

VIET DRAGON SECURITIES CORPORATION

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



VIET DRAGON SECURITIES CORPORATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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VIET DRAGON SECURITIES CORPORATION

CORPORATE INFORMATION

Establishment and operation licence

No. 32/UBCK-GPHDKD dated 21 December 2006 issued by the State Securities Commission. The Establishment and operation licence was amended several times and the latest amendment No. 09/GPDC-UBCK was issued on 25 January 2018.

Board of Directors

Mr. Tran Le Nguyen	Chairman
Mr. Nguyen Mien Tuan	Vice Chairman
Mr. Nguyen Hieu	Member
Mr. Kelly Yin Hon Wong	Member
Ms. Pham My Linh	Member (since 23.3.2017)
Mr. Dao Hong Chau	Member (since 23.3.2017)
Mr. Vo Long Nguyen	Member (since 23.3.2017)
Mr. Nguyen Thuc Vinh	Member (until 23.3.2017)
Mr. Ton That Dien Khoa	Member (until 23.3.2017)
Ms. Nguyen Nu Tuong Oanh	Member (until 23.3.2017)

Key management

Board of Management

Mr. Nguyen Hieu	General Director
Mr. Nguyen Minh Nhut	Deputy General Director
Mr. Nguyen Chi Trung	Deputy General Director
Ms. Nguyen Thi Thu Huyen	Deputy General Director (since 18.4.2017)

Other key management

Mr. Le Minh Hien	Chief Finance Officer - cum Chief Accountant
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Legal Representative

Mr. Tran Le Nguyen	Chairman
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Registered office

1st-2nd-3rd-4th Floors, Viet Dragon Building
141 Nguyen Du Street, District 1
Ho Chi Minh City, Vietnam

Auditor

PwC (Vietnam) Limited

VIET DRAGON SECURITIES CORPORATION

RESPONSIBILITY OF THE COMPANY'S LEGAL REPRESENTATIVE IN RESPECT OF THE FINANCIAL STATEMENTS

The Legal Representative of Viet Dragon Securities Corporation ("the Company") authorised the Board of Management to be responsible for preparation of the financial statements which give a true and fair view of the financial position of the Company as at 31 December 2017 and of the results of its operations, cash flows and changes in equity for the year then ended. In preparing these financial statements, the Board of Management is required to:

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as set out on pages 5 to 62 which give a true and fair view of the financial position of the Company as at 31 December 2017 and of the results of its operations, cash flows and changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

On behalf of the Board of Management



Nguyen Hieu
General Director
Authorised signatory

Ho Chi Minh City, Vietnam
8 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VIET DRAGON SECURITIES CORPORATION

We have audited the accompanying financial statements of Viet Dragon Securities Corporation ("the Company") which were prepared on 31 December 2017 and approved by the Board of Management on 8 March 2018. The financial statements comprise the statement of financial position as at 31 December 2017, the statement of income, the statement of cash flows and the statement of changes in equity for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 62.

The Board of Management' Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements, plan and perform the audit in order to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial statements.

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

Auditor's Opinion

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

Other matter

The financial statements of the Company for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 February 2017.

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

For and on behalf of PwC (Vietnam) Limited



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



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

Report reference number: HCM6606
Ho Chi Minh City, 8 March 2018

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

STATEMENT OF FINANCIAL POSITION

Code	ITEMS	Note	As at 31 December	
			2017 VND	2016 VND
	ASSETS			
100	CURRENT ASSETS		1,807,002,654,448	1,562,665,911,314
110	Financial assets		1,803,855,163,527	1,428,040,695,023
111	Cash and cash equivalents	3.1	238,873,951,937	248,012,673,266
111.1	Cash		238,873,951,937	248,012,673,266
112	Financial assets at fair value through profit or loss (FVTPL)	3.2	267,331,098,980	335,565,864,659
114	Loans	3.3	1,312,621,982,796	861,420,252,720
116	Provisions for impairment loss of financial assets and mortgages	3.3	(27,787,203,085)	(28,610,104,426)
117	Receivables	3.4	2,837,613,636	4,145,678,317
117.1	Receivables from disposals of financial assets		182,710,000	2,484,000,000
117.2	Dividend and interest receivables		2,654,903,636	1,661,678,317
117.4	Undue dividend and interest receivables		2,654,903,636	1,661,678,317
118	Prepayments to suppliers		2,077,336,500	1,662,837,000
119	Services related receivables	3.4	7,900,382,763	5,843,493,487
122	Other receivables	3.4	1,978,208,478	1,978,208,478
129	Provision for doubtful debts	3.4	(1,978,208,478)	(1,978,208,478)
130	Other current assets		3,147,490,921	134,625,216,291
131	Advances to employees	3.5	428,066,665	132,955,166,000
133	Short-term prepaid expenses	3.5	2,665,194,684	1,619,001,959
134	Pledged assets, mortgages, security deposits in short term	3.5	48,550,000	48,550,000
136	Tax and receivables from the State Budget	3.13	5,679,572	2,498,332
200	NON-CURRENT ASSETS		35,617,017,233	30,569,517,429
220	Fixed assets		15,467,769,333	13,410,029,791
221	Tangible fixed assets	3.6(a)	11,213,267,746	9,577,738,069
222	Historical cost		38,196,307,435	32,741,559,294
223a	Accumulated depreciation		(26,983,039,689)	(23,163,821,225)
227	Intangible fixed assets	3.6(b)	4,254,501,587	3,832,291,722
228	Historical cost		13,764,088,791	11,707,841,628
229a	Accumulated amortisation		(9,509,587,204)	(7,875,549,906)
240	Construction in progress		-	170,157,163
250	Other non-current assets		20,149,247,900	16,989,330,475
251	Pledged assets, mortgages, security deposits in long term	3.7	3,147,919,824	2,734,871,664
252	Long-term prepaid expenses	3.8	607,672,410	245,182,746
254	Deposits in the Settlement Supporting Fund	3.9	16,393,655,666	14,009,276,065
270	TOTAL ASSETS		1,842,619,671,681	1,593,235,428,743

The notes on pages 16 to 62 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
(continued)

Code	ITEMS	Note	As at 31 December	
			2017 VND	2016 VND
300	LIABILITIES			
310	Current liabilities		796,877,000,248	829,840,256,069
311	Short-term borrowings and finance lease liabilities	3.10	47,720,765,000	-
312	Short-term borrowings		47,720,765,000	-
316	Short-term issued bonds	3.10	724,455,000,000	503,120,000,000
318	Trading obligations	3.11	1,667,969,687	768,947,852
320	Short-term trade accounts payable	3.12	164,424,541	20,037,277,465
321	Short-term advances from customers		694,400,000	1,717,240,560
322	Tax and other payables to the State Budget	3.13	8,191,972,423	5,308,043,049
323	Payables to employees		7,796,755	7,796,755
325	Short-term accrued expenses	3.14	12,805,836,138	7,268,787,048
329	Other short-term liabilities	3.15	1,168,835,704	291,612,163,340
340	Non-current liabilities		3,524,756,643	534,171,000
353	Other long-term liabilities		457,195,500	534,171,000
356	Deferred income tax liabilities	3.16	3,067,561,143	-
	TOTAL LIABILITIES		800,401,756,891	830,374,427,069
400	OWNERS' EQUITY			
410	Capital and reserves	3.17	1,042,217,914,790	762,861,001,674
411	Owners' capital		919,240,118,792	709,240,118,792
411.1	Share capital		910,000,000,000	700,000,000,000
411.2	Share premium		9,240,118,792	9,240,118,792
414	Supplementary capital reserve		10,190,332,248	4,622,486,592
415	Financial and operational risk reserve		10,190,332,248	4,622,486,592
417	Undistributed earnings	3.18	102,597,131,502	44,375,909,698
417.1	Realised profits		97,966,752,187	68,930,268,960
417.2	Unrealised profits/(losses)		4,630,379,315	(24,554,359,262)
	TOTAL EQUITY		1,042,217,914,790	762,861,001,674
440	TOTAL RESOURCES		1,842,619,671,681	1,593,235,428,743

The notes on pages 16 to 62 are an integral part of these financial statements.

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

Code	ITEMS	Note	As at 31 December	
			2017	2016
A	ASSETS OF THE COMPANY AND ASSETS IN TRUST			
006	Number of shares in issue (share)	4.1	91,000,000	70,000,000
			Quantity	
008	Securities listed/registered to Vietnam Securities Depository (VSD)		9,250,260	8,757,516
	<i>Freely traded securities</i>		9,247,840	8,757,516
	<i>Securities awaiting settlement</i>		2,420	-
009	Securities custodied at VSD but not yet traded		439	1,912
010	Securities awaiting settlement		-	896,380
012	Securities not custodied at VSD		2,959,251	4,844,251
013	Bonus shares, scrip dividends and subscription rights		32	37
B	ASSETS OF AND LIABILITIES TO CUSTOMERS			
021	Securities listed/registered to Vietnam Securities Depository (VSD)		1,006,759,581	829,656,532
021.1	<i>Freely traded securities</i>		667,347,919	492,727,356
021.2	<i>Blocked securities</i>		4,075,451	3,380,298
021.3	<i>Morgaged securities</i>		213,582,842	233,913,148
021.4	<i>Suspended securities</i>		104,040,649	90,846,126
021.5	<i>Securities awaiting settlement</i>		17,712,720	8,789,604
022	Securities custodied at VSD but not yet traded		36,237,084	27,552,795
022.1	<i>Securities custodied at VSD but not yet traded – freely traded securities</i>		8,219,050	14,356,679
022.2	<i>Securities custodied at VSD but not yet traded – blocked securities</i>		28,018,034	13,196,116
023	Securities awaiting settlement		10,169,542	8,744,896
025	Bonus shares, scrip dividends and subscription rights		8,471,146	5,290,131

The notes on pages 16 to 62 are an integral part of these financial statements.

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

Code	ITEMS	As at 31 December	
		2017 VND	2016 VND
B	ASSETS OF AND LIABILITIES TO CUSTOMERS (continued)		
026	Customers' deposits	415,801,658,434	289,067,982,252
027	Customers' deposits for securities trading	411,697,196,243	265,493,738,775
029	Cash blocked for trading settlements	859,307,515	15,080,839,725
029.1	Cash blocked for trading settlements of domestic customers	322,082,439	14,887,810,194
029.2	Cash blocked for trading settlements of foreign customers	537,225,076	193,029,531
030	Securities issuers' deposits	3,245,154,676	8,493,403,752
031	Payables to customers relating to their deposits at the Company for securities trading	413,295,994,528	286,541,231,166
031.1	Payables to domestic customers relating to their deposits at the Company for securities trading	413,235,757,449	285,923,507,805
032.2	Payables to foreign customers relating to their deposits at the Company for securities trading	60,237,079	617,723,361
035	Dividends, bond principals and interests payable	2,505,663,906	2,526,751,086



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant




Nguyen Hieu
General Director
8 March 2018

The notes on pages 16 to 62 are an integral part of these financial statements.

STATEMENT OF INCOME

Code	ITEMS	Note	For the year ended 31 December	
			2017 VND	2016 VND
	OPERATING INCOME			
01	Gains from financial assets at fair value through profit or loss (FVTPL)		101,073,779,045	53,612,118,137
01.1	<i>Realised gains on disposals of FVTPL financial assets</i>	5.1(a)	79,796,388,798	42,328,974,155
01.2	<i>Gains from revaluation of FVTPL financial assets</i>	5.1(b)	15,337,805,715	-
01.3	<i>Dividends and interest income from FVTPL financial assets</i>		5,939,584,532	11,283,143,982
03	Interest income from loans and receivables		146,069,363,415	110,358,443,341
06	Brokerage fee income		87,002,042,082	48,945,610,120
07	Underwriting fee income and placing fee income		6,349,000,000	3,000,000,000
09	Custody service income		7,472,229,317	5,628,981,362
10	Financial consultancy service income		5,269,454,181	6,889,727,272
11	Other operating income		879,901,978	713,593,227
20	TOTAL OPERATING INCOME		354,115,770,018	229,148,473,459
	OPERATING EXPENSES			
21	Losses from financial assets at fair value through profit or loss (FVTPL)		(15,747,406,571)	(18,406,036,380)
21.1	<i>Realised losses on disposals of FVTPL financial assets</i>	5.1(a)	(29,594,339,433)	(5,392,279,405)
21.2	<i>Decrease/(increase) in losses from revaluation of FVTPL financial assets</i>	5.1(b)	13,846,932,862	(13,013,756,975)
24	Provisions for diminution in value of financial assets and impairment losses and borrowing costs to finance lending activities	5.2	(67,488,928,956)	(52,997,371,945)
26	Self-trading expenses	5.3	(4,135,204,425)	(1,987,550,274)
27	Brokerage fee expenses	5.3	(61,770,746,362)	(42,338,260,891)
28	Underwriting expenses and placing expenses	5.3	(1,542,377,378)	(180,000,000)
29	Securities investment consultancy expenses	5.3	(943,458,689)	(450,231,499)
30	Custody fee expenses	5.3	(7,467,889,242)	(5,786,971,449)
31	Financial consultancy expenses	5.3	(5,967,798,494)	(5,121,995,390)
32	Other operating expenses	5.3	(9,277,136,939)	(7,165,347,404)
40	TOTAL OPERATING EXPENSES		(174,340,947,056)	(134,433,765,232)

The notes on pages 16 to 62 are an integral part of these financial statements.

STATEMENT OF INCOME
(continued)

Code	ITEMS	Note	For the year ended 31 December	
			2017 VND	2016 VND
	FINANCIAL INCOME			
42	Dividend income and interest income from demand deposits		11,932,783,189	8,266,797,949
50	TOTAL FINANCIAL INCOME		11,932,783,189	8,266,797,949
	FINANCIAL EXPENSES			
51	Realised and unrealised foreign exchange losses		(51,475,000)	-
60	TOTAL FINANCIAL EXPENSES		(51,475,000)	-
62	GENERAL AND ADMINISTRATION EXPENSES	5.4	(53,643,744,436)	(42,167,389,178)
70	OPERATING RESULT		138,012,386,715	60,814,116,998
	OTHER INCOME AND EXPENSES			
71	Other income		368,312,102	587,033,540
72	Other expense		(39,111,307)	(51,066,610)
80	NET OTHER INCOME		329,200,795	535,966,930
90	NET ACCOUNTING PROFIT BEFORE TAX		138,341,587,510	61,350,083,928
91	Realised profit		109,156,848,933	74,363,840,903
92	Unrealised profit/(losses)		29,184,738,577	(13,013,756,975)
100	CORPORATE INCOME TAX	5.5	(26,984,674,394)	(12,043,517,596)
100.1	Corporate income tax – current		(23,917,113,251)	(3,536,747,451)
100.2	Corporate income tax – deferred		(3,067,561,143)	(8,506,770,145)
200	NET PROFIT AFTER TAX		111,356,913,116	49,306,566,332

The notes on pages 16 to 62 are an integral part of these financial statements.

STATEMENT OF INCOME
(continued)

Code	ITEMS	Note	For the year ended 31 December	
			2017 VND	2016 VND
200	NET PROFIT AFTER TAX		111,356,913,116	49,306,566,332
300	OTHER COMPREHENSIVE INCOME, NET OF TAX		-	-
400	TOTAL COMPREHENSIVE INCOME		111,356,913,116	49,306,566,332
500	EARNINGS PER SHARE			
501	Basic earnings per share (VND/share)	5.6	1,584	704
502	Diluted earnings per share (VND/share)	5.6	1,584	704



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
8 March 2018

The notes on pages 16 to 62 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(Indirect method)

Code	ITEMS	For the year ended 31 December	
		2017 VND	2016 VND
	Cash flows from operating activities		
01	Net profit before tax	138,341,587,510	61,350,083,928
02	Adjustments for:	(9,524,558,763)	(3,545,511,988)
03	Depreciation and amortisation	6,127,736,221	4,894,594,971
04	(Reversal of provisions)/provisions	(822,901,341)	2,007,921,463
05	Unrealised foreign exchange losses	51,475,000	-
07	Profits from investing activities	(12,225,965,007)	(8,786,350,105)
08	Accrued interest income	(2,654,903,636)	(1,661,678,317)
10	(Less)/add non-cash expenses	(13,846,932,862)	13,013,756,975
11	(Decrease)/increase in revaluation loss of financial assets at fair value through profit or loss FVTPL	(13,846,932,862)	13,013,756,975
18	Less non-cash income	(15,337,805,715)	-
19	Gains from revaluation of financial assets at fair value through profit or loss FVTPL	(15,337,805,715)	-
30	Changes in working capital	(549,985,947,906)	(415,982,549,720)
31	Decrease/(increase) in losses from financial assets at fair value through profit or loss FVTPL	97,419,504,256	(248,667,746,091)
33	Increase in loans and receivables	(451,201,730,076)	(352,966,630,328)
35	Decrease in receivables from disposals of financial assets	2,301,290,000	7,098,750,000
36	Decrease in interests and dividends receivable	1,661,678,317	1,206,992,146
37	(Increase)/decrease in services related receivables	(2,056,889,276)	336,333,516
39	Increase in other receivables	(414,499,500)	(928,582,767)
40	Decrease/(increase) in other assets	132,523,918,095	(899,843,471)
41	Increase in accrued expenses	5,537,049,090	4,363,952,444
42	(Increase)/decrease in prepaid expenses	(1,408,682,389)	1,018,159,802
43	Corporate income tax paid	(21,750,883,584)	(1,199,528,780)
45	(Decrease)/increase in trade payables	(19,872,852,924)	19,227,277,465
47	Increase in tax and other payables to the State Budget	717,699,707	1,569,042,075
50	(Decrease)/increase in other payables	(290,644,121,861)	155,731,912,070
52	Other payments for operating activities	(2,797,427,761)	(1,872,637,801)
60	Net cash outflows for operating activities	(450,353,657,736)	(345,164,220,805)
	Cash flows from investing activities		
61	Purchases of fixed assets	(8,015,318,600)	(4,809,438,400)
62	Proceeds from disposals of fixed assets	293,181,818	550,500,001
65	Dividend receipt and profit distribution from long-term investments	11,932,783,189	8,266,797,949
70	Net cash inflows from investing activities	4,210,646,407	4,007,859,550

The notes on pages 16 to 62 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(Indirect method)
(continued)

Code	ITEMS	Note	For the year ended	
			31 December	
			2017	2016
			VND	VND
	Cash flows from financing activities			
71	Proceeds from issue of shares and capital contribution		210,000,000,000	-
73	Proceeds from borrowings	6.1	2,824,035,785,912	1,418,376,519,780
74	Repayments of borrowings	6.2	(2,555,031,495,912)	(1,071,026,619,780)
76	Dividend paid		(42,000,000,000)	-
80	Net cash inflows from financing activities		437,004,290,000	347,349,900,000
90	Net (decrease)/increase in cash and cash equivalents		(9,138,721,329)	6,193,538,745
101	Cash and cash equivalents at beginning of year		248,012,673,266	241,819,134,521
101.1	Cash		248,012,673,266	81,819,134,521
101.2	Cash equivalents		-	160,000,000,000
103	Cash and cash equivalents at end of year		238,873,951,937	248,012,673,266
103.1	Cash		238,873,951,937	248,012,673,266
103.2	Cash equivalents		-	-

The notes on pages 16 to 62 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(Indirect method)
(continued)

CASH FLOWS OF BROKERAGE AND TRUSTING ACTIVITIES

Code	ITEMS	For the year ended 31 December	
		2017 VND	2016 VND
	Cash flows of brokerage and trusting activities		
01	Trade proceeds	7,189,541,985,430	1,365,095,050,500
02	Trade settlements	(7,203,763,517,640)	(2,156,356,021,500)
07	Receipts in customers' trading accounts	42,505,278,452,818	6,020,161,721,524
08	Payments from customers' trading accounts	(42,359,074,995,350)	(5,316,702,675,975)
11	Payment of custody expenses from customers	-	2,874,789,150
14	Receipts from securities issuers	1,534,198,468,914	266,944,441,672
15	Payments to securities issuers	(1,539,446,717,990)	(131,579,300,771)
20	Net increase in customers' deposits	126,733,676,182	50,438,004,600
30	Customers' deposits at beginning of year	289,067,982,252	238,629,977,652
31	Cash at bank	289,067,982,252	238,629,977,652
32	Customers' deposits at the Company for securities trading	265,493,738,775	219,624,056,410
34	Cash blocked for trading settlements	15,080,839,725	19,005,921,242
35	Securities issuers' deposits	8,493,403,752	-
40	Customers' deposits at end of year	415,801,658,434	289,067,982,252
41	Cash at bank	415,801,658,434	289,067,982,252
42	Customers' deposits at the Company for securities trading	411,697,196,243	265,493,738,775
44	Cash blocked for trading settlements	859,307,515	15,080,839,725
45	Securities issuers' deposits	3,245,154,676	8,493,403,752



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
8 March 2018

The notes on pages 16 to 62 are an integral part of these financial statements.

VIET DRAGON SECURITIES CORPORATION

Form B 04 – CTCK

STATEMENT OF CHANGES IN EQUITY

Items	As at		For the year ended		For the year ended		As at	
	1.1.2016	1.1.2017	Increase	Decrease	Increase	Decrease	31.12.2016	31.12.2017
1. Owners' equity	709,240,118,792	709,240,118,792	-	-	210,000,000,000	-	709,240,118,792	919,240,118,792
1.1 Share capital	700,000,000,000	700,000,000,000	-	-	210,000,000,000	-	700,000,000,000	910,000,000,000
1.2 Share premium	9,240,118,792	9,240,118,792	-	-	-	-	9,240,118,792	9,240,118,792
2. Financial and operational risk reserve	2,157,158,275	4,622,486,592	2,465,328,317	-	5,567,845,656	-	4,622,486,592	10,190,332,248
3. Supplementary capital reserve	2,157,158,275	4,622,486,592	2,465,328,317	-	5,567,845,656	-	4,622,486,592	10,190,332,248
5. Undistributed earnings	-	44,375,909,698	62,320,323,307	(17,944,413,609)	111,356,913,116	(53,135,691,312)	44,375,909,698	102,597,131,502
5.1 Realised profits	11,540,602,287	68,930,268,960	62,320,323,307	(4,930,656,634)	82,172,174,539	(53,135,691,312)	68,930,268,960	97,966,752,187
5.2 Unrealised (losses)/profits	(11,540,602,287)	(24,554,359,262)	-	(13,013,756,975)	29,184,738,577	-	(24,554,359,262)	4,630,379,315
Total	713,554,435,342	762,861,001,674	67,250,979,941	(17,944,413,609)	332,492,604,428	(53,135,691,312)	762,861,001,674	1,042,217,914,790



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
8 March 2018

The notes on pages 16 to 62 are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****1 GENERAL INFORMATION*****Establishment and operation licence***

Viet Dragon Securities Corporation ("the Company") is a joint stock company incorporated in Vietnam pursuant to the Business Registration Certificate No. 4103005723 dated 15 December 2006 issued by the Department of Planning and Development of Ho Chi Minh City and the Establishment and operation licence No. 32/UBCK-GPHĐKD dated 21 December 2006 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 25 January 2018.

Headquarter and contact information

The Company is headquartered at 141 Nguyen Du Street, District 1, Ho Chi Minh City, Vietnam. As at 31 December 2017, the Company had three (3) branches in Hanoi, Nha Trang City and Can Tho.

Contact information:
Telephone: (+84) 28 6299 2006

Charter

The Company's prevailing charter was approved on 8 January 2018.

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 VND910 billion.

Investment objectives

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.

Investment restrictions

The Company's investment portfolio and its restrictions shall be in compliance with Articles 44 of Circular 210/2012/TT-BTC dated 30 November 2012 issued by the Ministry of Finance providing guidance on establishment and operation of securities companies and Circular 07/2016/TT-BTC dated 18 January 2016 issued of the Ministry of Finance amending some articles of Circular 210/2012/TT-BTC.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation of financial statements**

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

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

2.2 Significant changes in accounting policies applied

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

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

This change is the first time adoption of new statutory accounting policy without retrospective requirements, hence applied prospectively.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Currency**

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

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

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

2.6 Cash and cash equivalents

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.7 Financial assets (continued)****(a) Classification (continued)****(i) Financial assets carried at fair value through profit or loss (FVTPL) (continued)**

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

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

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

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

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

(ii) Loans and receivables

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.7 Financial assets (continued)****(a) Classification (continued)****(ii) Loans and receivables (continued)**

Loans are initially recorded at cost and subsequently measured at amortised cost using the effective interest rate method.

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

(b) 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.

(c) 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 shares and scrip dividends are recorded as financial assets at nil value.

(d) Basis of revaluation of FVTPL financial assets

The Company applies valuation bases for financial assets in accordance with Circular 87/2017/TT-BTC dated 15 August 2017 regarding capital adequacy ratio of securities trading entities and Circular 146/2014/TT-BTC dated 6 Oct 2014 regarding financial regimes for securities companies and fund management companies, both issued by the Ministry of Finance, to make provision for these financial assets, in particular:

(i) 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 revaluation date.

Where equities are not traded for more than two (02) weeks prior to the revaluation date, their fair values are determined on the maximum of the following bases:

- Book value
- Purchase price
- The price determined based on the Company's valuation techniques

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.7 Financial assets (continued)****(d) Basis of revaluation of FVTPL financial assets (continued)***(ii) Unlisted securities registered/unregistered to the Vietnam Securities Depository ("VSD") for trading*

These equities are revalued using the average of transacted prices quoted by at least three (03) independent quoting entities at the latest trading date prior to revaluation day but not over than one (01) month up to the revaluation date. Management and executives of the Company must not be related to management and executives of the quoting entities in accordance with Securities Law.

When it is impossible to obtain three (3) quotations as required above, these equities are revalued at the maximum of the following bases:

- Quoted prices
- Most recently reported prices
- Book value
- Purchase price
- The price determined based on the Company's valuation techniques

(iii) Suspended equities, delisted equities or deregistered equities

These equities are revalued at the maximum of the following bases:

- Book value
- Par value
- The price determined based on the Company's valuation techniques

(iv) Equities of entities in the process of dissolution or bankruptcy

These equities are revalued at one of the following bases:

- 80% of disposal value of these equities as at the entities' latest reporting date prior to the Company's revaluation date
- The price determined based on the Company's valuation techniques

(v) Other equities and other capital contributions

These equities are revalued at the maximum of the following bases:

- Book value
- Purchase price/amount of capital contribution
- The price determined based on the Company's valuation techniques

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.7 Financial assets (continued)****(d) Basis on revaluation of FVTPL financial assets (continued)***(vi) Bonds listed on stock exchanges*

These bonds are revalued based on the quoted price (also called “clean price”) on stock exchange at the latest trading date prior to the revaluation date plus accumulated accrued interest.

Where these bonds are not traded within the two (2) weeks prior to the revaluation date, they are revalued at the maximum of the following bases:

- Purchase price plus accumulated accrued interest
- Par value plus accumulated accrued interest
- The price determined based on the Company's valuation techniques plus accumulated accrued interest

(vii) Unlisted bonds

These bonds are revalued at the maximum of the following bases:

- The quoted price on the unlisted bond quotation system (if any) plus accumulated accrued interest
- Purchase price plus accumulated accrued interest
- Par value plus accumulated accrued interest
- The price determined based on the Company's valuation techniques plus accumulated accrued interest

(viii) Certificates of closed-end public funds

Certificates of closed-end public funds are revalued at closing prices of last trading date prior to the revaluation date.

Certificates of closed-end public funds that are not traded within two (2) weeks prior to reporting date are revalued at the latest reported net asset value per unit prior to the revaluation date.

(ix) Certificates of member funds/ open-ended funds/ shares of securities investment company

These certificates/shares are revalued at the latest reported net asset value per unit prior to the revaluation date.

(x) Certificates of other funds/ shares of other securities investment company

These certificates/shares are revalued according to the Company's valuation techniques.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.7 Financial assets (continued)****(d) Basis on revaluation of FVTPL financial assets (continued)***(xi) Term deposits*

Term deposits are measured at principal plus accumulated accrued interest at the reporting date.

(xii) Treasury bills, bank notes, commercial notes, transferable certificates of deposits, bonds and other discountable money market instruments

These financial instruments are revalued at purchase price plus accumulated accrued interest up to the date prior to the revaluation date.

(e) Provision for impairment of loans

Provision for loans is made when there are indicators of decline in the recoverability of loans. Provision is determined at the difference of market value of collateral assets and carrying value of loans at reporting date. Provision/reversal of provision for loans is debited/credited to expenses in the statement of income.

(f) Provision for impairments of receivables

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

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

Overdue period	Provision rate
From over 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) is debited/credited to expenses in the statement of income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Recognition of gain/(loss) of financial assets***Purchasing transaction costs*

Purchasing transaction costs related to FVTPL financial assets are expensed off, while purchasing transaction costs related to available-for-sales financial assets are capitalised.

Selling transaction costs

Selling transaction costs are expensed off in the year.

Gains/(losses) from disposals

Gains/(losses) from disposals of financial assets are recognised as income/(expenses) in the statement of income. Cost of disposals are determined using weighted average method up to the end of trading dates.

Provisions/(reversals of provisions) for diminution in value of financial assets

Provisions/(reversal of provisions) for diminution in value of financial assets are debited/(credited) to operating expenses in the statement of income.

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. The principal annual rates used are:

Motor vehicles	6 years
Office equipments	3 – 5 years
Computer software	6 – 8 years
Patents, copyrights	5 years
Other intangible fixed assets	5 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 statement of income on a straight-line basis over the period of the lease.

2.11 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the statement of financial position. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives.

2.12 Security deposits

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

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

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

(b) Classification

Classifications of liabilities are based on their nature as follows:

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

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

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 the Company has an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 transacted amount 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 transacted amount. 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 on transacted amount 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 period 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 year but not yet paid due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the year.

2.18 Provisions

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

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

2.19 Equity**(a) Owners' capital**

Owners's capital is recorded at the actually contributed amount of shareholders. Share capital is recorded at par value.

(b) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Equity (continued)****(c) Undistributed profits**

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

2.20 Revenue and other 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, issue agency, securities investment consultancy fees, financial consultancy fee, securities custody services and entrustment activities which are based on agreements with investors.

Revenue from the provision of services is recognised in the statement of income when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the provision of services is only recognised when all four (4) 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 sold. Cost of securities sold is determined by weighted average method.

Dividend income is recognised in the statement of income when the Company's right to receive dividend is established.

(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.

(d) Other income

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

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
- Selling expenses
- General and administration expenses
- Other expenses

2.22 Current and deferred income tax*Current income tax*

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the statement of financial position.

Current income tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.22 Current and deferred income tax (continued)**

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilized, except where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Previously unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realized or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity and the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.23 Dividend distribution

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

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.25 Segment reporting**

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

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

2.26 Nil balances

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

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

	As at 31 December	
	2017	2016
	VND	VND
Cash on hand	60,905,770	103,393,813
Cash at bank	238,772,722,683	237,579,345,783
Cash blocked for trading settlements	40,323,484	10,329,933,670
	238,873,951,937	248,012,673,266

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

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

	Cost VND	Comparison to market value		Market value VND	Remeasured amount VND
		Increase VND	Decrease VND		
As at 31 December 2017					
Listed equities	177,706,915,464	15,337,550,779	(1,087,792,523)	191,956,673,720	191,956,673,720
Unlisted equities	84,993,804,201	254,936	(9,619,633,877)	75,374,425,260	75,374,425,260
	262,700,719,665	15,337,805,715	(10,707,426,400)	267,331,098,980	267,331,098,980
As at 31 December 2016					
Listed equities	294,677,745,858	129,157,145	(19,727,400,513)	275,079,502,490	274,950,345,345
Unlisted equities	65,442,478,063	11,139,486	(4,826,958,749)	60,626,658,800	60,615,519,314
	360,120,223,921	140,296,631	(24,554,359,262)	335,706,161,290	335,565,864,659

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

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

	As at 31.12.2017					As at 31.12.2016				
	Cost VND	Market value/ fair value VND	Increase VND	Decrease VND	Remeasured amount VND	Cost VND	Market value/ fair value VND	Increase VND	Decrease VND	Remeasured amount VND
Listed equities										
MBB	34,528,128,913	38,104,368,800	3,576,239,887	-	38,104,368,800	19,014,093	19,362,000	347,907	-	19,014,093
PHR	32,338,225,000	34,680,000,000	2,341,775,000	-	34,680,000,000	-	-	-	-	-
ACB	31,032,565,266	36,904,907,700	5,872,342,434	-	36,904,907,700	1,001,710	1,056,000	54,290	-	1,001,710
DIG	30,998,584,785	31,096,503,400	97,918,615	-	31,096,503,400	262,062	283,050	20,988	-	262,062
NT2	14,822,856,270	17,111,197,000	2,288,340,730	-	17,111,197,000	376,570	327,600	-	(48,970)	327,600
NLG	13,716,397,281	13,715,937,900	-	(459,381)	13,715,937,900	571,680	710,400	138,720	-	571,680
SAM	9,397,276,407	8,613,483,000	-	(783,793,407)	8,613,483,000	212,169	236,600	24,431	-	212,169
PC1	4,933,941,420	5,572,604,800	638,663,380	-	5,572,604,800	-	-	-	-	-
PVS	2,110,695,975	2,360,991,200	250,295,225	-	2,360,991,200	1,888,798,828	1,644,034,400	-	(244,764,428)	1,644,034,400
NBB	1,858,696,191	2,000,260,000	141,563,809	-	2,000,260,000	335,191	152,000	-	(183,191)	152,000
VCG	1,129,570,544	872,915,600	-	(256,654,944)	872,915,600	1,816,810	1,768,500	-	(48,310)	1,768,500
PAC	508,582,062	485,742,750	-	(22,839,312)	485,742,750	410,310	822,500	412,190	-	410,310
Others	331,395,350	437,761,570	130,411,699	(24,045,479)	437,761,570	292,764,946,435	273,410,749,440	128,158,619	(19,482,355,614)	273,282,590,821
	177,706,915,464	191,956,673,720	15,337,550,779	(1,087,792,523)	191,956,673,720	294,677,745,858	275,079,502,490	129,157,145	(19,727,400,513)	274,950,345,345
Unlisted equities										
HDB	54,000,000,000	54,000,000,000	-	-	54,000,000,000	-	-	-	-	-
MIG	10,470,290,000	9,127,200,000	-	(1,343,090,000)	9,127,200,000	-	-	-	-	-
DRI	6,990,507,748	6,517,200,000	-	(473,307,748)	6,517,200,000	-	-	-	-	-
DRFM(*)	4,450,000,000	225,000,000	-	(4,225,000,000)	225,000,000	4,450,000,000	2,250,000,000	-	(2,200,000,000)	2,250,000,000
CSMEX(**)	4,071,352,000	1,527,714,000	-	(2,543,638,000)	1,527,714,000	3,933,297,000	3,933,297,000	-	-	3,933,297,000
GEX	2,552,000,000	2,510,000,000	-	(42,000,000)	2,510,000,000	-	-	-	-	-
CGV	1,900,000,000	950,000,000	-	(950,000,000)	950,000,000	1,900,000,000	1,900,000,000	-	-	1,900,000,000
NHH	540,000,000	511,800,000	-	(28,200,000)	511,800,000	-	-	-	-	-
Others	19,654,453	5,511,260	254,936	(14,398,129)	5,511,260	55,159,181,063	52,543,361,800	11,139,486	(2,626,958,749)	52,532,222,314
	84,993,804,201	75,374,425,260	254,936	(9,619,633,877)	75,374,425,260	65,442,478,063	60,626,658,800	11,139,486	(4,826,958,749)	60,615,519,314
Total	262,700,719,665	267,331,098,980	15,337,805,715	(10,707,426,400)	267,331,098,980	360,120,223,921	335,706,161,290	140,296,631	(24,554,359,262)	335,565,864,659

(*) Dong Phu Technical Rubber Joint Stock Company

(**) Can Tho Import Export fishery Joint Stock Company

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.3 Loans

		As at 31.12.2017		As at 31.12.2016	
		Cost VND	Provision VND	Cost VND	Provision VND
Margin loans and investment cooperation contracts	(i)	1,202,069,702,299	(27,787,203,085)	812,632,458,420	(28,610,104,426)
Trading advances	(ii)	110,552,280,497	-	48,787,794,300	-
Total		1,312,621,982,796	(27,787,203,085)	861,420,252,720	(28,610,104,426)

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**3.3 Loans (continued)****(i) Margin loans and investment cooperation contracts**

Margin loans represent the amounts lent to customers for their purchases of listed securities in accordance with Decision No. 87/QĐ-UBCK issued by the State Securities Commission on 25 November 2017. These amounts are due in three (3) months since the date of drawdown.

For overdue balances of investment cooperation contracts whose recoverability is in doubt, the Company has made almost full provision against them, in particular:

	Doubtful amount		Provision			
	As at 31.12.2017 VND	As at 31.12.2016 VND	As at 31.12.2016 VND	Provision VND	Reversal of provision VND	As at 31.12.2017 VND
Tran Quoc Tan	12,210,000,000	12,210,000,000	12,210,000,000	-	-	12,210,000,000
Nguyen Hong Mai	8,587,695,000	8,587,695,000	8,365,698,139	221,996,861	-	8,587,695,000
Tran Duc Loi	-	3,496,837,634	-	-	-	-
Pham Thi Kim Xuan	-	224,984,370	-	-	-	-
Pham Cong Khanh	2,576,209,616	2,576,209,616	2,576,209,616	-	-	2,576,209,616
Le Phuong Lan	1,202,220,538	1,688,609,567	1,218,960,331	-	(720,368,531)	498,591,800
Nguyen Thi Ly	1,643,644,306	1,643,644,306	1,597,826,736	45,817,570	-	1,643,644,306
Vuong Dan	1,544,620,920	1,544,620,920	1,544,620,920	-	-	1,544,620,920
Dao Thi Ho Huong	-	953,106,791	377,846,391	-	(377,846,391)	-
Nguyen Thu Hien	616,325,496	616,325,496	608,712,951	7,612,545	-	616,325,496
Tran Trung Nghia	109,137,598	109,137,598	109,137,598	-	(66,820)	109,070,778
Tran Quang Huy	1,089,369	1,091,744	1,091,744	-	(46,575)	1,045,169
	28,490,942,843	33,652,263,042	28,610,104,426	275,426,976	(1,098,328,317)	27,787,203,085

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.3 Loans (continued)

(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.

Accrued interest income for trading advances as at 31 December 2017 and as at 31 December 2016 is immaterial due to short term nature.

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.4 Short-term receivables

	As at 31.12.2017		As at 31.12.2016	
	Book value VND	Doubtful amount VND	Book value VND	Doubtful amount VND
Receivables from disposals of financial assets	182,710,000	-	2,484,000,000	-
Receivables from disposals of listed equities	182,710,000	-	-	-
Receivables from disposals of unlisted equities	-	-	2,484,000,000	-
Dividends and interests receivable	2,654,903,636	-	1,661,678,317	-
Undue dividends and interests receivable	2,654,903,636	-	1,661,678,317	-
	2,837,613,636	-	4,145,678,317	-
Services related receivables	7,900,382,763	-	5,843,493,487	-
Other receivables	1,978,208,478	1,978,208,478	1,978,208,478	1,978,208,478

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

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**3.4 Short-term receivables**

Details of provision for short-term doubtful debts are as follow:

	Doubtful amount		Provision			
	As at 31.12.2017 VND	As at 31.12.2016 VND	As at 31.12.2016 VND	Provision VND	Reversal of provision VND	As at 31.12.2017 VND
Other receivables	1,978,208,478	1,978,208,478	1,978,208,478	-	-	1,978,208,478
Mr. Van Thien Hung	1,978,208,478	1,978,208,478	1,978,208,478	-	-	1,978,208,478

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**3.5 Other current assets**

	As at 31 December	
	2017 VND	2016 VND
Advances to employees	428,066,665	132,955,166,000
Short-term prepaid expenses	2,665,194,684	1,619,001,959
- <i>Information technology equipments</i>	763,119,666	175,640,156
- <i>Office renovation expenses</i>	682,310,528	-
- <i>Office rentals</i>	-	205,114,000
- <i>Other short-term prepaid expenses</i>	1,219,764,490	1,238,247,803
Short-term security deposits	48,550,000	48,550,000
Personal income tax paid on behalf	5,679,572	2,498,332
Total	3,147,490,921	134,625,216,291

3.6 Fixed assets**(a) Tangible fixed assets**

	Motor vehicles VND	Office equipment VND	Total VND
Historical cost			
As at 1.1.2017	5,401,721,100	27,339,838,194	32,741,559,294
New purchases	912,539,400	5,216,689,200	6,129,228,600
Disposals	(476,357,600)	(198,122,859)	(674,480,459)
As at 31.12.2017	5,837,902,900	32,358,404,535	38,196,307,435
Accumulated depreciation			
As at 1.1.2017	3,298,650,058	19,865,171,167	23,163,821,225
Charge for the year	449,215,501	4,044,483,422	4,493,698,923
Disposals	(476,357,600)	(198,122,859)	(674,480,459)
As at 31.12.2017	3,271,507,959	23,711,531,730	26,983,039,689
Net book value			
As at 1.1.2017	2,103,071,042	7,474,667,027	9,577,738,069
As at 31.12.2017	2,566,394,941	8,646,872,805	11,213,267,746

As at 31 December 2017, the Company had no outstanding commitment to purchase or sell tangible fixed assets.

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2017 was VND14,957,039,284 (as at 31 December 2016: VND12,918,890,026).

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

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**3.6 Fixed assets (continued)****(b) Intangible fixed assets**

	Computer software VND	Patents VND	Copy rights VND	Other intangible assets VND	Total VND
Historical cost					
As at 1.1.2017	9,235,988,903	307,500,192	1,661,848,751	502,503,782	11,707,841,628
New purchases	1,877,090,000	-	-	-	1,877,090,000
Transfers from construction in progress	179,157,163	-	-	-	179,157,163
As at 31.12.2017	11,292,236,066	307,500,192	1,661,848,751	502,503,782	13,764,088,791
Accumulated amortisation					
As at 1.1.2017	5,969,993,017	307,500,192	1,095,552,915	502,503,782	7,875,549,906
Charge for the year	1,459,406,300	-	174,630,998	-	1,634,037,298
As at 31.12.2017	7,429,399,317	307,500,192	1,270,183,913	502,503,782	9,509,587,204
Net book value					
As at 1.1.2017	3,265,995,886	-	566,295,836	-	3,832,291,722
As at 31.12.2017	3,862,836,749	-	391,664,838	-	4,254,501,587

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2017 was VND2,287,891,465 (as at 31 December 2016: VND2,287,891,465).

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

3.7 Pledged assets, mortgages, security deposits in long term

These are security deposits for office rentals at head office, Nha Trang branch, Ha Noi branch and Can Tho branch.

3.8 Long-term prepaid expenses

These are the office renovation expenses at Can Tho branch being allocated over 60 months and office tools and supplies being allocated over 36 months.

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**3.9 Deposits in the Settlement Support Fund**

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

	As at 31 December	
	2017	2016
	VND	VND
Initial deposit	120,000,000	120,000,000
Additional deposits	11,745,188,416	10,156,776,767
Allocated interests	4,528,467,250	3,732,499,298
	16,393,655,666	14,009,276,065

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**3.10 Borrowings**

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

	Interest rate % per annum	Opening balance VND	Disbursement VND	Repayment VND	Revaluation VND	Closing balance VND
Bank borrowings (i)	5.7 - 7.3	-	1,711,080,785,912	(1,663,411,495,912)	51,475,000	47,720,765,000
Short-term issued bonds (ii)		503,120,000,000	1,112,955,000,000	(891,620,000,000)	-	724,455,000,000
<i>In which:</i>						
<i>Held by individuals</i>	9.0 - 9.5	428,120,000,000	697,955,000,000	(751,620,000,000)	-	374,455,000,000
<i>Held by institutions (*)</i>	8.0 - 9.5	75,000,000,000	415,000,000,000	(140,000,000,000)	-	350,000,000,000
Total		503,120,000,000	2,824,035,785,912	(2,555,031,495,912)	51,475,000	772,175,765,000

(i) These are loans from a foreign bank with a credit limit of USD3,000,000 and unsecured.

(ii) These are registered, unconvertible and unsecured bonds issued privately to individuals and institutions. Each bond has a par value of VND1,000,000 and a tenor of 1 year since its issue date.

(*) Short-term borrowing from issued bonds to related parties as at 31 December 2017 was VND250 billion (as at 31 December 2016: nil) (Note 8(b)).

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**3.11 Trading obligations**

These are expenses payable to the stock exchanges and Vietnam Securities Depository.

3.12 Short-term trade accounts payable

	As at 31 December	
	2017 VND	2016 VND
Payables for purchases of financial assets	-	19,753,634,300
<i>Payables for purchases of listed shares (*)</i>	-	19,753,634,300
Others	164,424,541	283,643,165
	164,424,541	20,037,277,465

(*) This is amount payable for purchases of listed shares which is settled within two (2) working days since the transaction day (T+2) according to the current practice of securities trading in Vietnam.

The Company had no trade payables due to related parties as at 31 December 2017 and as at 31 December 2016.

The Company had no overdue trade payables as at 31 December 2017 and as at 31 December 2016.

3.13 Tax and other payables to the State Budget

	As at 31 December	
	2017 VND	2016 VND
Corporate income tax - current	4,503,448,338	2,337,218,671
Personal income tax paid on behalf of customers	2,226,664,928	1,980,459,385
Personal income tax	1,361,446,970	721,712,220
Value added tax	44,733,984	252,004,946
Foreign contractor tax	55,678,203	16,647,827
	8,191,972,423	5,308,043,049

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.13 Tax and other payables to the State Budget (continued)

	As at 1.1.2017 VND	Incurred VND	Paid VND	As at 31.12.2017 VND
Corporate income tax - current	2,337,218,671	23,917,113,251	(21,750,883,584)	4,503,448,338
Personal income tax paid on behalf of customers	1,980,459,385	24,165,642,093	(23,919,436,550)	2,226,664,928
Personal income tax	719,213,888	7,897,842,623	(7,261,289,113)	1,355,767,398
<i>In which:</i>				
<i>Receivable</i>	721,712,220	-	-	1,361,446,970
<i>Payable</i>	(2,498,332)	-	-	(5,679,572)
Value added tax	252,004,946	675,425,065	(882,696,027)	44,733,984
Foreign contractor tax	16,647,827	676,507,211	(637,476,835)	55,678,203
Charges, fees and other payables	-	3,000,000	(3,000,000)	-
	<u>5,305,544,717</u>	<u>57,335,530,243</u>	<u>(54,454,782,109)</u>	<u>8,186,292,851</u>

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**3.14 Short-term accrued expenses**

	As at 31 December	
	2017	2016
	VND	VND
13-month salary and supplemental salary	9,200,000,000	4,479,250,041
Interests on bonds and borrowings	2,326,673,020	1,852,556,112
Brokerage fee and custody fee	767,594,468	507,028,708
Others	511,568,650	429,952,187
	12,805,836,138	7,268,787,048

3.15 Other short-term payables

	As at 31 December	
	2017	2016
	VND	VND
Dividend payable	908,095,800	-
Advances from customers for securities purchases	-	291,478,407,560
<i>Related parties (Note 8(b))</i>	-	276,478,407,560
<i>Third parties</i>	-	15,000,000,000
Other short-term payables	260,739,904	133,755,780
	1,168,835,704	291,612,163,340

3.16 Deferred tax liability

	As at 31 December	
	2017	2016
	VND	VND
Deferred tax liability to be recovered within 12 months	3,067,561,143	-

Movement in the deferred tax liability is as follows:

	For the year ended 31 December	
	2017	2016
	VND	VND
Beginning of year	-	-
Charge for the year	3,067,561,143	-
End of year	3,067,561,143	-

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**3.16 Deferred tax liability (continued)**

Details of deferred tax liability are as follows:

	As at 31 December	
	2017	2016
	VND	VND
Taxable temporary differences		
<i>Gain from revaluation of FVTPL financial assets</i>	15,337,805,715	-
	<u>15,337,805,715</u>	<u>-</u>
Offset with deferred tax asset	-	-
	<u>15,337,805,715</u>	<u>-</u>

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

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

	As at 31 December	
	2017	2016
	VND	VND
Number of shares registered	91,000,000	70,000,000
	<u>91,000,000</u>	<u>70,000,000</u>
Number of shares issued	91,000,000	70,000,000
Number of shares repurchased	-	-
	<u>91,000,000</u>	<u>70,000,000</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 the Annual General 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.

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**3.17 Share capital (continued)****(b) Movement of share quantity**

	Ordinary shares
As at 1 January 2016 and 31 December 2016	70,000,000
New shares issued (*)	21,000,000
	<hr/>
As at 31 December 2017	91,000,000
	<hr/> <hr/>

- (*) The Annual General Meeting of Shareholders on 23 March 2017 approved the issuance of new shares to existing shareholders according their subscription rights. The Board of Directors are authorised to distribute odd lots of shares and those not taken up to other investors in accordance with the Company's Charter and prevailing regulations at the price not lower than one offered to existing shareholders. Therefore the Company initiated the public issuance in accordance with Certificate of share offering No. 74/GCN-UBCK issued the State of Securities Commission on 7 November 2017 and completed it on 27 December 2017.

(c) Details of major shareholder as reporting date

	Number of ordinary shares	Value of charter capital contributed VND	Interest %
Mr. Tran Le Nguyen	31,850,000	318,500,000,000	35.00%
Asia Investment Limited	13,676,016	136,760,160,000	15.03%
Ms. Pham My Linh	12,473,888	124,738,880,000	13.71%
Other shareholders	33,000,096	330,000,960,000	36.26%
	<hr/>	<hr/>	<hr/>
Total	91,000,000	910,000,000,000	100%
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3.18 Undistributed earnings

	As at 31 December	
	2017 VND	2016 VND
Undistributed realised profits	97,966,752,187	68,930,268,960
Unrealised profits/(losses)	4,630,379,315	(24,554,359,262)
	<hr/>	<hr/>
	102,597,131,502	44,375,909,698
	<hr/> <hr/>	<hr/> <hr/>

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**3.18 Undistributed earnings (continued)**

Details of changes in equity during the year are as follows:

	As at 31.12.2016 VND	Profits for the year VND	Dividend declared VND	Appropriations to reserves VND	As at 31.12.2017 VND
Undistributed realised profits	68,930,268,960	82,172,174,539	(42,000,000,000)	(11,135,691,312)	97,966,752,187
Unrealised (losses)/profits	(24,554,359,262)	29,184,738,577	-	-	4,630,379,315
Undistributed earnings	44,375,909,698	111,356,913,116	(42,000,000,000)	(11,135,691,312)	102,597,131,502

4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS**4.1 Number of shares in issue**

	As at 31 December	
	2017	2016
Ordinary shares		
Quantity issued within 1 year	21,000,000	-
Quantity issued for 1 year or more (share)	70,000,000	70,000,000
	91,000,000	70,000,000

5 NOTES TO THE STATEMENT OF INCOME**5.1 Income from FVTPL financial assets****(a) Net realised gains on disposals of FVTPL financial assets**

	For the year ended 31 December	
	2017 VND	2016 VND
Realised gains on disposals of FVTPL financial assets	79,796,388,798	42,328,974,155
Realised losses on disposals of FVTPL financial assets	(29,594,339,433)	(5,392,279,405)
	<u>50,202,049,365</u>	<u>36,936,694,750</u>

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

	Quantity disposed share	Sales proceeds VND	Costs of disposals (*) VND	Realised gains in the reporting year VND	Realised gains in the comparative year VND
Listed shares	32,164,072	861,525,180,100	806,447,834,206	55,077,345,894	36,270,506,400
Unlisted shares	9,399,115	274,031,933,044	278,907,229,573	(4,875,296,529)	666,188,350
	<u>41,563,187</u>	<u>1,135,557,113,144</u>	<u>1,085,355,063,779</u>	<u>50,202,049,365</u>	<u>36,936,694,750</u>

(*) The costs of disposals are determined by the weighted average method up to the end of the trading dates.

5 NOTES TO THE STATEMENT OF INCOME**5.1 Income from FVTPL financial assets****(b) Gains/(losses) on revaluation of FVTPL financial assets**

	For the year ended 31 December	
	2017 VND	2016 VND
Gains from revaluation of FVTPL financial assets	15,337,805,715	-
Decrease/(increase) in losses from revaluation of FVTPL financial assets	13,846,932,862	(13,013,756,975)
	29,184,738,577	(13,013,756,975)

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

	Cost share	Market value/ fair value VND	Accumulated revaluation gains/(losses) as at 31.12.2017 VND	Accumulated revaluation gains/(losses) as at 31.12.2016 VND	Credited/ (charged) to statement of income VND
Listed shares	177,706,915,464	191,956,673,720	14,249,758,256	(19,727,400,513)	33,977,158,769
Unlisted shares	84,993,804,201	75,374,425,260	(9,619,378,941)	(4,826,958,749)	(4,792,420,192)
	262,700,719,665	267,331,098,980	4,630,379,315	(24,554,359,262)	29,184,738,577

5 NOTES TO THE STATEMENT OF INCOME (continued)**5.2 Provisions for diminution in value of financial assets and impairment losses and borrowing costs to finance lending activities**

	For the year ended 31 December	
	2017 VND	2016 VND
Borrowing costs to finance lending activities	68,311,830,297	50,989,450,482
(Reversal of provision)/provision for impairment of financial assets	(822,901,341)	2,007,921,463
	67,488,928,956	52,997,371,945

5.3 Other operating expenses

	For the year ended 31 December	
	2017 VND	2016 VND
Self-trading activities	4,135,204,425	1,987,550,274
Salaries	2,097,887,937	1,545,499,336
Office rentals	270,864,000	270,864,000
Other expenses	1,766,452,488	171,186,938
Brokerage fee expenses	61,770,746,362	42,338,260,891
Salaries	28,134,495,599	18,103,910,402
Securities trading transaction fees	14,309,528,597	8,535,135,260
Brokerage expense for collaborators	6,126,122,796	4,231,630,943
Office rentals	3,653,149,600	3,663,699,600
Depreciation and amortisation	2,048,658,267	2,005,219,381
Other expenses	7,498,791,503	5,798,665,305
Underwriting expenses and placing expenses	1,542,377,378	180,000,000
Securities investment consultancy expenses	943,458,689	450,231,499
Custody fee expenses	7,467,889,242	5,786,971,449
Financial consultancy expenses	5,967,798,494	5,121,995,390
Salaries	4,100,085,805	3,499,407,691
Office rentals	422,994,000	422,994,000
Other expenses	1,444,718,689	1,199,593,699
Other operating expenses	9,277,136,939	7,165,347,404
Salaries	7,447,277,255	5,416,742,135
Office rentals	1,045,185,600	1,015,185,600
Maintenance expenses	73,798,364	116,028,156
Other expenses	710,875,720	617,391,513
	91,104,611,529	63,030,356,907

5 NOTES TO THE STATEMENT OF INCOME (continued)**5.4 General and administration expenses**

	For the year ended 31 December	
	2017 VND	2016 VND
Staff costs	31,817,605,865	22,318,477,816
Office rentals	4,971,814,800	4,963,700,800
Depreciation and amortisation	4,079,077,954	2,889,375,590
Outsourced services	3,624,897,141	3,527,223,844
Advertisement and entertainment expenses	2,302,578,121	1,384,168,971
Maintenance expenses	496,357,580	1,718,481,515
Remuneration of the Board of Directors	741,563,113	475,093,554
Tools and supplies	695,407,539	520,574,744
Office stationeries	114,177,950	106,594,151
Tax, duties and fees	42,000,000	8,000,000
Other administrative expenses	4,758,264,373	4,255,698,193
	53,643,744,436	42,167,389,178

5.5 Corporate income tax

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

	For the year ended 31 December	
	2017 VND	2016 VND
Accounting profit before tax	138,341,587,510	61,350,083,928
Tax at rate of 20%:	27,668,317,502	12,270,016,785
Adjustment for:		
Non-taxable income	(1,021,786,866)	(1,239,560,674)
Non deductible expenses	338,143,758	1,013,061,485
Corporate income tax charge (*)	26,984,674,394	12,043,517,596
Charged for the year:		
Corporate income tax – current	23,917,113,251	3,536,747,451
Corporate income tax – deferred	3,067,561,143	8,506,770,145
	26,984,674,394	12,043,517,596

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

The tax authorities have finalised corporate income tax up to 31 December 2015.

5 NOTES TO THE STATEMENT OF INCOME (continued)**5.6 Earnings per share****(a) Basic earnings per share**

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

	For the year ended 31 December	
	2017	2016
Net profit attributable to shareholders (VND)	111,356,913,116	49,306,566,332
Less amount allocated to bonus and welfare funds (VND)	-	-
	<u>111,356,913,116</u>	<u>49,306,566,332</u>
Weighted average number of ordinary shares in issue (shares)	70,287,671	70,000,000
	<u>70,287,671</u>	<u>70,000,000</u>
Basic earnings per share (VND)	<u>1,584</u>	<u>704</u>

(b) Diluted earnings per share

The Company did not have potentially dilutive ordinary shares.

6 NOTES TO THE STATEMENT OF CASH FLOW**6.1 Proceeds from borrowings**

Proceeds from borrowings are loan drawdowns and proceeds from issuance of short-term bonds (Note 3.10).

6.2 Repayment of borrowings

Repayments of borrowings are loan repayments and bond repayments (Note 3.10).

7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY**7.1 Distributed earnings**

	For the year ended 31 December	
	2017	2016
	VND	VND
Undistributed earnings brought forward	68,930,268,960	11,540,602,287
Realised profits after tax incurred in the year	82,172,174,539	62,320,323,307
Appropriations of retaining earnings:		
To supplementary capital reserve	(5,567,845,656)	(2,465,328,317)
To financial and operational risk reserve fund	(5,567,845,656)	(2,465,328,317)
Distributable profits	139,966,752,187	68,930,268,960
Dividend declared	42,000,000,000	-
Income tax withheld	(1,645,771,680)	-
Net amount to be distributed to shareholders	40,354,228,320	-

7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY (continued)**7.2 Details of changes in equity**

	Owners' capital VND	Share premium VND	Supplementary capital reserve VND	Financial and operational risk reserve VND	Undistributed earnings VND	Total VND
As at 1 January 2016	700,000,000,000	9,240,118,792	2,157,158,275	2,157,158,275	-	713,554,435,342
Profit for the year	-	-	-	-	49,306,566,332	49,306,566,332
Appropriation to reserves (Note 2.19(b))	-	-	2,465,328,317	2,465,328,317	(4,930,656,634)	-
As at 31 December 2016	700,000,000,000	9,240,118,792	4,622,486,592	4,622,486,592	44,375,909,698	762,861,001,674
Capital increased during the year (Note 3.17(b))	210,000,000,000	-	-	-	-	210,000,000,000
Profit for the year	-	-	-	-	111,356,913,116	111,356,913,116
Appropriation to reserves	-	-	5,567,845,656	5,567,845,656	(11,135,691,312)	-
Dividend declared (*)	-	-	-	-	(42,000,000,000)	(42,000,000,000)
As at 31 December 2017	910,000,000,000	9,240,118,792	10,190,332,248	10,190,332,248	102,597,131,502	1,042,217,914,790

(*) The Annual General Meeting of shareholders on 23 March 2017 approved the cash dividend for the year 2016 at 6% of the Company's charter capital as at 31 December 2016 and was paid in 2017.

8 RELATED PARTIES DISCLOSURES

Related party	Relationship
Mr. Tran Le Nguyen	Major shareholder
Asia Investment Limited	Major shareholder
Mrs. Pham My Linh	Major shareholder
KIDO Group Corporation	Related to the Company's key management
KIDO Frozen Foods JSC	Related to the Company's key management
Tuong An Vegetable Oil JSC	Related to the Company's key management
Vietnam Vegetable Oils Industry Corporation	Related to the Company's key management
DABACO Group	Related to the Company's key management
Board of Directors and key executives	Key management

(a) Related parties transactions

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

	For the year ended 31 December	
	2017 VND	2016 VND
Revenue from brokerage services	1,110,234,507	2,848,597,500
Revenue from underwriting services	5,824,000,000	-
Revenue from other services	2,431,257,297	-
Bond issued to related parties	250,000,000,000	-
Bond interest expenses payable to related parties	16,993,055,551	-
Salary and other benefits	8,612,759,617	4,834,370,509

(b) Year-end balances with related parties

	As at 31 December	
	2017 VND	2016 VND
Bonds issued to related parties (Note 3.3)	250,000,000,000	-
Accrued bond interests payable to related parties	531,944,444	-
Other payables (Note 3.15)	-	276,478,407,560
Value of shares under entrustment	-	55,200,000,000

9 SEGMENT REPORTING**(a) Geographical segments**

Information of segment revenue and income and expenses based on the geography segments of the Company is as follows:

	For the year ended 31 December 2017				
	Ho Chi Minh City VND	Ha Noi VND	Nha Trang VND	Can Tho VND	Total VND
Revenue and income	322,711,748,464	34,141,021,882	1,671,631,847	7,892,463,116	366,416,865,309
Operating expenses	(151,701,118,414)	(17,794,807,584)	(1,056,532,860)	(3,879,074,505)	(174,431,533,363)
General and administrative expenses	(43,672,325,926)	(6,317,180,366)	(1,098,145,223)	(2,556,092,921)	(53,643,744,436)
Profit before tax	127,338,304,124	10,029,033,932	(483,046,236)	1,457,295,690	138,341,587,510

	For the year ended 31 December 2016				
	Ho Chi Minh City VND	Ha Noi VND	Nha Trang VND	Can Tho VND	Total VND
Revenue and income	210,076,661,886	21,026,531,934	1,595,650,718	5,303,460,410	238,002,304,948
Operating expenses	(119,378,623,750)	(11,317,522,050)	(1,036,267,850)	(2,752,418,192)	(134,484,831,842)
General and administrative expenses	(34,289,148,380)	(5,003,438,901)	(934,957,422)	(1,939,844,475)	(42,167,389,178)
Profit before tax	56,408,889,756	4,705,570,983	(375,574,554)	611,197,743	61,350,083,928

9 SEGMENT REPORTING (continued)**(b) Business activity segments**

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

For the year ended 31 December 2017						
	Brokerage and services VND	Self-trading VND	Lending VND	Consultancy VND	Others VND	Total VND
Revenue and income	87,130,206,398	100,243,128,842	153,741,250,394	11,618,454,181	13,683,825,494	366,416,865,309
Expenses	(62,714,205,051)	(19,882,610,996)	(84,233,955,137)	(7,510,175,872)	(53,734,330,743)	(228,075,277,799)
Profit before tax	<u>24,416,001,347</u>	<u>80,360,517,846</u>	<u>69,507,295,257</u>	<u>4,108,278,309</u>	<u>(40,050,505,249)</u>	<u>138,341,587,510</u>
For the year ended 31 December 2016						
	Brokerage and services VND	Self-trading VND	Lending VND	Consultancy VND	Others VND	Total VND
Revenue and income	49,101,064,663	50,534,698,990	116,044,875,387	9,889,727,272	12,431,938,636	238,002,304,948
Expenses	(42,788,492,390)	(20,393,586,654)	(65,949,690,798)	(5,301,995,390)	(42,218,455,788)	(176,652,221,020)
Profit before tax	<u>6,312,572,273</u>	<u>30,141,112,336</u>	<u>50,095,184,589</u>	<u>4,587,731,882</u>	<u>(29,786,517,152)</u>	<u>61,350,083,928</u>

10 FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Credit risk

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

Balances with banks

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

FVTPL financial assets

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

Trading advances

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

Investment cooperation contracts

Balances from investment cooperation contracts have been overdue for more than three (3) years and the Company assesses recoverability is not probable. The Company has made almost full provision against these balances.

10 FINANCIAL RISK MANAGEMENT (continued)*Margin loan*

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

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

Receivables and other assets

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

Credit risk exposure

	As at 31 December	
	2017	2016
	VND	VND
<i>Cash and cash equivalents (Note 3.1)</i>		
Current accounts at bank	238,813,046,167	247,909,279,453
<i>Loans (Note 3.3)</i>		
Margin loans and investment cooperation contracts	1,202,069,702,299	812,632,458,420
Trading advances	110,552,280,497	48,787,794,300
	1,312,621,982,796	861,420,252,720
<i>Receivables (Note 3.4)</i>		
Receivables from disposals of financial assets	182,710,000	2,484,000,000
Dividends and interests receivable	2,654,903,636	1,661,678,317
Services related receivables	7,900,382,763	5,843,493,487
	10,737,996,399	9,989,171,804
Total credit risk exposure	1,562,173,025,362	1,119,318,703,977

10 FINANCIAL RISK MANAGEMENT (continued)**(b) Market risk**

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

The Company manages this risk through the careful selection of securities and other financial instruments within specified limits and by holding a diversified portfolio of listed and unlisted instruments.

- **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. Currently, the Company records its financial assets and financial liabilities under the historical cost convention less decrease in revaluation and provision for decline in value (if any), hence, the Company only has cash flow risk for its interest receivable/payable. The Company is exposed to interest rate risk mainly on its deposits at bank and bank borrowings.

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

- **Share price risk**

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

As at 31 December 2017, should the prices of the securities had increased/decreased by 10% while the other variables stay constant, the Company's value of FVTPL financial assets would have been higher/lower by VND26,733,109,898 respectively (as at 31 December 2016: higher/lower by VND33,556,586,466).

(c) Liquidity risk

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

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

As at 31 December 2017, the Company had financial liabilities including bank loans, short-term issued bonds, trading obligation, short-term trade payables, accrued expenses and other short-term liabilities with the amount of VND787,982,831,070 (as at 31 December 2016: VND 822,807,175,705) which represented contractual undiscounted cash outflows payable in less than one year.

9 FINANCIAL RISK MANAGEMENT (continued)**(d) Capital risk management**

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

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

As as 31 December 2017, the Company's CAR was 827%.

11 OPERATING LEASE COMMITMENTS

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

	As at 31 December	
	2017	2016
	VND	VND
Within 1 year	10,477,897,308	8,799,698,184
From 1 to 5 year	16,993,479,370	16,596,275,468
Total	27,471,376,678	25,395,973,652

12 SUBSEQUENT EVENTS

On 25 January 2018, the Board of Directors approved the first issuance of corporate bonds in 2018 to increase working capital capacity of the Company. Detail of this issuance are as follows:

Type of bond	Non-convertible and unsecured
Par value	VND1,000,000
Quantity of issue	500,000
Total value of issue	VND500,000,000,000
Issue price	At par value

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

13 OPERATIONAL FACTS**Volume and value of transactions during the year**

	Volume of transactions during the year	Value of transactions during the year VND
(a) Of the Company	79,740,585	2,073,797,657,602
Shares	79,140,585	2,066,563,515,602
Other shares	600,000	7,234,142,000
(b) Of investors	2,917,030,868	46,248,889,220,300
Shares	2,912,413,838	45,909,728,470,300
Bond	3,175,000	319,710,400,000
Other shares	1,442,030	19,450,350,000
	<u>2,996,771,453</u>	<u>48,322,686,877,902</u>

14 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm with the current year's presentation

The financial statements were approved by the Board of Management on 8 March 2018.



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director

