures that directly associated with activities generating revenues) grew by 108% in 2017, corresponding to the increase in brokerage revenues, including brokerage fees for Stock Exchanges, salary and commission expenses for brokers and the increase in bank interest expenses related to margin lending activities;
- The administrative expenses in were 34% higher than the expenses in 2016.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The interim 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 interim 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).



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.1 Basis of preparation of interim financial statements (continued)**

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

**2.2 Significant changes in the Company's accounting policies applied****(a) *Prevailing regulations on fair value and basis of fair value accounting***

Relevant guidance on accounting applicable to securities companies operating in Vietnam are Circular 210/2014/TT-BTC dated 30 December 2014 ("Circular 210/2014") and Circular 334/2016/TT-BTC dated 27 December 2016 ("Circular 334/2016") issued by the Ministry of Finance.

According to these two circulars, financial assets at fair value through profit or loss ("FVTPL") are subsequently measured under one of two models:

- (i) Cost less provision for diminution in value; or
- (ii) Market value or fair value (in case market value is undetermined)

If the cost model is adopted, the securities company shall apply accounting guidance applied for general corporates. Accordingly, the securities company shall provide for diminution in value of FVTPL financial assets at period end based on their market value (or fair value in case market value is undetermined). Provision/reversal of provision for diminution in value of FVTPL financial assets is debited/credited to expenses in the statement of income.

If the fair value model is adopted, the securities company shall follow the prevailing regulations in determining the market value. In case market value is undetermined or uncertainly fluctuates, the securities may use fair value to measure its FVTPL financial assets. Fair value is determined based on principles, approaches and valuation models defined by the company charter or valuation manuals approved by the management in written form. All gains or losses from change in fair value of FVTPL financial assets are recognised in statement of income.

According to Circular 210/2014, fair value accounting is only adopted when Law on Accounting permits fair value concept.

On 20 November 2016, the National Assembly of Vietnam has passed the Law on Accounting No. 88/2015/QH13, which includes fair value concept and fair value accounting. Law on Accounting became effective since 1 January 2017 onwards. Also accordingly to Law on Accounting, determining fair value of assets and liabilities must be based on realistic evidence. Where fair value can not be reliably measured, assets and liabilities are accounted at cost.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

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

**2.2 Significant changes in the Company's accounting policies applied (continued)**

**(b) Accounting policy applied**

Until the end of 31 December 2016, the Company had been accounting for and subsequently measuring FVTPL financial assets at cost less provision for diminution in value.

From 1 January 2017 onwards, the Company has been subsequently measuring FVTPL financial assets at market value or fair value (in case market value is undetermined). The Company applied retrospectively such changes in accounting policies.

**(c) Comparative figures**

As Circular 334/2016 was issued on 27 December 2016, certain comparative figures for the nine-month period ended 31 December 2016 have been reclassified to conform with current reporting period's presentation.

**2.3 Form of records applied**

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

**2.4 Fiscal year**

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

These financial statements are prepared for the period from 1 January 2017 to 31 December 2017.

**2.5 Currency**

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

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

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



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 Cash and cash equivalents**

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

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

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

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

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

- It is purchased or created for resale/repurchase in 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).



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

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

**2.7 Financial assets (continued)**

**(a) Classification (continued)**

**(i) Financial assets carried at fair value through profit or loss (FVTPL) (continued)**

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.

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
- 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).

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(a) Classification (continued)****(iii) Available-for-sale (AFS)**

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or not classified as:

- Loans and receivables;
- Held-to-maturity investments; or
- Financial assets at fair value through profit or loss.

AFS financial assets are recognized initially at cost (acquisition cost plus (+) transaction costs which are directly attributable to the purchase of the financial assets). After initial recognition, available-for-sale financial assets are subsequently measured at fair value.

Any difference arising from the revaluation of AFS financial assets at fair value/market value in comparison with previous in recognized under "Gain/(loss) from revaluation of AFS financial assets" in "Other comprehensive income after tax" which is a part of the consolidated income statement.

**(iv) 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.

**(b) Reclassification****(i) Reclassification of non-FVTPL financial assets to be sold**

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

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

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

- Non-derivative FVTPL financial assets and those not required to be classified into FVTPL group at initial recognition may be reclassified into loans and receivables in limited cases or cash and cash equivalents if they qualify classification conditions.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(b) Reclassification (continued)**

- Gains and losses from revaluation of FVTPL financial assets before the classification are not reversed.
- If the change in intention/ability to hold the financial assets that results that it becomes inappropriate to classify an asset into HTM group, that asset will be reclassified into AFS group and remeasured at fair value. Difference between its carrying value and its fair value is recognised in statement of income – change 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 recorded at cost exclusive of transaction costs. Other financial assets are initially recorded at historical cost.

Bonus issues and stock dividends are initially recorded 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, specifically as below:

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

These equities 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 2017 TO 31 DECEMBER 2017

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

**2.7 Financial assets (continued)**

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

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

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

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

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

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

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

**(f) Provisions 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 to review for impairment 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"). Accordingly, the provision rates for overdue receivables are as follows:

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 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)***Purchase transaction costs*

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

*Selling transaction costs*

Selling transaction costs are expensed off in the year.

*Gain/(loss) on disposals*

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

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

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



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase at a specified future date ("repos") are not derecognised from the statement of financial position. The corresponding proceed is recognised in the statement of financial position as a liability. The difference between the selling price and the repurchase price is recognised as interest expense and is accrued over the life of the agreement using the straight-line method.

Conversely, securities purchased under agreements to resell at a specified future date ("reverse repos") are not recognised in the statement of financial position. The corresponding cash paid is recognised in the statement of financial position as an asset. The difference between the purchase price and resale price is recognized 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 base on the aging of commitments or expected losses in accordance with Circular 228/2009.

**2.9 Fixed assets***Tangible and intangible fixed assets*

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

*Depreciation and amortisation*

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

Transportation vehicles	6 năm
Office equipment	3 – 5 năm
Computer software	3 – 4 năm

*Disposals*

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

**2.10 Leased assets**

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



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.11 Prepaid expenses**

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

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

- Office improvements;
- Office rentals; and
- Office supplies

**2.12 Security deposits**

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

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

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

**(b) Classification**

Classifications of liabilities are based on their nature as follows:

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

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

**2.14 Offsetting financial instruments**

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

**2.15 Income tax paid on behalf of customers**

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

**2.16 Borrowing costs**

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

**2.17 Accrued expenses**

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

**2.18 Provisions**

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

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



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Equity****(a) *Share capital***

Share capital represents the shareholders' contributed capital. Share capital is recorded as 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-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 accounted 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 reporting 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 reporting 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 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 its each profitable year until the accumulated balance of each reserve reaches 10% of the Company's chartered capital.

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

**(d) *Other equity fund***

Other equity fund is made in accordance with resolution of Annual General Meeting of shareholders.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.20 Revenue and income recognition****(a) Revenue on services to investors**

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

Revenue from the sale of services is recognised in the statement of income when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the sale 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 on securities trading and investments in other entities**

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

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

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

**(c) Income on capital activities**

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

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

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

**(e) Other income**

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

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.21 Expenses****(a) Recognition**

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

**(b) Classification**

Expenses are classified by function as follows:

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

**2.22 Current and deferred income tax**

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

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

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

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

**2.23 Dividend distribution**

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



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.24 Related parties**

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

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

**2.25 Segment reporting**

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

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

**2.26 Nil balances**

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

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION****3.1 Cash and cash equivalents**

	As at	
	31.12.2017	31.12.2016
	VND	VND
Cash on hand	464,466,344	614,575,794
Cash at bank	195,756,571,187	59,579,109,106
<b>Total</b>	<b>196,221,037,531</b>	<b>60,193,684,900</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

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

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

	As at 31.12.2017		As at 31.12.2016	
	Cost VND	Market value/ fair value VND	Cost VND	Market value/ fair value VND
<b>Securities listed and securities traded on UPCoM</b>	<b>623,463,083,008</b>	<b>603,512,088,668</b>	<b>116,041,876,192</b>	<b>115,341,556,730</b>
Military Commercial Joint - Stock Bank (MBB)	31,472,529,344	39,031,214,800	-	-
Hoang Anh Gia Lai Joint Stock Company (HAG)	21,389,874,680	17,265,150,000	-	-
Hoang Anh Gia Lai Agricultural Joint Stock Company (HNG)	49,837,622,065	47,541,880,000	-	-
FPT Telecom JSC (FPT)	27,273,738,154	27,211,576,000	28,077,095,326	26,598,176,000
Hoa Phat Group Joint Stock Company (HPG)	43,471,806,800	49,455,328,500	-	-
Masan Group Corporation (MSN)	40,064,672,292	44,455,320,000	-	-
NovaLand Investment Group Corporation (NVL)	12,243,933,938	12,996,564,000	-	-
FLC Faros., JSC (ROS)	10,769,453,333	11,701,480,000	-	-
Saigon Thuong Tin Commercial Joint Stock Bank (STB)	20,269,856,517	20,812,631,000	-	-
Joint Stock Commercial Bank For Foreign Trade of Viet Nam (VCB)	19,496,530,835	22,030,596,000	-	-
VinGroup Joint Stock Company (VIC)	57,333,199,237	58,990,722,000	-	-
Vietnam Dairy Products Joint-Stock Company (VNM)	56,269,989,797	59,780,588,000	-	-
GTN FOODS Joint-Stock Company (GTN)	17,500,000,000	20,250,000,000	17,500,000,000	20,750,083,000
Others	216,069,876,016	171,989,038,368	70,464,780,866	67,993,297,730
<b>Unlisted and unregistered securities</b>	<b>93,725,137,636</b>	<b>84,003,529,886</b>	<b>246,484,721,548</b>	<b>191,030,138,825</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
Dong A Joint Stock Commercial Bank	16,967,999,502	503,824,000	16,967,999,502	1,511,472,000
Tan Binh Real Estate Joint Stock Company	12,025,000,000	913,500,000	12,025,000,000	6,300,000,000
Ca Mau Seafood Joint Stock Company	10,950,000,000	585,000,000	10,950,000,000	585,000,000
Can Tho Import - Export Seafood Joint Stock Company	4,900,000,000	239,414,000	4,900,000,000	1,586,117,750
Saigon Post and Telecommunications Service Corporation	4,406,400,000	220,084,000	4,406,400,000	2,200,840,000
Others	5,672,098,134	42,738,067,886	158,431,682,046	140,043,069,075
<b>Bond</b>	<b>173,114,572,242</b>	<b>173,114,572,242</b>	-	-
CII Bond 2017	173,114,572,242	173,114,572,242	-	-
<b>Total</b>	<b>890,302,792,886</b>	<b>860,630,190,796</b>	<b>362,526,597,740</b>	<b>306,371,695,555</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.2 Financial assets at fair value through profit or loss (FVTPL) (continued)****As at 31 December 2017**

	Book value VND	Market price/ recoverable value VND	Comparison to market price or recoverable value		Market price/ Book value VND
			Increase VND	recoverable value VND	
Securities listed and securities traded on UPCoM	623,463,083,008	603,512,088,668	39,629,694,996	(17,265,420,834)	645,827,357,170
Unlisted and unregistered securities	93,725,137,636	84,003,529,886	-	(52,036,876,252)	41,688,261,384
Bond	173,114,572,242	173,114,572,242	-	-	173,114,572,242
<b>Total</b>	<b>890,302,792,886</b>	<b>860,630,190,796</b>	<b>39,629,694,996</b>	<b>(69,302,297,086)</b>	<b>860,630,190,796</b>

**As at 31 December 2016**

	Book value VND	Market price/ recoverable value VND	Comparison to market price or recoverable value		Market price/ Book value VND
			Increase VND	recoverable value VND	
Securities listed and securities traded on UPCoM	116,041,876,192	115,341,556,730	5,246,169,979	(5,946,489,441)	115,341,556,730
Unlisted and unregistered securities	246,484,721,548	191,030,138,825	-	(55,454,582,723)	191,030,138,825
<b>Total</b>	<b>362,526,597,740</b>	<b>306,371,695,555</b>	<b>5,246,169,979</b>	<b>(61,401,072,164)</b>	<b>306,371,695,555</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

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

## 3.3 Available-for-sale (AFS) financial assets

	As at 31.12.2017		As at 31.12.2016	
	Cost VND	Market value/ fair value VND	Cost VND	Market value/ fair value VND
<b>Securities listed</b>	<b>280,112,167,330</b>	<b>330,585,520,000</b>	-	-
Mobile World JSC (MWG)	162,044,908,818	182,091,310,000	-	-
Vietnam Joint Stock Commercial Bank for Private Enterprises (VPB)	118,067,258,512	148,494,210,000	-	-
<b>Unlisted and unregistered securities</b>	<b>31,563,119,035</b>	<b>68,670,094,501</b>	-	-
Ho Chi Minh Development Joint Stock Commercial Bank (HDB)	31,563,119,035	68,670,094,501	-	-
<b>Total</b>	<b>311,675,286,365</b>	<b>399,255,614,501</b>	-	-

## As at 31 December 2017

	Book value VND	Market price/ recoverable value VND	Comparison to market price or recoverable value		Market price/ Book value VND
			Increase VND	Decrease VND	
Securities listed	280,112,167,330	330,585,520,000	50,473,352,670	-	330,585,520,000
Unlisted and unregistered securities	31,563,119,035	68,670,094,501	37,106,975,466	-	68,670,094,501
<b>Total</b>	<b>311,675,286,365</b>	<b>399,255,614,501</b>	<b>87,580,328,136</b>	-	<b>399,255,614,501</b>



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.4 Loans**

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

		<b>As at</b>	
		<b>31.12.2017</b>	<b>31.12.2016</b>
		<b>VND</b>	<b>VND</b>
Margin loans	(i)	4,484,136,971,952	2,666,330,636,119
Trading advances	(ii)	17,455,331,654	84,614,597,275
<b>Total</b>		<b>4,501,592,303,606</b>	<b>2,750,945,233,394</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.

**3.5 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 2017 TO 31 DECEMBER 2017

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.6 Receivables**

		<b>As at</b>	
		<b>31.12.2017</b>	<b>31.12.2016</b>
		<b>VND</b>	<b>VND</b>
<b>Receivables from services provided by the Company</b>			
Receivable from VSD		-	312,618,075,234
Receivable from securities purchasing	(i)	468,267,233,092	51,168,439,301
Consultancy service fees receivable		1,336,650,000	4,119,375,001
Other receivables from trading activities		1,417,468,286	2,102,514,140
<b>Total</b>		<b><u>471,021,351,378</u></b>	<b><u>370,008,403,676</u></b>
<b>Other receivables</b>			
Overdue margin loans	(ii)	37,783,317,946	33,110,251,549
Others		8,817,717,166	2,057,428,231
<b>Total</b>		<b><u>46,601,035,112</u></b>	<b><u>35,167,679,780</u></b>

- (i) The receivable as from securities trading as at 31 December 2017 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 2017 TO 31 DECEMBER 2017

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.7 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	33,110,251,549	37,783,317,946	33,110,251,549	4,673,066,397	-	37,783,317,946
Other receivables from securities trading	1,800,474,202	1,800,474,202	1,800,474,202	-	-	1,800,474,202
<b>Total</b>	<b>34,910,725,751</b>	<b>39,583,792,148</b>	<b>34,910,725,751</b>	<b>4,673,066,397</b>	<b>-</b>	<b>39,583,792,148</b>



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.8 Fixed assets****(a) Tangible fixed assets**

	<b>Transportation vehicles VND</b>	<b>Office equipment VND</b>	<b>Total VND</b>
<b>Historical cost</b>			
As at 1.1.2017	3,462,891,640	42,309,152,870	45,772,044,510
Additions	1,053,080,000	15,637,090,313	16,690,170,313
Disposal	(506,088,000)	(3,437,101,774)	(3,943,189,774)
As at 31.12.2017	<b><u>4,009,883,640</u></b>	<b><u>54,509,141,409</u></b>	<b><u>58,519,025,049</u></b>
<b>Accumulated depreciation</b>			
As at 1.1.2017	2,031,687,575	38,109,400,005	40,141,087,580
Depreciation in year	420,984,455	3,973,162,202	4,394,146,657
Disposal	(506,088,000)	(3,424,495,774)	(3,930,583,774)
As at 31.12.2017	<b><u>1,946,584,030</u></b>	<b><u>38,658,066,433</u></b>	<b><u>40,604,650,463</u></b>
<b>Net book value</b>			
As at 1.1.2017	1,431,204,065	4,199,752,865	5,630,956,930
As at 31.12.2017	<b><u>2,063,299,610</u></b>	<b><u>15,851,074,976</u></b>	<b><u>17,914,374,586</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.8 Fixed assets (continued)****(b) Intangible fixed assets**

	Computer software VND
<b>Historical cost</b>	
As at 1.1.2017	29,853,565,250
Additions	21,858,418,576
Disposal	<u>(354,977,811)</u>
As at 31.12.2017	<b><u>51,357,006,015</u></b>
<b>Accumulated depreciation</b>	
As at 1.1.2017	26,368,145,854
Depreciation in year	5,166,786,603
Disposal	<u>(270,412,222)</u>
As at 31.12.2017	<b><u>31,264,520,235</u></b>
<b>Net book value</b>	
As at 1.1.2017	<u>3,485,419,396</u>
As at 31.12.2017	<b><u>20,092,485,780</u></b>

**(c) Construction in progress**

Construction in progress comprises the followings:

	As at	
	31.12.2017 VND	31.12.2016 VND
Software purchases	6,671,122,776	5,298,570,886
System setup costs	-	4,052,293,236
Others	<u>179,919,000</u>	<u>1,807,447,420</u>
<b>Total</b>	<b><u>6,851,041,776</u></b>	<b><u>11,158,311,542</u></b>



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.9 Long-term prepaid expenses**

	<b>As at</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Office rentals	92,536,208,360	95,368,949,432
Office improvements	1,721,878,064	723,757,334
Office supplies	-	68,128,134
<b>Total</b>	<b><u>94,258,086,424</u></b>	<b><u>96,160,834,900</u></b>

**3.10 Deferred income tax assets**

	<b>As at</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Deferred income tax assets	-	3,638,284,131

The movement of deferred income tax assets is as follows:

	<b>As at</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Beginning of year	3,638,284,131	-
Income statement charge	(1,164,912,770)	3,638,284,131
Transfer to deferred income tax payable	(2,473,371,361)	-
<b>End of year</b>	<b><u>-</u></b>	<b><u>3,638,284,131</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.11 Deposits in the Settlement Supporting Fund**

According to Decision No.45/QD-VSD dated 22 May 2014 issued by the Vietnam Securities Depository Center, the Company is required to deposit an initial amount of VND120 million at the Vietnam Securities Depository Center 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 billions.

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

	<b>As at</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Initial contribution	120,000,000	120,000,000
Additional contributions	19,212,583,310	18,224,666,297
Allocated interests	667,416,690	987,917,013
<b>Total</b>	<b>20,000,000,000</b>	<b>19,332,583,310</b>

**3.12 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 Center, the minimum amount of initial contribution applicable to direct clearing members is VND10 billions.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.13 Borrowings**

Movements of borrowings during the year are as follows:

	Interest % per annum	Opening balance VND	Disbursement VND	Repayment VND	Closing balance VND
Short-term borrowings	6,8 – 9,0	1,000,000,000,000	16,879,200,000,000	(15,674,400,000,000)	2,204,800,000,000
Bank overdrafts	6,5 – 7,1	-	12,267,235,798,979	(11,992,280,399,605)	274,955,399,374
<b>Total</b>		<b><u>1,000,000,000,000</u></b>	<b><u>29,146,435,798,979</u></b>	<b><u>27,666,680,399,605</u></b>	<b><u>2,479,755,399,374</u></b>

Borrowings have maturities from 1 to 3 months and are used to supplement working capital for operations.

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

**3.14 Short-term bonds**

According to Board Resolution No.13/2017/NQ-HDQT, dated 26 Oct 2017, HSC issued 800 Billion VND corporate bonds with unlisted bond face value 1 Billion VND / bond, interest rate 9%/pa, no collateral with 1 year maturity, the principal and interest is paid at the end of the term.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.15 Trading obligations**

	<b>As at</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Payables to an investor relating their advance for securities purchase	140,557,861,392	17,170,000,000
Brokerage fee payables to Stock Exchanges and VSD	11,028,458,623	4,733,085,057
Clearing with Stock Exchange	180,277,721,001	-
Payables to other parties	20,561,945,800	15,440,005,800
<b>Total</b>	<b>352,425,986,816</b>	<b>37,343,090,857</b>

**3.16 Tax and other payables to the State Budget**

	<b>As at</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Corporate income tax - current	48,296,385,750	28,854,214,980
Personal income tax withheld and paid on behalf of investors	10,984,227,718	3,547,047,973
Corporate income tax withheld and paid on behalf of foreign institutions	5,728,933,050	4,073,130,728
Foreign corporate tax	1,598,581,784	1,297,255,563
Personal income tax withheld and paid on behalf of employees	13,760,408,957	1,033,089,189
Value added tax	145,728,581	336,102,930
<b>Total</b>	<b>80,514,265,840</b>	<b>39,140,841,363</b>

**3.17 Short-term accrued expenses**

	<b>As at</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Employees' performance reward	34,000,000,000	12,000,000,000
Interest expenses	9,747,165,820	3,615,835,487
Others	6,273,584,622	3,502,849,447
<b>Total</b>	<b>50,020,750,442</b>	<b>19,118,684,934</b>



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.18 Other short-term liabilities**

	As at	
	31.12.2017	31.12.2016
	VND	VND
Receipts from investors for their subscription of shares of issuers	5,510,000	35,453,170,000
HCM's dividend payable to shareholders	82,277,009,573	67,765,947,688
Dividends paid on behalf	2,296,720,302	2,566,598,772
Other payables	7,516,715,221	3,025,391,752
<b>Total</b>	<b>92,095,955,096</b>	<b>108,811,108,212</b>

**3.19 Deferred income tax payable**

	As at	
	31.12.2017	31.12.2016
	VND	VND
Deferred income tax payable	15,042,694,266	-
<b>Total</b>	<b>15,042,694,266</b>	<b>-</b>

The movement of deferred income tax payable is as follows:

	As at	
	31.12.2017	31.12.2016
	VND	VND
Beginning of year	-	-
Income statement charge	17,516,065,627	-
Transfer from deferred income tax assets	(2,473,371,361)	-
<b>End of year</b>	<b>15,042,694,266</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.20 Share capital****(a) Number of shares**

	As at	
	31.12.2017 VND	31.12.2016 VND
Number of shares registered	129,756,758	127,256,758
Number of shares issued	129,756,758	127,256,758
Number of shares repurchased	(186,390)	(101,390)
Number of existing shares in issue	<u>129,570,368</u>	<u>127,155,368</u>

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

**(b) Movement of share capital**

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

**3.21 Undistributed earnings**

	As at	
	31.12.2017 VND	31.12.2016 VND
Undistributed realised profits	861,985,479,360	628,246,013,560
Unrealised losses	(29,672,602,090)	(56,154,902,185)
Total	<u>832,312,877,270</u>	<u>572,091,111,375</u>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS****4.1 Bad debts written off**

	As at	
	31.12.2017	31.12.2016
	VND	VND
Other receivables	345,059,000	345,059,000

**4.2 Foreign currencies**

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

	As at	
	31.12.2017	31.12.2016
US Dollar	13,402.69	45,182.58
Japanese Yen	240,905	190,755
Singapore Dollar	300	300
British Pound	93,17	100
Taiwanese Dollar	3,200	3,200
Canadian Dollar	100	100

**4.3 Number of shares in issue**

	As at	
	31.12.2017	31.12.2016
<b>Ordinary shares</b>		
Quantity issued within 1 year (share)	2,500,000	-
Quantity issued for 1 year or more (share)	127,070,368	127,155,368
	129,570,368	127,155,368



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**5 NOTES TO THE STATEMENT OF INCOME****5.1 Net realised gains on disposals of FVTPL financial assets**

	<b>4th Quarter</b>		<b>Year to date</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Realised gains on disposals of FVTPL financial assets	99,006,355,403	38,033,659,059	223,939,360,482	61,894,899,087
Realised losses on disposals of FVTPL financial assets	(39,521,460,206)	(2,517,648,679)	(51,575,446,569)	(14,268,022,902)
<b>Total</b>	<b><u>59,484,897,214</u></b>	<b><u>35,516,012,396</u></b>	<b><u>172,363,915,930</u></b>	<b><u>47,626,878,201</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**5 NOTES TO THE STATEMENT OF INCOME (continued)****5.2 Gains/(losses) from from revaluation of FVTPL financial assets**

	4th Quarter		Year to date	
	2017 VND	2016 VND	2017 VND	2016 VND
Gains from revaluation of FVTPL financial assets	11,396,809,745	1,053,296,454	34,575,574,912	5,246,169,979
Losses from revaluation of FVTPL financial assets	(8,964,129,296)	(6,799,185,758)	(8,093,274,817)	(3,496,595,999)
<b>Total</b>	<b><u>2,432,680,449</u></b>	<b><u>(5,745,889,304)</u></b>	<b><u>26,482,300,095</u></b>	<b><u>1,749,573,980</u></b>

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

	Cost VND	Market value/ fair value VND	Accumulated revaluation gains/(losses) 31.12.2017 VND	Accumulated revaluation gains/(losses) 31.12.2016 VND	Credited/ (charged) to statement of income VND
Listed securities and securities traded on UPCoM	623,463,083,008	603,512,088,668	(19,950,994,340)	(700,319,462)	(19,250,674,878)
Unlisted and unregistered securities	93,725,137,636	84,003,529,886	(9,721,607,750)	(55,454,582,723)	45,732,974,973
Bond	<u>173,114,572,242</u>	<u>173,114,572,242</u>	-	-	-
<b>Total</b>	<b><u>890,302,792,886</u></b>	<b><u>860,630,190,796</u></b>	<b><u>(29,672,602,090)</u></b>	<b><u>(56,154,902,185)</u></b>	<b><u>26,482,300,095</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**5 NOTES TO THE STATEMENT OF INCOME (continued)****5.3 Operating Expenses**

	4th Quarter		Year to date	
	2017 VND	2016 VND	2017 VND	2016 VND
Self-trading expenses	51,411,868,448	12,500,133,867	100,063,505,528	23,567,021,196
Brokerage fee expenses	115,017,499,444	48,755,776,412	285,215,150,671	206,830,545,356
Consultancy expenses	2,896,554,753	2,532,332,411	8,970,191,476	9,996,332,411
Custody fee expenses	1,969,112,782	1,381,335,341	6,896,562,514	5,096,284,054
Provision for bad receivables expenses	-	-	4,673,066,397	18,191,420,657
Other operating expenses	3,603,537,114	131,469,498	4,466,801,147	674,370,390
<b>Total</b>	<b><u>174,898,572,541</u></b>	<b><u>65,301,047,529</u></b>	<b><u>410,285,277,733</u></b>	<b><u>264,355,974,064</u></b>

**5.4 General and administration expenses**

	4th Quarter		Year to date	
	2017 VND	2016 VND	2017 VND	2016 VND
Staff costs	31,549,074,541	12,844,821,473	74,022,361,549	47,531,725,142
Rental expenses	6,145,140,927	5,175,721,759	22,494,171,334	20,608,265,525
Outsourcing expenses	4,538,312,619	4,875,172,579	16,958,994,333	14,385,518,961
Depreciations and amortisations	2,255,063,094	849,692,606	5,643,184,064	3,307,473,096
Tax and other fees	111,578,281	44,984,389	282,928,942	360,014,678
Stationery expenses	362,408,614	159,146,035	1,072,902,430	666,139,870
Other administrative expenses	384,788,053	681,555,120	2,526,012,478	5,107,104,040
<b>Total</b>	<b><u>45,346,366,129</u></b>	<b><u>24,631,093,961</u></b>	<b><u>123,000,555,130</u></b>	<b><u>91,966,241,312</u></b>



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**6 RELATED PARTIES DISCLOSURES**

Identified related parties and relationships are presented below:

<b>Related party</b>	<b>Relationship</b>
Dragon Capital Markets Limited (DC)	<p>strategic shareholder – holding 30.27% of share capital</p> <p>The Company's Vice Chairman of the Board of Directors is the Deputy General Director of DC Group</p> <p>The Company's member of the Board of Directors, cum Chief Executive Officer is representative for DC's shares</p>
Ho Chi Minh Finance and Investment State-owned Company (HFIC)	<p>Strategic shareholder – holding 28,90% of share capital.</p> <p>The Company's Vice Chairman of the Board of Directors is the Deputy Director of HFIC</p> <p>The Company's member of the Board of Directors is Deputy Head of Finance and accounting Department at HFIC</p>
PXP Vietnam Emerging Equity Fund Limited	Strategic shareholder – holding 7,09% of share capital
Amersham Industries Limited	DC's subsidiary
Vietnam Enterprise Investments	DC's subsidiary
DC Developing Markets Strategies Public Limited Company	DC's subsidiary
Norges Bank 3	DC's subsidiary
Aquila SPC Ltd	DC's subsidiary
Draig Ltd	DC's subsidiary
Idris Ltd	DC's subsidiary
Board of Directors and Board of Management	Key management

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

## 6 RELATED PARTIES DISCLOSURES (continued)

## (a) Related party transactions in Q4/2017

<i>Related party</i>	<i>Transactions</i>	<i>Current period VND</i>
Dragon Capital Markets Limited (DC)	Brokerage service - purchase	21,930,000,000
	Brokerage service - sale	6,745,000,000
	Brokerage fee income	43,012,500
	Consultancy expenses	1,420,500,000
Amersham Industries Limited	Brokerage service - sale	649,723,151,400
	Brokerage fee income	974,584,729
Vietnam Enterprise Investments	Brokerage service - sale	162,454,219,000
	Brokerage fee income	243,681,329
DC Developing Markets Strategies Public Limited Company	Brokerage service - purchase	93,917,473,500
	Brokerage service - sale	271,704,666,000
	Brokerage fee income	548,433,213
Norges Bank 3	Brokerage service - purchase	25,184,919,000
	Brokerage service - sale	338,480,000,000
	Brokerage fee income	587,342,005
Aquila SPC Ltd	Brokerage service - purchase	310,429,764,000
	Brokerage service - sale	24,081,003,000
	Brokerage fee income	501,766,151
	Brokerage service - sale	128,110,104,000
	Brokerage fee income	192,165,157
Idris Ltd	Brokerage service - purchase	125,385,886,000
	Brokerage service - sale	8,546,400,000
	Brokerage fee income	200,898,429
Compensation of key management	Gross salaries and other benefits in Q4/2017	5,872,481,506

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**6 RELATED PARTIES DISCLOSURES (continued)****(b) Period-end balances with related parties**

<u>Related party</u>	<u>Transactions</u>	<u>Current period VND</u>
DC Developing Markets Strategies Public Limited	Purchases of securities	81,546,445,192
Aquila SPC Ltd	Purchases of securities	18,464,000,000
Ho Chi Minh Finance and Investment State-owned Company (HFIC)	Deposits for securities trading	24,933,079

**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 2017 TO 31 DECEMBER 2017

**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 twelve-month period ended 31 December 2017						
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Others VND	Total VND
Income	608,665,571,371	428,248,267,000	441,683,487,597	45,178,947,072	16,544,363,452	1,540,320,636,492
Expenses	(488,318,910,150)	(339,164,377,403)	(410,012,913)	(19,811,173,982)	(15,358,062)	(847,719,832,510)
Profits before tax	<u>120,346,661,221</u>	<u>89,083,889,597</u>	<u>441,273,474,684</u>	<u>25,367,773,090</u>	<u>16,529,005,390</u>	<u>692,600,803,982</u>

For the twelve-month period ended 31 December 2016						
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Others VND	Total VND
Income	354,014,104,959	69,534,501,163	374,225,382,259	24,601,902,383	2,658,276,843	825,034,167,607
Expenses	(211,926,829,410)	(23,567,021,196)	(192,731,486,224)	(9,996,332,411)	(1,429,208,944)	(439,650,878,185)
Profits before tax	<u>142,087,275,549</u>	<u>45,967,479,967</u>	<u>181,493,896,035</u>	<u>14,605,569,972</u>	<u>1,229,067,899</u>	<u>385,383,289,422</u>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**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 31 December 2017**

	<b>Brokerage and services VND</b>	<b>Trading VND</b>	<b>Lending VND</b>	<b>Consultancy VND</b>	<b>Others VND</b>	<b>Unallocated</b>	<b>Total VND</b>
Assets	3,845,617,309,262	861,415,620,795	1,941,005,011,884	2,487,194,998	12,564,616,915	17,482,289,667	6,680,572,043,521
Liabilities	(1,174,787,603,259)	-	(2,567,849,010,386)	-	(3,634,594,803)	(143,139,682,810)	(3,889,410,891,258)
Net assets	<u>2,670,829,706,003</u>	<u>861,415,620,795</u>	<u>(626,843,998,502)</u>	<u>2,487,194,998</u>	<u>8,930,022,112</u>	<u>(125,657,393,143)</u>	<u>2,791,161,152,263</u>

**As at 31 December 2016**

	<b>Brokerage and services VND</b>	<b>Trading VND</b>	<b>Lending VND</b>	<b>Consultancy VND</b>	<b>Others VND</b>	<b>Unallocated</b>	<b>Total VND</b>
Assets	2,694,827,342,415	307,120,143,057	593,279,662,886	1,796,274,005	13,735,560,734	6,083,351,591	3,616,842,334,688
Liabilities	(73,227,381,323)	-	(1,008,491,170,000)	-	(1,221,786,220)	(141,984,545,882)	(1,224,924,883,425)
Net assets	<u>2,621,599,961,092</u>	<u>307,120,143,057</u>	<u>(415,211,507,114)</u>	<u>1,796,274,005</u>	<u>12,513,774,514</u>	<u>(135,901,194,291)</u>	<u>2,391,917,451,263</u>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

**8 COMPARATIVE FIGURES**

Certain comparative figures have been restated and reclassified to conform to the current year's presentation under Circular 334/2016, specifically presented as follows:

**(a) Statement of financial position**

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017

## 8 COMPARATIVE FIGURES (continued)

## (b) Statement of cash flows

(b) Statement of cash flows

Code	ITEMS	Year to date 2016		
		Previously reported VND	Restatement/ reclassification VND	Restated VND
I. Cash flows from operating activities				
06	Interest expenses	-	45,677,564,138	45,677,564,138
07	Profits from investing activities	(789,590,907)	(1,078,380,134)	(1,867,971,041)
41	Increase in accrued expenses (excluding interest expenses)	5,881,198,227	(4,733,085,057)	1,148,113,170
44	Interest expenses paid	-	(42,965,365,923)	(42,965,365,923)
45	(Increase)/decrease in trade payables	(441,190,555)	4,733,085,057	4,291,894,502
50	Increase/(decrease) in other short-term payables	27,223,376,032	(1,633,818,081)	25,589,557,951

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

19 January 2018

Chief Executive Officer



Johan Nyvene