

FINANCIAL STATEMENTS

QUARTER 3/2019

**HO CHI MINH CITY SECURITIES
CORPORATION**

STATEMENT OF FINANCIAL POSITION

Code	ITEMS	Note	As at	
			30.09.2019 VND	31.12.2018 VND
	ASSETS			
100	CURRENT ASSETS		6,433,886,124,902	5,065,174,554,410
110	Financial assets		6,380,765,392,202	4,949,941,619,088
111	Cash and cash equivalents	3.1	307,813,471,902	117,332,185,998
111.1	Cash		307,813,471,902	117,332,185,998
112	Financial assets at fair value through profit or loss (FVTPL)	3.2	746,613,797,945	834,839,940,206
114	Loans	3.3	4,684,723,196,789	3,262,014,843,244
116	Provisions for impairment loss of financial assets and mortgages	3.4	(23,573,148,070)	(23,573,148,070)
118	Prepayments to suppliers		4,755,205,530	2,081,707,500
119	Service related receivable	3.5	625,069,374,623	742,571,555,348
122	Other receivables	3.5	74,947,285,631	54,258,327,010
129	Provision for doubtful debts	3.6	(39,583,792,148)	(39,583,792,148)
130	Other current assets		53,120,732,700	115,232,935,322
131	Advances		434,538,670	594,697,297
133	Short-term prepaid expenses		8,693,159,580	8,976,240,525
134	Pledged assets, mortgages, security deposits in short term		3,655,832,500	3,405,632,500
137	Other current assets		40,337,201,950	102,256,365,000
137.1	Deposits for derivatives trading activities		40,337,201,950	102,256,365,000
200	NON-CURRENT ASSETS		194,127,811,238	191,130,772,771
220	Fixed assets		42,522,655,277	47,422,412,537
221	Tangible fixed assets	3.7	25,368,751,843	24,065,517,122
222	Historical cost		83,611,139,129	73,789,663,436
223a	Accumulated depreciation		(58,242,387,286)	(49,724,146,314)
227	Intangible fixed assets	3.7	17,153,903,434	23,356,895,415
228	Historical cost		66,236,652,363	64,392,294,363
229a	Accumulated amortisation		(49,082,748,929)	(41,035,398,948)
240	Construction in progress	3.7	10,136,472,906	4,447,220,550
250	Other non-current assets		141,468,683,055	139,261,139,684
251	Pledged assets, mortgages, security deposits in long term		7,116,734,227	7,528,788,877
252	Long-term prepaid expenses	3.8	102,980,079,605	100,173,558,928
253	Deferred income tax assets		1,371,869,223	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	Deposits in the Derivatives trading clearing fund		10,000,000,000	10,000,000,000
270	TOTAL ASSETS		6,628,013,936,140	5,256,305,327,181

STATEMENT OF FINANCIAL POSITION
(continued)

Code	ITEMS	Note	As at	
			30.09.2019 VND	31.12.2018 VND
300	LIABILITIES		2,298,435,892,709	2,195,769,164,684
310	Current liabilities		2,298,435,892,709	2,195,769,164,684
	Short-term borrowings and finance lease liabilities		1,413,100,000,000	1,554,132,323,195
311	liabilities		1,413,100,000,000	1,554,132,323,195
312	Short-term borrowings	3.11	150,000,000,000	150,000,000,000
316	Short-term issued bonds	3.11	604,629,898,859	315,637,153,051
318	Trading obligations	3.12	2,520,435,243	3,466,914,332
320	Short-term trade accounts payable		40,670,155,664	34,014,747,386
322	Tax and other payables to the State Budget	3.13	4,060,373,845	3,591,087,935
324	Employee welfare payables		43,684,784,482	58,349,981,835
325	Short-term accrued expenses	3.14	21,116,324,005	31,471,069,058
329	Other short-term liabilities	3.15	18,653,920,611	45,105,887,892
331	Bonus and welfare funds			
400	OWNERS' EQUITY		4,329,578,043,431	3,060,536,162,497
410	Capital and reserves	3.16	4,329,578,043,431	3,060,536,162,497
411	Owners' capital		3,411,931,836,992	1,625,017,521,491
411.1	Share capital		3,058,822,630,000	1,297,567,580,000
411.1a	Ordinary shares		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		(5,836,857,008)	(2,893,857,008)
414	Supplementary capital reserve		129,756,758,000	129,756,758,000
415	Financial and operational risk reserve		129,756,758,000	129,756,758,000
416	Other equity funds		3,961,374,994	3,961,374,994
417	Undistributed earnings	3.17	654,171,315,445	1,172,043,750,012
417.1	Realised post-tax profits		683,722,171,349	1,223,955,850,562
417.2	Unrealised losses		(29,550,855,904)	(51,912,100,550)
440	TOTAL RESOURCES		6,628,013,936,140	5,256,305,327,181

OFF STATEMENT OF FINANCIAL POSITION ITEMS

Code	ITEMS	Note	As at	
			30.09.2019	31.12.2018
A	ASSETS OF THE COMPANY AND ASSETS IN TRUST			
004	Bad debts written off (VND)	4.1	345,059,000	345,059,000
005	Foreign currencies (original currency)	4.2		
	US Dollar		25,640.81	5,176.74
	Japanese Yen		241,915	241,915
	Singapore Dollar		844	590
	British Pound		97.38	100
	Taiwanese Dollar		3,200	3,200
	Canadian Dollar		100	100
	Malaysian Ringgit		750	750
006	Number of shares in issue (shares)	4.3	305,516,173	129,554,168
007	Number of treasury shares (shares)		366,090	202,590
			Par value (VND)	
008	Securities listed/registered to Vietnam Securities Depository (VSD)		137,023,225,000	317,517,950,000
009	Securities custodied at VSD but not yet traded		3,150,010,000	3,150,000,000
010	Securities awaiting settlement		14,997,000,000	18,501,900,000
012	Securities not custodied at VSD		26,401,400,000	26,401,400,000
018	Covered warrant (CW)	4.4	2,872,270	-
B	ASSETS OF AND LIABILITIES TO CUSTOMERS			
021	Securities listed/registered to Vietnam Securities Depository (VSD)		22,096,776,442,871	20,261,840,614,043
021.1	<i>Freely traded securities</i>		18,183,912,732,600	15,934,948,960,000
021.2	<i>Blocked securities</i>		382,322,490,000	269,550,390,000
021.3	<i>Morgaged securities</i>		2,898,354,520,000	3,391,438,550,000
021.4	<i>Suspended securities</i>		268,676,880,000	132,776,880,000
021.5	<i>Securities awaiting settlement</i>		222,371,388,100	270,097,200,000
021.7	<i>Customers' deposits for derivatives trading</i>		141,138,432,171	263,028,634,043
022	Securities custodied at VSD but not yet traded		71,079,060,000	7,536,110,000
022.1	<i>Securities custodied at VSD but not yet traded – freely traded securities</i>		42,578,030,000	5,612,110,000
022.2	<i>Securities custodied at VSD but not yet traded – blocked securities</i>		28,501,030,000	1,924,000,000

OFF STATEMENT OF FINANCIAL POSITION ITEMS
(continued)

Code	ITEMS	Note	As at	
			30.09.2019 VND	31.12.2018 VND
B	ASSETS OF AND LIABILITIES TO CUSTOMERS (continued)			
023	Securities awaiting settlement		409,061,565,600	352,223,480,000
026	Customers' deposits		979,921,585,212	1,285,995,489,258
027	Customers' deposits for securities trading		838,783,153,041	1,022,966,855,215
027.1	Customers' deposits at VSD		141,138,432,171	263,028,634,043
031	Payables to customers relating to their deposits at the Company for securities trading		838,783,153,041	1,022,966,855,215
031.1	<i>Payables to domestic customers relating to their deposits at the Company for securities trading</i>		812,042,174,209	1,016,049,164,264
031.2	<i>Payables to foreign customers relating to their deposits at the Company for securities trading</i>		26,740,978,832	6,917,690,951
032	Payables to foreign investors for a tender offer of listed securities		1,410,612,705,000	-

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

18 October 2019

Deputy Chief Executive Officer



Trinh Hoai Giang

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

Form B02a – CTCK

STATEMENT OF INCOME

Code	ITEMS	Note	3rd Quarter		Year to date	
			2019 VND	2018 VND	2019 VND	2018 VND
	OPERATING INCOME					
01	Gains from financial assets at fair value through profit or loss (FVTPL)		129,241,966,244	90,882,685,602	380,727,636,862	797,684,427,140
01.1	Realised gains on disposals of FVTPL financial assets	5.1	103,979,662,448	54,628,342,788	300,656,791,624	747,294,727,894
01.2	Gains from revaluation of FVTPL financial assets	5.2a	(6,958,107,846)	9,534,391,493	3,494,639,873	(29,813,713,060)
01.3	Dividends and interest income from FVTPL financial assets		32,220,411,642	26,719,951,321	76,576,205,365	80,203,412,306
03	Interest income from loans and receivables		128,936,015,118	113,310,479,652	362,721,640,176	405,746,189,215
06	Brokerage fee income		116,914,896,775	158,510,346,131	354,733,333,255	619,747,753,097
09	Custody service income		1,917,658,981	2,177,991,757	5,694,981,367	6,301,032,084
10	Financial consultancy service income		11,210,241,755	52,867,441,848	46,043,983,823	114,308,751,715
11	Other operating income		594,779,568	752,603,458	1,690,806,066	3,878,981,459
20	TOTAL OPERATING INCOME		388,815,558,441	418,501,548,448	1,151,612,381,549	1,947,667,134,710
	OPERATING EXPENSES					
21	Losses from financial assets at fair value through profit or loss (FVTPL)		60,809,329,268	53,015,193,691	226,591,662,447	537,518,133,095
21.1	Realised losses on disposals of FVTPL financial assets	5.1	65,146,369,011	61,040,145,790	245,458,267,220	571,912,644,537
21.2	Losses from revaluation of FVTPL financial assets	5.2a	(8,369,471,532)	(8,024,952,099)	(22,923,221,170)	(34,394,511,442)
21.4	Increase in revaluation losses of covered warrants	5.2b	4,032,431,789	-	4,056,616,397	-
24	Provisions for diminution in value of financial assets and impairment losses and borrowing costs to finance lending activities		30,751,027,116	27,394,403,831	105,469,205,171	133,782,520,037
26	Self-trading expenses		18,222,529,354	11,050,491,110	56,429,284,793	51,732,157,345
27	Brokerage fee expenses		82,842,337,268	114,263,829,463	235,839,418,312	333,170,657,001
30	Custody fee expenses		1,889,430,019	2,563,912,428	6,125,031,185	7,655,229,637
31	Financial consultancy expenses		6,773,200,684	9,780,231,363	12,995,689,044	26,058,878,752
32	Other operating expenses		125,928,858	154,083,557	337,080,588	344,742,074
40	TOTAL OPERATING EXPENSES		201,413,782,567	218,222,145,443	643,787,371,540	1,090,262,317,941

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

Form B02a – CTCK

STATEMENT OF INCOME
(continued)

Code	ITEMS	Note	3rd Quarter		Year to date	
			2019 VND	2018 VND	2019 VND	2018 VND
	FINANCIAL INCOME					
42	Dividend income and interest income from demand deposits		186,330,371	197,866,176	1,939,993,818	2,127,689,296
50	TOTAL FINANCIAL INCOME		186,330,371	197,866,176	1,939,993,818	2,127,689,296
62	GENERAL AND ADMINISTRATION EXPENSES	5.3	46,664,099,145	35,552,259,342	130,653,630,341	106,226,506,391
70	OPERATING RESULT		140,924,007,100	164,925,009,839	379,111,373,486	753,305,999,674
	OTHER INCOME AND EXPENSES					
71	Other income		39,045,455	-	57,431,819	78,918,182
80	NET OTHER INCOME		39,045,455	-	57,431,819	78,918,182
90	NET ACCOUNTING PROFIT BEFORE TAX		140,963,052,555	164,925,009,839	379,168,805,305	753,384,917,856
91	Realised profit		143,584,120,658	147,365,666,247	356,807,560,659	748,804,119,474
92	Unrealised (loss)/profit		(2,621,068,103)	17,559,343,592	22,361,244,646	4,580,798,382

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

Form B02a – CTCK

STATEMENT OF INCOME
(continued)

Code	ITEMS	Note	3rd Quarter		Year to date	
			2019 VND	2018 VND	2019 VND	2018 VND
100	CORPORATE INCOME TAX		28,319,288,156	33,432,018,492	73,922,819,136	150,020,640,812
100.1	Corporate income tax – current		28,132,365,500	32,517,439,010	73,735,896,480	149,106,061,330
100.2	Corporate income tax – deferred		186,922,656	914,579,482	186,922,656	914,579,482
200	NET PROFIT AFTER TAX		112,643,764,399	131,492,991,347	305,245,986,169	603,364,277,044

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

18 October 2019

Deputy Chief Executive Officer



Trịnh Hoài Giang

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

Form B03(b)a – CTCK

STATEMENT OF CASH FLOWS
(Indirect method)

Code	ITEMS	Year to date	
		2019 VND	2018 VND
	Cash flows from operating activities		
01	Net profit before tax	379,168,805,305	753,384,917,856
02	Adjustments for:		
03	Depreciation and amortisation	18,053,414,870	14,676,891,246
06	Interest expenses	105,469,205,171	133,782,520,037
07	Profits from investing activities	(57,431,819)	(78,918,182)
08	Accrued interest income	(34,244,605,753)	(20,319,021,918)
10	Add non-cash expenses		
11	Decrease in revaluation losses of FVTPL financial assets	(22,923,221,170)	(34,394,511,442)
11.1	Revaluation losses of covered warrants	4,056,616,397	-
18	Less non-cash income		
19	(Decrease)/increase in revaluation gains of FVTPL financial assets	(3,494,639,873)	29,813,713,060
30	Changes in working capital	(1,070,627,279,313)	901,147,271,011
31	Increase in FVTPL financial assets	114,644,003,304	489,645,154,399
33	(Increase)/decrease in loans	(1,422,708,353,545)	167,344,046,655
34	Decrease in AFS financial assets	-	311,675,286,366
37	Decrease in service related receivables	117,502,180,725	226,190,969,557
39	Decrease in other receivables	13,715,805,759	4,471,745,542
41	Decrease in accrued expenses (excluding interest expenses)	(50,132,054,291)	(21,088,290,498)
42	Increase in prepaid expenses	(2,523,439,732)	(13,085,698,595)
43	Corporate income tax paid	(62,288,390,780)	(164,885,008,070)
44	Interest paid	(97,112,723,233)	(84,337,023,115)
45	Decrease in trade payables	(3,619,977,119)	(3,722,859,906)
46	Increase in employee welfare payables	469,285,910	1,247,818,815
47	Decrease in tax and other payables to the State Budget (excluding corporate income tax paid)	(3,239,048,724)	(8,100,572,013)
50	Decrease/(increase) in other short-term payables	244,060,712,205	(83,393,736,599)
50.1	Increase in covered warrant payables	18,523,702,508	-
51	Other receivables for operating activities	62,081,017,700	81,121,869,000
52	Other payments for operating activities	-	(1,936,430,527)
60	Net cash inflows /(outflows for) from operating activities	(624,599,136,185)	1,778,012,861,668

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

Form B03(b)a – CTCK

STATEMENT OF CASH FLOWS
(Indirect method)
(continued)

Code	ITEMS	Year to date	
		2019 VND	2018 VND
	Cash flows from investing activities		
61	Purchases of fixed assets	(18,842,909,966)	(22,680,302,611)
62	Proceeds from disposals of fixed assets	63,175,000	86,810,000
70	Net cash outflows for investing activities	(18,779,734,966)	(22,593,492,611)
	Cash flows from financing activities		
71	Proceeds from issuance of shares	1,222,514,474,000	-
72	Payments for share repurchases	(2,027,400,000)	(291,600,000)
73	Proceeds from borrowings	23,104,437,414,060	19,411,118,427,711
74.3	Repayments of borrowings	(23,245,469,737,255)	(20,619,735,727,085)
76	Dividend paid	(245,594,593,750)	(271,595,393,271)
80	Net cash inflows from/(outflows for) financing activities	833,860,157,055	(1,480,504,292,645)
90	Net increase in cash and cash equivalents	190,481,285,904	274,915,076,412
101	Cash and cash equivalents at beginning of period	117,332,185,998	196,221,037,531
101.1	Cash	117,332,185,998	196,221,037,531
103	Cash and cash equivalents at end of period	307,813,471,902	471,136,113,943
103.1	Cash	307,813,471,902	471,136,113,943

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

Form B03(b)a – CTCK

STATEMENT OF CASH FLOWS
(Indirect method)
(continued)

CASH FLOWS OF BROKERAGE AND TRUSTING ACTIVITIES

Code	ITEMS	Year to date	
		2019 VND	2018 VND
	Cash flows of brokerage and trusting activities		
01	Trade proceeds	51,066,113,328,910	91,851,558,199,940
02	Trade payments	(52,385,276,429,760)	(87,705,783,350,650)
07	Receipts for settlement of customers' transactions	2,551,287,085,043	-
08	Payments from customers' trading accounts	-	(3,789,970,008,862)
11	Payments for custody fees of customers	(5,694,981,367)	(6,301,032,084)
20	(Decrease)/increase in customers' deposits	1,226,429,002,826	349,503,808,344
	Customers' deposits at beginning of period		
30	Cash at bank	1,022,966,855,215	900,545,247,380
31	Customers' deposits at the Company for securities trading	1,022,966,855,215	900,545,247,380
32		1,022,966,855,215	900,545,247,380
	Customers' deposits at end of period		
40	Cash at bank	2,249,395,858,041	1,250,049,055,724
41	Customers' deposits at the Company for securities trading	2,249,395,858,041	1,250,049,055,724
42	Cash flows of brokerage and trusting activities	2,249,395,858,041	1,250,049,055,724

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

18 October 2019

Deputy Chief Executive Officer



Trịnh Hoài Giang

HO CHI MINH CITY SECURITIES CORPORATION

Form B04a – CTCK

STATEMENT OF CHANGES IN EQUITY

Items	As at		For the period ended 30 September 2018		For the period ended 30 September 2018		As at	
	1.1.2018 VND	1.1.2019 VND	Increase VND	Decrease VND	Increase VND	Decrease VND	30.09.2018 VND	30.09.2019 VND
1. Share capital	1,625,309,121,491	1,625,017,521,491	(291,600,000)	-	2,117,258,114,000	330,343,798,499	1,625,017,521,491	3,411,931,836,992
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)	(291,600,000)	-	(2,943,000,000)	-	(2,893,857,008)	(5,836,857,008)
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	603,364,277,044	258,049,180,830	305,245,986,169	823,118,420,736	1,177,627,973,484	654,171,315,445
6.1 Realised profits	861,985,479,360	1,223,955,850,562	598,783,478,662	258,049,180,830	282,884,741,523	823,118,420,736	1,202,719,777,192	683,722,171,349
6.2 Unrealised losses	(29,672,602,090)	(51,912,100,550)	4,580,798,382	-	22,361,244,646	-	(25,091,803,708)	(29,550,855,904)
Total	2,791,161,152,263	3,060,536,162,497	603,072,677,044	328,113,443,338	2,422,504,100,169	1,153,462,219,235	3,066,120,385,969	4,329,578,043,431

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

18 October 2019
Deputy Chief Executive Officer



Trinh Hoai Giang

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 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:

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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 September 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 SEPTEMBER 2019

1 GENERAL INFORMATION (continued)**The corporation's operational features during the Q3/2019 affected the financial statements**

The profit after tax for Q3/2019 was lower 14% than the same period of last year because of the following reasons:

The revenue for Q3/2019 decreased by 7% compared to Q3/2018:

- Revenue from brokerage services for Q3/2019 declined by 26% as a result of 5% decreasing in market trading value compared to that of the same period of 2018 and HSC's market share decreased compared to Q3/2018;
- Revenue from margin lending activities (mentioned in gain from loans and receivables) for Q3/2019 raised 14% compared to Q3/2018 because HSC increased lending margin balance to 18% compared to Q3/2018;
- There was no big business deal was completed and recognised in revenue of Q3/2019, so revenue of advisory activities declined 79% compared to same period of last year.

The operating expense and the administrative expenses for Q3/2019 decreased 10% compared to the same period of last year:

- The operating expenses (excluded from affection mentioned in code 2.1) declined by 8% in Q3/2019, because brokerage expense corresponding to revenue from brokerage services reduced 27% compared to Q3/ 2018;
- The administrative expenses for Q3/2019 were 31% higher than Q3/2018 because of increasing the employee number of back-office departments, which corresponded with development of the market and of the Company.

The corporation's operational features during the nine-month period affected the financial statements

The profit after tax for the nine-month period decreased by 49% compared to that of the same period of last year because of the following reasons:

Revenue of nine-month period 2019 decreased 41% compared to revenue of the same period 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 41% over the period. The market condition has not been favourable in 2019, therefore, there was no such investment to realise high profit same as in 2018;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 2019

2 GENERAL INFORMATION (continued)

The corporation's operational features during the nine-month period affected the financial statements (continued)

- Revenue from brokerage services for nine-month 2019 decreased by 43% as a result of following reasons:
 - a. Fee from securities market: Revenue from brokerage services dropped 41%, as a result of 35% decreasing in market trading value compared to that of the same period of 2018, and HSC's market share decreased compared to the same period of last year;
 - b. Fee from derivatives market: Revenue from derivatives brokerage services decreased 60% compared to the same period of 2018. Due to the competition among securities companies, HSC's brokerage fee per contract and market share decreased significantly.
- Revenue from margin lending activities (mentioned in gain from loans and receivables) for nine-month of 2019 decreased 9% compared to 2018. Competitive pressure on the market effected on interest rate but the average loan outstanding balance maintained compared to 2018;
- There was no big business deal was completed and recognised in revenue of nine-month 2019, so revenue of advisory activities declined 60% compared to the same period of last year.
- The operating expenses and the administrative expenses for nine months period in 2019 decreased 16% compared to the same period of last year.
- The operating expenses reduced 41% because of following reasons:
 - ❖ Brokerage expense corresponding to revenue from brokerage services reduced 29% compared to the last period of 2018;
 - ❖ Interest expense of bank, HSC bond for nine-month 2019 decreased by 21%, because there was more than VND 1.200 Billion injected capital in Q2/2019.
- The administrative expenses for nine months period in 2019 were 23% higher than the same period of last year 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 SEPTEMBER 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 September 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 SEPTEMBER 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 SEPTEMBER 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 SEPTEMBER 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 SEPTEMBER 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 SEPTEMBER 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 48/2019/TT-BTC issued by Ministry of Finance on 8 August 2019 ("Circular 48/2019/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 SEPTEMBER 2019

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

	Provision rate
Overdue period	
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 SEPTEMBER 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 48/2019/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 SEPTEMBER 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 SEPTEMBER 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 SEPTEMBER 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 SEPTEMBER 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 SEPTEMBER 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 SEPTEMBER 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	
	30.09.2019	31.12.2018
	VND	VND
Cash on hand	224,368,744	214,969,560
Cash at bank	295,089,103,158	117,117,216,438
Security deposit for covered warrants issued (i)	12,500,000,000	-
Total	307,813,471,902	117,332,185,998

- (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 SEPTEMBER 2019

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continue)

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

	As at 30.09.2019		As at 31.12.2018	
	Cost VND	Market value/ fair value VND	Cost VND	Market value/ fair value VND
Securities listed and securities traded on UPCoM	219,156,143,582	197,304,833,045	709,217,997,093	672,534,932,248
Mobile World Investment Corporation (MWG)	19,471,690,080	20,082,559,900	106,614,140,258	105,527,259,000
Vietnam Dairy Products Joint-Stock Company (VNM)	17,880,266,598	17,950,739,400	59,409,623,886	56,724,480,000
Technology and Commercial Joint Stock Bank (TCB)	15,490,156,253	15,624,185,500	-	-
VinGroup Joint Stock Company (VIC)	13,773,272,527	13,749,086,600	63,560,661,503	59,581,750,600
Vietnam Prosperity Joint - Stock Commercial Bank (VPB)	13,497,138,193	13,660,261,650	75,480,916,835	69,438,907,650
VietJet Aviation Joint Stock Company (VJC)	10,200,852,834	10,275,311,700	34,277,986,635	33,281,520,000
Masan Group Corporation (MSN)	10,096,234,923	10,043,290,000	43,441,013,888	41,793,425,000
Hoa Phat Group Joint Stock Company (HPG)	10,004,769,049	9,952,173,900	39,529,491,256	40,626,579,400
Others	108,741,763,126	85,967,224,395	286,904,162,832	265,561,010,598
Underlying assets designated as hedges for covered warrants	85,635,821,598	91,760,377,400	-	-
Military Commercial Joint - Stock Bank (MBB)	42,831,179,120	46,108,394,400	-	-
Mobile World Investment Corporation (MWG)	42,804,642,478	45,651,983,000	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 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 30.09.2019		As at 31.12.2018	
	Cost VND	Market value/ fair value VND	Cost VND	Market value/ fair value VND
Unlisted and unregistered securities	36,552,640,000	22,377,138,000	36,552,640,000	22,377,138,000
Viet Nam Investment Fund Management JSC	21,803,640,000	21,803,640,000	21,803,640,000	21,803,640,000
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
Bond	389,000,000,000	389,000,000,000	82,450,161,318	82,450,161,318
Vietjet Aviation Joint Stock Company Bonds	388,000,000,000	388,000,000,000	-	-
Vietnam Bank for Social Policies	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Ho Chi Minh City Infrastructure Investment Joint Stock Company	-	-	81,450,161,318	81,450,161,318
ETF certificates	45,820,048,669	46,171,449,500	58,531,242,345	57,477,708,640
VFMVN30 ETF	45,820,048,669	46,171,449,500	58,531,242,345	57,477,708,640
Total	<u>776,164,653,849</u>	<u>746,613,797,945</u>	<u>886,752,040,756</u>	<u>834,839,940,206</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 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 September 2019

	Cost VND	Comparison to market price or fair value		Market price/ fair value VND
		Increase VND	fair value VND	
Listed shares and shares traded on UPCoM	219,156,143,582	7,760,694,838	(29,612,005,375)	197,304,833,045
Underlying assets designated as hedges for covered warrants	85,635,821,598	6,124,555,802	-	91,760,377,400
Unlisted and unregistered shares	36,552,640,000	-	(14,175,502,000)	22,377,138,000
Listed bond	389,000,000,000	-	-	389,000,000,000
ETF certificates	45,820,048,669	351,400,831	-	46,171,449,500
Total	776,164,653,849	14,236,651,471	(43,787,507,375)	746,613,797,945

As at 31 December 2018

	Cost VND	Comparison to market price or fair value		Market price/ fair value VND
		Increase VND	fair value 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	36,552,640,000	-	(14,175,502,000)	22,377,138,000
Listed bond	82,450,161,318	-	-	82,450,161,318
ETF certificates	58,531,242,345	-	(1,053,533,705)	57,477,708,640
Total	886,752,040,756	4,617,455,796	(56,529,556,346)	834,839,940,206

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 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	
		30.09.2019	31.12.2018
		VND	VND
Margin loans	(i)	4,669,710,045,183	3,143,086,409,319
Trading advances	(ii)	15,013,151,606	118,928,433,925
Total		<u>4,684,723,196,789</u>	<u>3,262,014,843,244</u>

(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 SEPTEMBER 2019

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.5 Receivables

		As at	
		30.09.2019 VND	31.12.2018 VND
Receivables from services provided by the Company			
Receivable from securities purchasing	(i)	616,211,436,676	707,233,913,794
Receivable from VSD		5,041,709,684	-
Consultancy service fees receivable		1,929,049,625	1,336,650,000
Other receivables from trading activities		1,887,178,638	34,000,991,554
Total		625,069,374,623	742,571,555,348
Other receivables			
Overdue margin loans	(ii)	37,783,317,946	37,783,317,946
Bank interest receivables		34,244,605,753	12,913,689,042
Others		2,919,361,932	3,561,320,022
Total		74,947,285,631	54,258,327,010

(i) The receivable as from securities trading as at 30 September 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 SEPTEMBER 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
Total	<u>39,583,792,148</u>	<u>39,583,792,148</u>	<u>39,583,792,148</u>	<u>-</u>	<u>-</u>	<u>39,583,792,148</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 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
Historical cost			
As at 01.01.2019	4,009,883,640	69,779,779,796	73,789,663,436
New purchases	-	11,309,299,610	11,309,299,610
Disposals		(1,487,823,917)	(1,487,823,917)
As at 30.09.2019	<u>4,009,883,640</u>	<u>79,601,255,489</u>	<u>83,611,139,129</u>
Accumulated depreciation			
As at 01.01.2019	2,469,951,269	47,254,195,045	49,724,146,314
Charge for the period	392,525,425	9,613,539,464	10,006,064,889
Disposals		(1,487,823,917)	(1,487,823,917)
As at 30.09.2019	<u>2,862,476,694</u>	<u>55,379,910,592</u>	<u>58,242,387,286</u>
Net book value			
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 30.09.2019	<u>1,147,406,946</u>	<u>24,221,344,897</u>	<u>25,368,751,843</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 2019

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**3.7 Fixed assets (continued)****(b) Intangible fixed assets**

	Computer software VND
Historical cost	
As at 01.01.2019	64,392,294,363
New purchases	<u>1,844,358,000</u>
As at 30.09.2019	<u>66,236,652,363</u>
Accumulated depreciation	
As at 01.01.2019	41,035,398,948
Charge for the period	<u>8,047,349,981</u>
As at 30.09.2019	<u>49,082,748,929</u>
Net book value	
As at 01.01.2019	<u>23,356,895,415</u>
As at 30.09.2019	<u>17,153,903,434</u>

(c) Construction in progress

Construction in progress comprises the following:

	As at	
	30.09.2019	31.12.2018
	VND	VND
Purchases of trading software	<u>10,136,472,906</u>	<u>4,447,220,550</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 2019

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

	As at	
	30.09.2019	31.12.2018
	VND	VND
Office rental	87,578,911,481	89,703,467,288
Office renovation	6,390,023,099	5,803,432,315
Consulting fee	6,108,896,385	-
IT costs	2,902,248,640	4,666,659,325
Total	102,980,079,605	100,173,558,928

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 September 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 SEPTEMBER 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
Short-term borrowings (i)					
Bank borrowings	5,0 – 8,0	1,350,000,000,000	11,690,400,000,000	(11,692,300,000,000)	1,348,100,000,000
Bank overdrafts	6,8 – 8,0	204,132,323,195	11,414,037,414,060	(11,553,169,737,255)	65,000,000,000
		1,554,132,323,195	23,104,437,414,060	(23,245,469,737,255)	1,413,100,000,000
Short-term issued bonds (ii)					
Private offering short term bond	7,0	150,000,000,000	-	-	150,000,000,000
		150,000,000,000	-	-	150,000,000,000
Total		1,704,132,323,195	23,104,437,414,060	(23,245,469,737,255)	1,563,100,000,000

- (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 September 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 September 2019, the number and value of bond have not changed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 2019

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.12 Trading obligations

	As at	
	30.09.2019	31.12.2018
	VND	VND
Trading settlement balances with the Stock Exchanges	341,277,451,755	83,159,390,391
Advances from investors for securities purchases	233,898,575,204	226,450,973,390
Covered warrant payables	22,580,318,905	-
Payables to Stock Exchanges and VSD	6,176,989,959	6,026,789,270
Others	696,563,036	-
Total	604,629,898,859	315,637,153,051

3.13 Tax and other payables to the State budget

	As at	
	30.09.2019	31.12.2018
	VND	VND
Corporate income tax - current	28,132,365,500	16,684,859,800
Personal income tax withheld and paid on behalf of investors	5,885,923,170	11,199,027,876
Corporate income tax withheld and paid on behalf of foreign institutions	3,004,652,904	3,250,876,181
Foreign contractor tax	-	338,263,079
Personal income tax withheld and paid on behalf of employees	2,897,069,952	2,341,828,338
Value added tax	750,144,138	199,892,112
Total	40,670,155,664	34,014,747,386

3.14 Short-term accrued expenses

	As at	
	30.09.2019	31.12.2018
	VND	VND
Allowance for working performance	26,244,000,000	45,000,000,000
Interest expenses	12,310,115,482	3,953,633,544
Others	5,130,669,000	9,396,348,291
Total	43,684,784,482	58,349,981,835

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 2019

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

	As at	
	30.09.2019	31.12.2018
	VND	VND
Dividends payable to shareholders	5,479,578,444	5,097,667,994
Dividends paid on behalf	2,851,669,414	2,507,431,082
Business development expenses payables	788,313,897	19,288,313,897
Other payables	11,996,762,250	4,577,656,085
Total	21,116,324,005	31,471,069,058

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

	As at	
	30.09.2019	31.12.2018
	VND	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	(366,090)	(202,590)
Number of existing shares in issue	<u>305,516,173</u>	<u>129,554,168</u>

As at 30 September 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 SEPTEMBER 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	<u>(16,200)</u>
As at 31 December 2018	129,554,168
New shares issued	176,125,505
Treasury shares repurchased	<u>(163,500)</u>
As at 30 September 2019	<u>305,516,173</u>

3.17 Undistributed earnings

	As at	
	30.09.2019	31.12.2018
	VND	VND
Realised post-tax profits	683,722,171,349	1,223,955,850,562
Unrealised losses	<u>(29,550,855,904)</u>	<u>(51,912,100,550)</u>
Total	<u>654,171,315,445</u>	<u>1,172,043,750,012</u>

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

	As at	
	30.09.2019	31.12.2018
	VND	VND
Other receivables	<u>345,059,000</u>	<u>345,059,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 2019

4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS (continued)**4.2 Foreign currencies**

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

	As at	
	30.09.2019	31.12.2018
US Dollar	25,640.81	5,176.74
Japanese Yen	241,915	241,915
Singapore Dollar	844	590
British Pound	97.38	100
Taiwanese Dollar	3.200	3.200
Canadian Dollar	100	100
Malaysian Ringgit	750	750

4.3 Number of shares in issue

	As at	
	30.09.2019	31.12.2018
Quantity issued for 1 year or more (share)	129,390,668	129,554,168
Quantity issued within 1 year (share)	176,125,505	-
Total	305,516,173	129,554,168

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 2019

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

4.4 Covered warrant

Ticker symbol	Underlying security	Maturity date	Number of covered warrants authorised for issue	As at 30.09.2019 Covered warrant			Number of covered warrants authorised but not yet issued
				Number of Additional Issuance of Covered Warrants	Number of covered warrants issued		
CMBB1902	Military Commercial Joint - Stock Bank (MBB)	17.12.2019	1,000,000	4,000,000	2,137,650		2,862,350
CMWG1903	Mobile World Investment Corporation (MWG)	26.12.2019	2,000,000	-	1,990,080		9,920
Total			3,000,000	4,000,000	4,127,730		2,872,270

5 NOTES TO THE STATEMENT OF INCOME

5.1 Net realised gains on disposals of FVTPL financial assets

	3rd Quarter		Year to date	
	2019 VND	2018 VND	2019 VND	2018 VND
Realised gains on disposals of FVTPL financial assets	103,979,662,448	54,628,342,788	300,656,791,624	747,294,727,894
Realised losses on disposals of FVTPL financial assets	(65,146,369,011)	(61,040,145,790)	(245,458,267,220)	(571,912,644,537)
Total	38,833,293,437	(6,411,803,002)	55,198,524,404	175,382,083,357

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 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

	3rd Quarter		Year to date	
	2019	2018	2019	2018
	VND	VND	VND	VND
Gains from revaluation of FVTPL financial assets	(6,958,107,846)	9,534,391,493	3,494,639,873	(29,813,713,060)
Losses from revaluation of FVTPL financial assets	8,369,471,532	8,024,952,099	22,923,221,170	34,394,511,442
Total	1,411,363,686	17,559,343,592	26,417,861,043	4,580,798,382

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

	3rd Quarter		Year to date	
	2019	2018	2019	2018
	VND	VND	VND	VND
Losses from revaluation of outstanding covered warrant payables	(4,032,431,789)	-	(4,056,616,397)	-
Total	(4,032,431,789)	-	(4,056,616,397)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 2019

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) 30.09.2019 VND	Accumulated revaluation gains/(losses) 31.12.2018 VND	Credited/ (charged) to statement of income VND
Listed shares and shares traded on UPCoM	219,156,143,582	197,304,833,045	(21,851,310,537)	(36,683,064,845)	14,831,754,308
Underlying assets designated as hedges for covered warrants	85,635,821,598	91,760,377,400	6,124,555,802	-	6,124,555,802
Unlisted and unregistered shares	36,552,640,000	22,377,138,000	(14,175,502,000)	(14,175,502,000)	-
Listed bond	389,000,000,000	389,000,000,000	-	-	-
ETF certificates	45,820,048,669	46,171,449,500	351,400,831	(1,053,533,705)	1,404,934,536
Total	776,164,653,849	746,613,797,945	(29,550,855,904)	(51,912,100,550)	22,361,244,646

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

	Cost VND	Market value/ fair value VND	Accumulated revaluation gains/(losses) 30.09.2019 VND	Accumulated revaluation gains/(losses) 31.12.2018 VND	Credited/ (charged) to statement of income VND
Covered warrants	18,523,701,943	22,580,318,340	4,056,616,397	-	4,056,616,397
Total	18,523,701,943	22,580,318,340	4,056,616,397	-	4,056,616,397

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 2019

5 NOTES TO THE STATEMENT OF INCOME (continued)**5.3 General and administration expenses**

	3rd Quarter		Year to date	
	2019	2018	2019	2018
	VND	VND	VND	VND
Staff costs	29,848,182,803	24,945,063,759	82,971,941,487	73,095,993,468
Office rental expenses	2,301,109,884	2,599,176,648	8,207,898,397	5,605,719,476
Outsourcing expenses	9,164,804,951	3,423,653,754	23,789,580,226	14,569,912,180
Depreciation and amortisation	3,165,392,412	2,919,326,451	9,238,468,056	7,974,196,867
Tax and other fees	162,288,410	160,272,692	438,355,263	600,571,496
Office tools and supplies	562,970,619	456,275,413	1,373,387,652	1,160,759,635
Other administrative expenses	1,459,350,066	1,048,490,625	4,633,999,260	3,219,353,269
Total	<u>46,664,099,145</u>	<u>35,552,259,342</u>	<u>130,653,630,341</u>	<u>106,226,506,391</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 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 Q3/2019

<u>Related party</u>	<u>Transactions</u>	<u>Current period VND</u>
Compensation of key management	Gross salaries and other benefits in Q3/2019	7,811,816,532

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 2019

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

<i>Related party</i>	<i>Transactions</i>	<i>Current period VND</i>
Ho Chi Minh Finance and Investment State-owned Company (HFIC)	Deposits for securities trading	25,064,136

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 SEPTEMBER 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 September 2019				
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Total VND
Revenue and income (*)	362,119,120,688	372,518,429,406	370,930,847,632	46,043,983,823	1,151,612,381,549
Expenses	(242,301,530,085)	(283,020,947,240)	(105,469,205,171)	(12,995,689,044)	(643,787,371,540)
<i>In which:</i>					
Direct cash expenses	(218,104,548,389)	(296,820,151,770)	(105,469,205,171)	(12,946,054,600)	(633,339,959,930)
Total amount of significant non-cash expenses, other than depreciation, amortisation and allocation of prepaid expenses	-	18,866,604,773	-	-	18,866,604,773
Total depreciation and amortisation of fixed assets	(9,932,509,807)	(1,047,910,388)	-	(49,634,444)	(11,030,054,639)
Allocation of long-term and short-term prepaid expenses	(14,264,471,889)	(4,019,489,855)	-	-	(18,283,961,744)
Segment result	119,817,590,603	89,497,482,166	265,461,642,461	33,048,294,779	507,825,010,009
Net financial income					1,939,993,818
Net other income					57,431,819
General and administration expenses					(130,653,630,341)
Operating result					379,168,805,305

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 2019

7 SEGMENT INFORMATION (continued)

(b) Business activity segments (continued)

For the period ended 30 September 2018					
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Total VND
Revenue and income (*)	629,927,766,640	797,684,427,140	405,746,189,215	114,308,751,715	1,947,667,134,710
Expenses	(341,170,628,712)	(589,250,290,440)	(133,782,520,037)	(26,058,878,752)	(1,090,262,317,941)
<i>In which:</i>					
Direct cash expenses	(316,332,931,134)	(612,970,027,900)	(133,782,520,037)	(26,049,467,640)	(1,089,134,946,711)
Total amount of significant non-cash expenses, other than depreciation, amortisation and allocation of prepaid expenses	-	34,394,511,442	-	-	34,394,511,442
Total depreciation and amortisation of fixed assets	(8,133,206,785)	(465,737,950)	-	(9,411,112)	(8,608,355,847)
Allocation of long-term and short-term prepaid expenses	(16,704,490,793)	(10,209,036,032)	-	-	(26,913,526,825)
Segment result	<u>288,757,137,928</u>	<u>208,434,136,700</u>	<u>271,963,669,178</u>	<u>88,249,872,963</u>	<u>857,404,816,769</u>
Net financial income					2,127,689,296
Net other income					78,918,182
General and administration expenses					(106,226,506,391)
Operating result					753,384,917,856

(*) 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 SEPTEMBER 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 September 2019					
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Unallocated VND	Total VND
Segment assets	766,037,629,121	790,035,511,322	5,007,429,238,563	3,069,293,820	-	6,566,571,672,826
Unallocated assets	-	-	-	-	61,442,263,314	61,442,263,314
Total assets	766,037,629,121	790,035,511,322	5,007,429,238,563	3,069,293,820	61,442,263,314	6,628,013,936,140
Segment liabilities	608,323,500,505	-	1,575,410,115,482	-	-	2,183,733,615,987
Unallocated liabilities	-	-	-	-	114,702,276,722	114,702,276,722
Total liabilities	608,323,500,505	-	1,575,410,115,482	-	114,702,276,722	2,298,435,892,709

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
Total assets	<u>871,838,163,387</u>	<u>965,722,873,139</u>	<u>3,375,423,227,994</u>	<u>3,531,711,273</u>	<u>39,789,351,388</u>	<u>5,256,305,327,181</u>
Segment liabilities	328,500,415,674	-	1,708,085,956,739	-	-	2,036,586,372,413
Unallocated liabilities	-	-	-	-	159,182,792,271	159,182,792,271
Total liabilities	<u>328,500,415,674</u>	<u>-</u>	<u>1,708,085,956,739</u>	<u>-</u>	<u>159,182,792,271</u>	<u>2,195,769,164,684</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2019 TO 30 SEPTEMBER 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 Financial Position

Code	ITEMS	As at 31.12.2018		
		Previously reported	Restatement/ reclassification	Restated
112	Financial assets at fair value through profit or loss (FVTPL)	851,839,940,206	(17,000,000,000)	834,839,940,206
119	Service related receivable	725,571,555,348	17,000,000,000	742,571,555,348

Statement of income

Co de	ITEMS	3rd Quarter			Year to date		
		Previously reported VND	Restatement/ reclassification VND	Restated VND	Previously reported VND	Restatement/ reclassification VND	Restated VND
	OPERATING EXPENSES						
26	Self-trading expenses	28,713,431,181	(17,662,940,071)	11,050,491,110	124,841,363,641	(73,109,206,296)	51,732,157,345
27	Brokerage fee expenses	95,416,633,646	18,847,195,816	114,263,829,463	258,069,404,862	75,101,252,139	333,170,657,001
31	Financial consultancy expenses	2,040,000,000	7,740,231,363	9,780,231,363	6,277,488,998	19,781,389,754	26,058,878,752
33	Other operating expenses	264,824,548	(110,740,991)	154,083,557	743,157,390	(398,415,316)	344,742,074
40	TOTAL OPERATING EXPENSES	209,408,399,325	8,813,746,118	218,222,145,443	1,068,887,297,660	21,375,020,281	1,090,262,317,941
62	GENERAL AND ADMINISTRATION EXPENSES	44,366,005,460	(8,813,746,118)	35,552,259,342	127,601,526,672	(21,375,020,281)	106,226,506,391

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho



18 October 2019

Deputy Chief Executive Officer



Trinh Hoai Giang