

Viet Dragon Securities Corporation

Report of the Board of Management and
Financial statements

As at and for the year ended 31 December 2012

Ernst & Young

Viet Dragon Securities Corporation

CONTENTS

	<i>Pages</i>
GENERAL INFORMATION	1 - 2
REPORT OF THE BOARD OF MANAGEMENT	3
AUDITED FINANCIAL STATEMENTS	
Independent auditors' report	4
Balance sheet	5 - 8
Income statement	9
Cash flow statement	10 - 11
Statement of changes in equity	12
Notes to the financial statements	13 - 43

Viet Dragon Securities Corporation

GENERAL INFORMATION

THE COMPANY

Viet Dragon Securities Corporation ("the Company") is a joint stock company established in Vietnam in accordance with Business Registration Certificate No. 4103005723 issued by the Department of Planning and Investment of Ho Chi Minh City on 15 December 2006 and Business License No. 32/UBCK-GPHDKD issued by the State Securities Commission ("the SSC") on 21 December 2006 and other Amended Licenses issued by the SSC as below:

<i>Amended License No.</i>	<i>Content</i>	<i>Date</i>
32/UBCK-GP	Increase charter capital to VND 300,000,000,000	15 August 2007
147/UBCK-GP	Increase charter capital to VND 330,000,000,000	8 August 2008
312/UBCK-GP	Head office relocation	11 March 2010
347/UBCK-GP	Increase charter capital to VND 349,799,870,000	20 August 2010

The Company's current principal activities are to provide brokerage services, self-trading of securities, underwriting services, financial and securities investment advisory services, and securities custody services.

The Company has head office located at 141 Nguyen Du Street, Ben Thanh Ward, District 1, Ho Chi Minh City and branches in Hanoi, Nha Trang and Can Tho cities.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/resignation/tenure expired</i>
Mr Nguyen Mien Tuan	Chairman	Appointed on 18 September 2012
	Vice chairman	Resigned on 18 September 2012
Mr Pham Huu Phu	Member	Appointed on 18 September 2012
	Chairman	Resigned on 18 September 2012
Mr Nguyen Thanh Long	Chairman	Tenure expired on 18 April 2012
Mr Nguyen Huu Tu	Vice chairman	Appointed on 18 September 2012
	Member	Resigned on 18 September 2012
Mr Nguyen Thuc Vinh	Member	Appointed on 18 April 2012
Ms Nguyen Nu Tuong Oanh	Member	Appointed on 18 April 2012
Mr Nguyen Anh Tung	Member	Tenure expired on 18 April 2012
Mr Nguyen Van Ly	Member	Tenure expired on 18 April 2012

BOARD OF SUPERVISORS

Members of the Board of Supervisors during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/tenure expired</i>
Mr Nguyen Van Minh	Chief Supervisor	Appointed on 18 April 2012
	Member	Tenure expired on 18 April 2012
Mr Ton That Dien Khoa	Member	Appointed on 18 April 2012
	Chief Supervisor	Tenure expired on 18 April 2012
Mr Dao Cong Thang	Member	Reappointed on 18 April 2012

Viet Dragon Securities Corporation

GENERAL INFORMATION (continued)

BOARD OF MANAGEMENT

Members of the Board of Management during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/resignation</i>
Mr Nguyen Hieu	General Director	Appointed on 18 September 2012
	Deputy General Director	Resigned on 18 September 2012
Mr Nguyen Mien Tuan	General Director	Resigned on 18 September 2012
Mr Nguyen Minh Nhut	Deputy General Director	Appointed on 25 September 2009
Mr Nguyen Huu Tu	Deputy General Director	Appointed on 25 September 2009
Mr Vo Duy Dao	Deputy General Director	Resigned on 15 June 2012

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Nguyen Mien Tuan – Chairman.

Mr. Nguyen Hieu, General Director is authorised by Mr. Nguyen Mien Tuan to sign the financial statements for the year ended 31 December 2012 in accordance with the Decision No. 23/2012/QĐ-HDQT dated 16 October 2012.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Viet Dragon Securities Corporation

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Viet Dragon Securities Corporation (“the Company”) is pleased to present its report and the financial statements of the Company for the year ended 31 December 2012.

THE BOARD OF MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Management is responsible for the financial statements of each financial year which give a true and fair view of the state of affairs of the Company and of the Company’s results and cash flows. In preparing those 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;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its 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 to ensure that the accounting records comply with the registered accounting system. It 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 irregularities.

The Board of Management confirmed that it has complied with the above requirements in preparing the financial statements for the year ended 31 December 2012.

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2012, and the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and accounting policies applicable to securities companies as set out in Circular No. 95/2008/TT-BTC dated 24 October 2008 and Circular No. 162/2010/TT-BTC dated 20 October 2010 issued by the Ministry of Finance and comply with relevant statutory requirements.

On behalf of the Board of Management:



Mr. Nguyen Hieu
General Director

Hồ Chí Minh City, Vietnam

8 March 2013

Reference: 60752721/15505203

INDEPENDENT AUDITORS' REPORT

To: The shareholders of Viet Dragon Securities Corporation

We have audited the financial statements of Viet Dragon Securities Corporation ("the Company") as set out on pages 5 to 43 which comprise the balance sheet as at 31 December 2012, the income statement, cash flow statement and statement of changes in equity for the year then ended and the notes thereto.

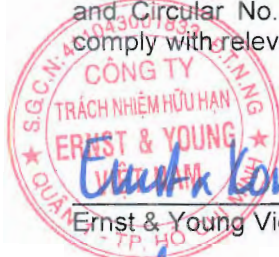
The preparation and presentation of these financial statements are the responsibility of the Board of Management. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of Opinion

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2012, and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and accounting policies applicable to securities companies as set out in Circular No. 95/2008/TT-BTC dated 24 October 2008 and Circular No. 162/2010/TT-BTC dated 20 October 2010 issued by the Ministry of Finance and comply with relevant statutory requirements.



Ernst & Young Vietnam Ltd.
Ernst & Young Vietnam Limited



Mai Viet Hung Tran
Deputy General Director
Certificate No. D.0048/KTV

Ho Chi Minh City, Vietnam

8 March 2013



Le Duc Linh
Auditor
Certificate No. 1672/KTV

Viet Dragon Securities Corporation

BALANCE SHEET
as at 31 December 2012

B01-CTCK

Code	ASSETS	Notes	Ending balance VND	Beginning balance VND
100	A. CURRENT ASSETS		564,547,655,665	872,637,772,298
110	I. Cash and cash equivalents		131,517,142,289	188,615,436,519
111	1. Cash	4	111,517,142,289	188,615,436,519
112	2. Cash equivalents		20,000,000,000	-
120	II. Short-term investments		47,275,845,234	113,080,729,079
121	1. Short-term investments	6	112,264,390,116	207,189,713,737
129	2. Provision for short-term investments	7	(64,988,544,882)	(94,108,984,658)
130	III. Current accounts receivable	8	382,289,159,222	567,100,002,139
131	1. Trade receivables		119,344,818	86,000,000
132	2. Advances to suppliers		25,000,000	61,370,745
135	3. Receivables from securities trading		213,772,758,518	380,951,502,238
138	4. Other receivables		185,661,553,775	195,751,650,918
139	5. Provision for doubtful debts	9	(17,289,497,889)	(9,750,521,762)
150	IV. Other current assets		3,465,508,920	3,841,604,561
151	1. Short-term prepaid expenses		657,266,278	951,385,225
158	2. Other current assets		2,808,242,642	2,890,219,336
200	B. NON-CURRENT ASSETS		35,829,554,997	39,891,434,368
220	I. Fixed assets		18,195,819,819	22,055,198,160
221	1. Tangible fixed assets	10	10,754,237,835	13,560,453,813
222	Cost		30,596,377,520	29,680,383,848
223	Accumulated depreciation		(19,842,139,685)	(16,119,930,035)
227	2. Intangible fixed assets	11	7,027,640,443	8,165,072,347
228	Cost		10,177,412,699	9,979,026,036
229	Accumulated amortisation		(3,149,772,256)	(1,813,953,689)
230	3. Constructions in progress	12	413,941,541	329,672,000
260	II. Other long-term assets		17,633,735,178	17,836,236,208
261	1. Long-term prepaid expenses	13	1,611,136,509	2,652,914,653
262	2. Deferred tax assets	25.3	6,384,932,543	6,384,932,543
263	3. Contributions to Settlement Support Fund	14	6,324,959,894	5,464,182,780
268	4. Other long-term assets	15	3,312,706,232	3,334,206,232
270	TOTAL ASSETS		600,377,210,662	912,529,206,666



Viet Dragon Securities Corporation

BALANCE SHEET (continued)
as at 31 December 2012

B01-CTCK

<i>Code</i>	<i>RESOURCES</i>	<i>Notes</i>	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
300	A. LIABILITIES		364,685,140,878	649,199,961,159
310	I. Current liabilities		363,883,785,878	648,445,843,159
311	1. Short-term loans and borrowings	16	247,000,000,000	450,441,572,364
312	2. Trade payables		628,347,967	492,460,334
313	3. Advances from customers		794,594,818	718,326,410
314	4. Statutory obligations	17	252,776,594	275,552,508
315	5. Payables to employees		7,796,755	12,462,026
316	6. Accrued expenses	18	3,958,421,537	29,389,153,948
320	7. Payables for securities trading	19	39,221,581,584	114,097,618,728
321	8. Dividend, principal and interest payables on behalf of customers		2,416,860,486	2,595,362,086
328	9. Other short-term payables	20	69,603,406,137	50,423,334,755
330	II. Non-current liability		801,355,000	754,118,000
333	1. Other long-term payables		801,355,000	754,118,000
400	B. OWNERS' EQUITY		235,692,069,784	263,329,245,507
410	I. Capital		235,692,069,784	263,329,245,507
411	1. Share capital	21.1	349,799,870,000	349,799,870,000
412	2. Share premium		33,476,130,000	33,476,130,000
418	3. Financial reserve		2,157,158,275	2,157,158,275
419	4. Supplementary capital reserve		2,157,158,275	2,157,158,275
420	5. Accumulated losses		(151,898,246,766)	(124,261,071,043)
440	TOTAL RESOURCES		600,377,210,662	912,529,206,666

Viet Dragon Securities Corporation

BALANCE SHEET (continued)
as at 31 December 2012

B01-CTCK

OFF BALANCE SHEET ITEMS

Code	ITEMS	Ending balance VND	Beginning balance VND
006	1. Custody securities	6,233,329,670,000	4,147,492,340,000
	<i>In which:</i>		
007	1.1. Trading securities	3,601,374,890,000	3,154,959,900,000
008	1.1.1. Trading securities of custody investors	1,350,880,000	4,932,750,000
009	1.1.2. Trading securities of domestic investors	3,565,970,250,000	3,138,843,240,000
010	1.1.3. Trading securities of foreign investors	34,053,760,000	11,183,910,000
012	1.2. Temporarily unprocessed securities	19,669,680,000	26,072,250,000
014	1.2.1. Temporarily unprocessed securities of domestic investors	19,669,680,000	26,072,250,000
017	1.3. Mortgaged securities	2,040,303,630,000	135,442,390,000
018	1.3.1. Mortgaged securities of custody investors	21,076,000,000	38,452,900,000
019	1.3.2. Mortgaged securities of domestic investors	2,019,227,630,000	96,989,490,000
027	1.4. Securities awaiting settlement	51,045,400,000	83,510,800,000
028	1.4.1. Securities awaiting settlement of custody investors	1,100,000,000	142,000,000
029	1.4.2. Securities awaiting settlement of domestic investors	49,944,400,000	83,368,800,000
030	1.4.3. Securities awaiting settlement of foreign investors	1,000,000	-
032	1.5. Blocked securities awaiting release	14,000,000,000	-
034	1.5.1. Blocked securities awaiting release of domestic investors	14,000,000,000	-

Viet Dragon Securities Corporation

BALANCE SHEET (continued)
as at 31 December 2012

B01-CTCK

OFF BALANCE SHEET ITEMS (continued)

Code	ITEMS	Ending balance VND	Beginning balance VND
037	1.6. Securities awaiting trading	617,990,000	230,451,030,000
038	1.6.1. Securities awaiting trading of custody investors	-	1,120,000
039	1.6.2. Securities awaiting trading of domestic investors	617,990,000	230,437,510,000
040	1.6.3. Securities awaiting trading of foreign investors	-	12,400,000
042	1.7. Securities mortgaged for loans	506,318,080,000	517,055,970,000
044	1.7.1. Securities mortgaged for loans of domestic investors	506,318,080,000	517,055,970,000
050	2. Custody securities of unlisted public companies	123,768,080,000	93,066,150,000
	<i>In which:</i>		
051	2.1. Trading securities	121,409,320,000	90,601,750,000
052	2.1.1. Trading securities of custody investors	2,640,000	840,000
053	2.1.2. Trading securities of domestic investors	121,404,810,000	90,600,910,000
054	2.1.3. Trading securities of foreign investors	1,870,000	-
056	2.2. Temporarily unprocessed securities	2,324,720,000	2,350,400,000
058	2.2.1. Temporarily unprocessed securities of domestic investors	2,324,720,000	2,350,400,000
071	2.3. Securities awaiting settlement	34,040,000	114,000,000
073	2.3.1. Securities awaiting settlement of domestic investors	34,040,000	114,000,000
083	3. Non-custodied securities of securities companies	17,275,000,000	25,159,960,000

Prepared by:



Ms Duong Kim Chi
General Accountant

Reviewed by:



Mr Le Minh Hien
Chief Accountant

Approved by:



Mr Nguyen Hieu
General Director

Ho Chi Minh City, Vietnam

8 March 2013

Viet Dragon Securities Corporation

INCOME STATEMENT
for the year ended 31 December 2012

B02-CTCK

Code	ITEMS	Notes	Current year VND	Previous year VND
01	1. Revenues	22	101,681,678,093	161,572,471,207
	<i>In which:</i>			
01.1	Revenue from brokerage services		29,435,780,674	16,070,926,153
01.2	Revenue from securities investments and capital contributions		12,518,491,314	13,651,925,282
01.3	Revenue from securities underwriting services		390,000,000	-
01.5	Revenue from financial and investment advisory services		22,066,088,451	112,135,250,036
01.6	Revenue from depository service		3,536,488,258	-
01.9	Other revenues		33,734,829,396	19,714,369,736
02	2. Deductions		-	-
10	3. Net revenues from operating activities		101,681,678,093	161,572,471,207
11	4. Operating expenses	23	(84,403,256,561)	(231,426,652,724)
20	5. Gross profit (loss) from operating activities		17,278,421,532	(69,854,181,517)
25	6. General and administrative expenses	24	(45,737,161,010)	(58,530,812,303)
30	7. Net loss from operating activities		(28,458,739,478)	(128,384,993,820)
31	8. Other income		832,626,314	2,799,466,826
32	9. Other expenses		(11,062,559)	(756,936,602)
40	10. Other profit		821,563,755	2,042,530,224
50	11. Loss before tax		(27,637,175,723)	(126,342,463,596)
51	12. Current corporate income tax	25.1	-	-
52	13. Deferred corporate income tax	25.3	-	-
60	14. Net loss after tax		(27,637,175,723)	(126,342,463,596)
70	15. Loss per share	26	(790)	(3,612)

Prepared by:



Ms Duong Kim Chi
General Accountant

Reviewed by:



Mr Le Minh Hien
Chief Accountant

Approved by:



Mr Nguyen Hieu
General Director

Ho Chi Minh City, Vietnam

8 March 2013

Viet Dragon Securities Corporation

CASH FLOW STATEMENT
for the year ended 31 December 2012

B03-CTCK

Code	ITEMS	Notes	Current year VND	Previous year VND
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Loss before tax		(27,637,175,723)	(126,342,463,596)
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10,11,13	7,044,275,974	6,454,115,601
03	Provisions for investments and doubtful debts	7,9	(21,581,463,649)	76,082,265,519
05	Gain from investment activities		(8,410,323,040)	(12,847,246,422)
06	Interest expense	23	52,735,443,430	120,904,607,213
08	Operating profit before changes in working capital		2,150,756,992	64,251,278,315
09	Decrease in receivables		176,514,566,370	14,086,908,093
10	Decrease in self-trading securities and short-term investments		94,925,323,621	43,552,909,506
11	Increase (decrease) in payables		4,771,442,751	(10,790,079,626)
12	Decrease in prepaid expenses		294,118,947	973,463,963
13	Interest paid		(78,143,987,751)	(97,560,341,225)
16	Payments for other operating activities		-	(165,687,000)
20	Net cash flows from operating activities		200,512,220,930	14,348,452,026
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets		(2,153,632,018)	(6,741,661,500)
22	Proceeds from disposal of fixed assets and other long-term assets		53,636,361	43,181,813
27	Interest and dividends received		8,367,199,208	11,800,430,609
30	Net cash flows from investing activities		6,267,203,551	5,101,950,922

Viet Dragon Securities Corporation

CASH FLOWS STATEMENT (continued)
for the year ended 31 December 2012

B03-CTCK

Code	ITEMS	Notes	Current year VND	Previous year VND
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		2,088,273,566,216	1,482,589,600,851
34	Repayment of borrowings		(2,291,715,138,580)	(1,553,391,157,336)
40	Net cash flows used in financing activities		(203,441,572,364)	(70,801,556,485)
50	Net increase (decrease) in cash and cash equivalents during the year		3,337,852,117	(51,351,153,537)
60	Cash and cash equivalents at beginning of year	4	24,178,101,507	75,529,255,044
61	Effect of foreign exchange difference		-	-
70	Cash and cash equivalents at end of year	4	27,515,953,624	24,178,101,507

Prepared by:



Ms Duong Kim Chi
General Accountant

Reviewed by:



Mr Le Minh Hien
Chief Accountant

Approved by:



Mr Nguyen Hieu
General Director

Ho Chi Minh City, Vietnam

8 March 2013

Viet Dragon Securities Corporation

STATEMENT OF CHANGES IN EQUITY
as at and for the year ended 31 December 2012

B05-CTCK

VND

ITEMS	Notes	Opening balance		Increase/(decrease)				Closing balance	
		1 January 2011	1 January 2012	Previous year		Current year		31 December 2011	31 December 2012
				Increase	Decrease	Increase	Decrease		
A	B	1	2	3	4	5	6	7	8
1. Share capital		349,799,870,000	349,799,870,000	-	-	-	-	349,799,870,000	349,799,870,000
2. Share premium		33,476,130,000	33,476,130,000	-	-	-	-	33,476,130,000	33,476,130,000
3. Financial reserve		2,157,158,275	2,157,158,275	-	-	-	-	2,157,158,275	2,157,158,275
4. Supplementary capital reserve		2,157,158,275	2,157,158,275	-	-	-	-	2,157,158,275	2,157,158,275
5. (Accumulated losses) undistributed earnings		2,081,392,553	(124,261,071,043)	-	(126,342,463,596)	-	(27,637,175,723)	(124,261,071,043)	(151,898,246,766)
TOTAL		389,671,709,103	263,329,245,507	-	(126,342,463,596)	-	(27,637,175,723)	263,329,245,507	235,692,069,784

Prepared by:



Ms Duong Kim Chi
General Accountant

Reviewed by:



Mr Le Minh Hien
Chief Accountant

Approved by:



Mr Nguyen Hieu
General Director

Ho Chi Minh City, Vietnam

8 March 2013

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS
as at and for the financial year ended 31 December 2012

B09-CTCK

1. CORPORATE INFORMATION

Viet Dragon Securities Corporation ("The Company") is a joint stock company established in Vietnam in accordance with Business Registration Certificate No. 4103005723 issued by the Department of Planning and Investment of Ho Chi Minh City on 15 December 2006 and Business License No. 32/UBCK-GPHDKD issued by the State Securities Commission ("the SSC") on 21 December 2006, and other Amended Licenses issued by the SSC as below:

<i>Amended License No.</i>	<i>Content</i>	<i>Date</i>
32/UBCK-GP	Increase charter capital to VND 300,000,000,000	15 August 2007
147/UBCK-GP	Increase charter capital to VND 330,000,000,000	8 August 2008
312/UBCK-GP	Head office relocation	11 March 2010
347/UBCK-GP	Increase charter capital to VND 349,799,870,000	20 August 2010

The Company's current principal activities are to provide brokerage services, self-trading of securities, underwriting services, financial and securities investment advisory services, and securities custody services.

Charter capital

As at 31 December, 2012, the charter capital of the Company was VND 349,799,870,000.

Operation network

The Company's head office is located at 141 Nguyen Du Street, Ben Thanh Ward, District 1, Ho Chi Minh City. As 31 December 2012, the Company has three branches in Hanoi, Nha Trang and Can Tho cities.

Employees

The Company's number of employees as at 31 December 2012 was 161 persons (31 December 2011: 200 persons).

2. BASIS OF PREPARATION

2.1 *Compliance with Vietnamese Accounting Standards and System applicable to securities companies*

The Board of Management confirmed that the accompanying financial statements have been prepared in accordance with the Vietnamese Accounting Standards and System and accounting policies applicable to securities companies as set out in Circular No. 95/2008/TT-BTC dated 24 October 2008 and Circular No. 162/2010/TT-BTC dated 20 October 2010 on the amendment and supplement of Circular No. 95/2008/TT-BTC issued by the Ministry of Finance and comply with relevant statutory requirements.

2. BASIS OF PREPARATION (continued)

2.2 *Accounting Standards and System*

The financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System, accounting policies applicable to securities companies as set out in Circular No. 95/2008/TT-BTC dated 24 October 2008 and Circular No. 162/2010/TT-BTC dated 20 October 2010 issued by the Ministry of Finance on the amendment and supplement of Circular No. 95/2008/TT-BTC issued by Ministry of Finance and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying balance sheet, income statement, cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.3 *Registered accounting documentation system*

The Company's registered accounting documentation system is the General Journal system.

2.4 *Fiscal year*

The Company's fiscal year starts on 1 January and ends on 31 December.

2.5 *Accounting currency*

The Company maintains its accounting records in VND.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash at banks, and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

Cash and cash equivalents also include investors' deposits for securities trading.

3.2 *Receivables*

Receivables are initially recorded at cost and subsequently stated at cost.

Provision for receivables is made based on overdue status of receivables or estimated loss arising from undue debts of economic organisations which fall bankrupt or are undergoing dissolution procedures; or debtors who are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased.

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Increases or decreases to the provision balance are recorded as "General and administrative expenses" in the income statement. The Company has made provision for doubtful receivables in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance. Accordingly, the provision rates for overdue receivables are as follows:

<i>Overdue time</i>	<i>Provision rate</i>
From six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
From three (3) years and above	100%

3.3 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the income statement as incurred.

When tangible fixed assets are sold or retired, their costs and accumulated depreciation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.

3.4 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the income statement as incurred.

When intangible fixed assets are sold or retired, their costs and accumulated amortisation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.

Trademarks are the cost to set up the Company's brand.

Copyrights are the cost to purchase computer softwares including office softwares and securities trading softwares.

3.5 *Depreciation and amortisation*

Depreciation and amortisation of tangible and intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Office equipment	3 - 5 years
Transportation vehicles	6 years
Computer softwares	6 - 8 years
Trademarks	5 years
Copyrights	5 years
Other intangible assets	5 years

3.6 *Lease*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits is generated in relation to these expenses.

The following types of expenses are recorded as long-term prepaid expense and are amortised to the income statement over two (2) to five (5) years:

- ▶ Office renovation costs;
- ▶ Office rental; and
- ▶ Office equipment.

3.8 *Short-term investments in securities*

According to Circular No. 95/2008/TT-BTC issued by the Ministry of Finance on 24 October 2008, securities companies are allowed to recognise investments in securities at either cost or fair value. Accordingly, the Company has applied the cost method to recognise investments in securities.

Short-term investments in securities include trading securities which either have recovery period of within one year or are held for trading purposes. These securities are initially recorded at cost, including purchased costs plus (+) transaction cost (if any) such as brokerage and transaction fee, information fee, taxes, levies and banking fees.

Accrued interest income are recognised as a deduction in the carrying value of trading securities for the portion incurred before the purchasing date and as an investment income for the portion incurred since the purchasing date.

Trading securities are subject to review for impairment at each balance sheet date. Provision for decline in value of trading securities is required when their book value is higher than market value. Provision is recognised in "Operating expenses" in the income statement.

3.9 *Provision for impairment of short-term investments in securities*

Provision for impairment of investment securities is made for individual stocks when their market value is lower than original cost. Provision amount for transferable securities is the difference between the original cost and market value of those securities at the balance sheet date in accordance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Any increase or decrease in balance of provision is recognised to operating expenses for the year.

The market prices of listed securities are determined based on the quoted prices on stock markets (which are the average prices on Hanoi Stock Exchange and the closing prices on Ho Chi Minh City Stock Exchange) as at 31 December 2012.

The market values of unlisted shares which are registered in the unlisted public companies market (UPCom) are the average prices of securities in the trading market at the balance sheet date.

The market values of unlisted shares which are not registered in the unlisted public companies market (UPCom) are the average prices of quotations obtained from at least three reputable and large securities companies in the stock market.

In case the market information is not reliable and/or available, securities are carried at cost.

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether the Company has received invoices from the suppliers or not.

3.11 Employee benefits

3.11.1 Post employment benefits

Post employment benefits are paid to retired employees of the Company by the Social Insurance Agency which belongs to the Ministry of Labor and Social Affairs. The Company is required to contribute to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17% of an employee's basic salary on a monthly basis. The Company has no further obligation to fund the post employment benefits of its employees, other than the liability to pay Social Insurance Agency on a monthly basis.

3.11.2 Severance pay

The severance pay to employees is accrued at the end of each reporting year for all employees who have more than 12 months in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting year based on the average monthly salary of the last six-month period up to the reporting date. Any changes to the accrued amount will be taken to the income statement.

This accrued severance pay is used to pay severance allowance to employees upon termination of their labour contract in accordance with Article 42 of Labour Code.

3.11.3 Unemployment benefits

According to Circular No. 04/2009/TT-BLDTBXH guiding Decree No. 127/2008/ND-CP on unemployment insurance, from 1 January 2009, the Company is obliged to pay unemployment insurance at 1.00% of its salary fund used for payment of unemployment insurance for insurance participants and deduct 1.00% of salary of each employee to simultaneously pay to the Unemployment Insurance Fund.

3.12 Appropriation of net profits

Net profit after tax is available for appropriation to investors after approval by the Annual General Meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnamese regulatory requirements.

3.13 Reserves

According to Circular No. 11/2000/TT-BTC issued by the Ministry of Finance on 1 February 2000, securities companies are required to make appropriation of profit after tax to the following reserves:

	<u>Percentage of profit after tax</u>	<u>Maximum level</u>
Supplementary capital reserve	5%	10% of charter capital
Compulsory reserve	5%	10% of charter capital

Other reserves are created in accordance with the Resolution of the Annual General Meeting of the shareholders.



3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised.

Revenue from brokerage services

Where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

Revenue from securities trading

Revenue from securities trading is recognised on the basis of the difference between selling price and cost of securities sold.

Revenue from securities repurchase and reverse repurchase agreements

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

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividends

Income is recognised when the Company's entitlement as an investor to receive the dividend is established, except for share dividend which is monitored by the number of shares only.

3.15 Cost of securities sold

The Company applies the moving weighted average method to calculate cost of self-trading stocks sold.

3.16 Corporate income tax ("CIT")

Current CIT

Current income tax assets and liabilities for the current and prior periods 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 balance sheet date.

Current income tax is charged or credited to the income statement, except when it relates to items recognised 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.

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Corporate income tax ("CIT") (continued)

Deferred CIT

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 income tax liabilities are recognised 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 related transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, 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 profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised 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 period when the asset is realised 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 recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

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.

4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	85,690,875	73,930,976
Cash in banks	104,839,771,045	87,602,430,701
Clearing transaction accounts	6,591,680,369	100,939,074,842
Cash equivalents	20,000,000,000	-
TOTAL	<u>131,517,142,289</u>	<u>188,615,436,519</u>

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

4. CASH AND CASH EQUIVALENTS (continued)

For the purpose of the cash flow statement, cash and cash equivalents comprise the following items in the balance sheet:

	VND	
	Ending balance	Beginning balance
Cash on hand	85,690,875	73,930,976
Cash in banks	104,839,771,045	87,602,430,701
Clearing transaction accounts	6,591,680,369	100,939,074,842
Cash equivalents	20,000,000,000	-
	<u>131,517,142,289</u>	<u>188,615,436,519</u>
<i>Less:</i>		
Clearing transaction accounts of investors (Note 19)	(38,884,845,600)	(113,994,676,000)
Deposits from investors for trading securities (Note 20)	(65,116,339,565)	(50,377,695,112)
Dividend payables to investors	(3,500)	(64,963,900)
	<u>(104,001,188,665)</u>	<u>(164,437,335,012)</u>
TOTAL	<u>27,515,953,624</u>	<u>24,178,101,507</u>

5. VALUE AND VOLUME OF TRADING RESULTS IN THE YEAR

	Current trading volume	Current trading value
	Share	VND
Trading results of the Company	11,014,471	192,862,043,703
Shares	11,014,469	192,860,043,703
Bonds	2	2,000,000
Trading results of the investors	1,442,766,450	21,323,974,667,900
Shares	1,442,766,450	21,323,974,667,900
TOTAL	<u>1,453,780,921</u>	<u>21,516,836,711,603</u>

6. FINANCIAL INVESTMENTS

6.1 Increase/decrease in financial investments

	VND			
	Beginning balance	Increase during the year	Decrease during the year	Ending balance
Short-term investments (Note 6.2)	<u>207,189,713,737</u>	<u>6,134,979,083</u>	<u>101,060,302,704</u>	<u>112,264,390,116</u>

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

6. FINANCIAL INVESTMENTS (continued)

6.2 Details of short-term investments

VND

	Number of shares		Carrying value		Compared to market value				Market value (*)	
	31/12/2012	31/12/2011	31/12/2012	31/12/2012	Increase		Decrease		31/12/2012	31/12/2011
					31/12/2012	31/12/2011	31/12/2012	31/12/2011		
Listed securities										
Vinaship Joint Stock Company (VNA)	743,560	771,560	10,681,603,006	12,583,358,746	-	-	(8,599,635,006)	(9,728,586,746)	2,081,968,000	2,854,772,000
Binh Duong Mineral and Construction JSC (KSB)	649,971	410,140	26,671,842,857	28,313,092,237	-	-	(14,582,382,257)	(13,096,898,237)	12,089,460,600	15,216,194,000
Vimeco Joint Stock Company (VMC)	528,000	504,400	29,218,593,993	29,022,557,970	-	-	(19,714,593,993)	(21,456,557,970)	9,504,000,000	7,566,000,000
Nam Bay Bay Investment Corporation (NBB)	256,133	256,243	20,388,984,005	20,397,740,347	-	-	(13,755,139,305)	(7,867,457,647)	6,633,844,700	12,530,282,700
Savimex Corporation (SAV)	60,000	-	739,550,000	-	-	-	(319,550,000)	-	420,000,000	-
Lam Son Sugar-cane JSC (LSS)	5	165,205	140,786	4,653,646,052	-	-	(61,286)	(1,299,984,552)	79,500	3,353,661,500
Tan Binh Import – Export Joint Stock Corporation (TIX)	4	966,434	101,568	24,841,189,295	-	-	(25,568)	(8,121,881,095)	76,000	16,719,308,200
Construction No. 5 JSC (SC5)	2	4,826	95,352	230,304,138	-	-	(67,552)	(191,213,538)	27,800	39,090,600
MT Gas Joint Stock Company (MTG)	-	676,290	-	9,268,702,269	-	-	-	(7,307,461,269)	-	1,961,241,000
Hanoi Building Commercial Bank (HBB)	-	378,002	-	3,780,078,019	-	-	-	(2,192,469,619)	-	1,587,608,400
Vietnam Active Investment Fund (VFA)	-	200,000	-	2,030,000,000	-	-	-	(1,010,000,000)	-	1,020,000,000
Others	8,563	7,561	139,078,549	152,199,664	4,753,266	2,740,421	(59,089,915)	(77,673,985)	84,741,900	77,266,100
	2,246,238	4,340,661	87,839,990,116	135,272,868,737	4,753,266	2,740,421	(57,030,544,882)	(72,350,184,658)	30,814,198,500	62,925,424,500

(*) The market prices of listed securities are determined based on the quoted prices on the stock markets (which are the average prices on the Hanoi Stock Exchange and the closing prices on the Ho Chi Minh City Stock Exchange) as at 31 December 2012.

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

6. SECURITIES INVESTMENT PORTFOLIO (continued)

6.2 Details of short-term investments (continued)

VND

	Number of shares		Carrying Value		Compared to market value				Market value (*)	
					Increase		Decrease			
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Unlisted securities										
Nha Vui Construction JS Company (NHAVUI)	670,500	-	4,814,400,000	-	46,725,000	-	-	-	4,861,125,000	-
Vietnam Ceramic & Glass Corporation (SANHSUTTVN)	475,000	475,000	12,500,000,000	12,500,000,000	-	-	(6,800,000,000)	(6,800,000,000)	5,700,000,000	5,700,000,000
Dong Phu Technical Rubber JSC (DORUFOAM)	450,000	450,000	4,500,000,000	4,500,000,000	-	900,000,000	-	-	4,500,000,000	5,400,000,000
Central Investment & Development JS Company (CER)	132,000	90,000	2,610,000,000	2,250,000,000	-	-	(1,158,000,000)	(1,170,000,000)	1,452,000,000	1,080,000,000
PYMEPHARCO JS Company (PYMERPHARCO)	-	505,996	-	33,146,845,000	-	754,887,000	-	-	-	33,901,732,000
Au Lac JS Company (AULAC)	-	195,000	-	11,400,000,000	-	-	-	(9,060,000,000)	-	2,340,000,000
Viet Long Growth Investment Fund (VLF)	-	800,000	-	8,120,000,000	-	-	-	(4,728,800,000)	-	3,391,200,000
	1,727,500	2,515,996	24,424,400,000	71,916,845,000	46,725,000	1,654,887,000	(7,958,000,000)	(21,758,800,000)	16,513,125,000	51,812,932,000
TOTAL	3,973,738	6,856,657	112,264,390,116	207,189,713,737	51,478,266	1,657,627,421	(64,988,544,882)	(94,108,984,656)	47,327,323,500	114,738,356,500

(*) The market prices of unlisted securities which are not registered for trading on the UPCOM market are determined based on the average prices of quotations obtained from at least three reputable and large securities companies in the stock market. In case the market information is not reliable and/or available, securities are carried at cost.

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

7. PROVISION FOR FINANCIAL INVESTMENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term investments		
<i>Listed</i>	57,030,544,882	72,350,184,658
<i>Unlisted</i>	<u>7,958,000,000</u>	<u>21,758,800,000</u>
TOTAL	<u>64,988,544,882</u>	<u>94,108,984,658</u>

Movement of provision for financial investments during the year is as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	94,108,984,658	25,799,032,423
Increase (<i>Note 23</i>)	19,125,897,049	86,890,366,155
Reversal (<i>Note 23</i>)	<u>(48,246,336,825)</u>	<u>(18,580,413,920)</u>
Ending balance	<u>64,988,544,882</u>	<u>94,108,984,658</u>

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

8. CURRENT ACCOUNTS RECEIVABLE

	VND								
	Beginning balance			Movement		Ending balance			Provision
	Total	Overdue	Doubtful	Increase	Decrease	Total	Overdue	Doubtful	
1. Trade receivables	86,000,000	-	-	4,941,109,954	4,907,765,136	119,344,818	-	-	-
2. Advances to suppliers	61,370,745	-	-	7,278,283,784	7,314,654,529	25,000,000	-	-	-
3. Receivables from securities trading	380,951,502,238	-	11,081,325,030	2,830,184,219,983	2,997,362,963,703	213,772,758,518	-	20,428,180,911	15,311,289,411
- Due from customers for securities trading	243,705,166	-	-	19,823,833,184	18,988,971,466	1,078,566,884	-	-	-
- Advances to customers for securities trading	3,382,712,283	-	-	1,590,119,652,080	1,593,502,364,363	-	-	-	-
- Due from margin trading and co-operation contracts	377,107,114,789	-	11,081,325,030	1,218,110,222,719	1,384,234,155,874	210,983,181,634	-	20,428,180,911	15,311,289,411
- Clearing of securities trading	217,970,000	-	-	2,130,372,000	637,472,000	1,710,870,000	-	-	-
- Other receivables	-	-	-	140,000	-	140,000	-	-	-
4. Other receivables	195,751,650,918	-	1,978,208,478	327,020,790,529	337,110,887,672	185,661,553,775	-	1,978,208,478	1,978,208,478
- Interest receivables from investment co-operation contracts	20,304,146,842	-	-	68,003,991,726	76,751,602,689	11,556,535,879	-	-	-
- Receivables from employees	1,978,208,478	-	1,978,208,478	-	-	1,978,208,478	-	1,978,208,478	1,978,208,478
- Entrusted investments	172,026,294,150	-	-	19,600,000	124,495,192,324	47,550,701,826	-	-	-
- Dividend receivables	1,003,634,000	-	-	8,359,776,900	9,363,410,900	-	-	-	-
- Other short-term receivables	439,367,448	-	-	250,637,421,903	126,500,681,759	124,576,107,592	-	-	-
TOTAL	576,850,523,901	-	13,059,533,508	3,169,424,404,250	3,346,696,271,040	399,578,657,111	-	22,406,389,389	17,289,497,889

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

9. PROVISION FOR DOUBTFUL RECEIVABLES

	VND	
	Current year	Previous year
Beginning balance	9,750,521,762	1,978,208,478
Provision created during the year (Note 24)	7,538,976,127	7,772,313,284
Ending balance	<u>17,289,497,889</u>	<u>9,750,521,762</u>

10. TANGIBLE FIXED ASSETS

	VND		
	Office equipment	Transportation vehicles	Total
Cost			
As at 1 January 2012	25,082,950,748	4,597,433,100	29,680,383,848
Additions	1,870,975,814	-	1,870,975,814
<i>In which:</i>			
<i>Newly purchased</i>	1,769,508,477	-	1,769,508,477
<i>Transferred from construction in progress (Note 12)</i>	101,467,337	-	101,467,337
Disposals	<u>(954,982,142)</u>	-	<u>(954,982,142)</u>
As at 31 December 2012	<u>25,998,944,420</u>	<u>4,597,433,100</u>	<u>30,596,377,520</u>
<i>In which:</i>			
<i>Fully depreciated</i>	8,260,129,426	450,747,000	8,710,876,426
Accumulated depreciation			
As at 1 January 2012	13,899,346,156	2,220,583,879	16,119,930,035
Charge for the year	3,900,440,420	766,238,843	4,666,679,263
Disposals	<u>(944,469,613)</u>	-	<u>(944,469,613)</u>
As at 31 December 2012	<u>16,855,316,963</u>	<u>2,986,822,722</u>	<u>19,842,139,685</u>
Net carrying amount			
As at 1 January 2012	<u>11,183,604,592</u>	<u>2,376,849,221</u>	<u>13,560,453,813</u>
As at 31 December 2012	<u>9,143,627,457</u>	<u>1,610,610,378</u>	<u>10,754,237,835</u>

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

11. INTANGIBLE FIXED ASSETS

	VND				
	Computer softwares	Trademarks	Copyrights	Other intangible assets (*)	Total
Cost					
As at 1 January 2012	8,150,976,240	307,500,192	1,061,858,926	458,690,678	9,979,026,036
Additions	198,386,663	-	-	-	198,386,663
<i>In which:</i>					
<i>Transferred from construction in progress (Note 12)</i>	198,386,663	-	-	-	198,386,663
As at 31 December 2012	8,349,362,903	307,500,192	1,061,858,926	458,690,678	10,177,412,699
<i>In which:</i>					
<i>Fully amortized</i>	-	-	1,061,858,926	51,690,678	1,113,549,604
Accumulated amortization					
As at 1 January 2012	676,982,585	76,875,045	928,264,143	131,831,916	1,813,953,689
Charge for the year	1,052,431,659	61,500,036	133,594,783	88,292,089	1,335,818,567
As at 31 December 2012	1,729,414,244	138,375,081	1,061,858,926	220,124,005	3,149,772,256
Net carrying amount					
As at 1 January 2012	7,473,993,655	230,625,147	133,594,783	326,858,762	8,165,072,347
As at 31 December 2012	6,619,948,659	169,125,111	-	238,566,673	7,027,640,443

(*) Other intangible assets represent the cost of electronic pricing board system and website to provide information to investors.

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

12. CONSTRUCTION IN PROGRESS

Construction in progress represents costs for acquisition of the core securities software and other costs relating to the installation of the core software used for securities trading. Details are as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	329,672,000	9,529,462,374
Additions	384,123,541	5,576,282,500
Transferred to tangible fixed assets (Note 10)	(101,467,337)	(7,138,290,374)
Transferred to intangible fixed assets (Note 11)	(198,386,663)	(7,637,782,500)
Ending balance	<u>413,941,541</u>	<u>329,672,000</u>

13. LONG-TERM PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Office decoration	1,070,619,867	1,806,858,691
Signboard, network cable, power system and software	540,516,642	846,055,962
Total	<u>1,611,136,509</u>	<u>2,652,914,653</u>

Movement of prepaid expense during the year was as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	2,652,914,653	3,670,329,193
Charge for the year	(1,041,778,144)	(1,017,414,540)
Ending balance	<u>1,611,136,509</u>	<u>2,652,914,653</u>

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

14. CONTRIBUTIONS TO SETTLEMENT SUPPORT FUND

Contributions to settlement support fund represent margin deposits at the stock exchanges.

According to Decision No. 60/2004/QĐ-BTC dated 15 July 2004, Decision No. 72/2005/QĐ-BTC dated 21 October 2005 issued by the Ministry of Finance and Decision No. 17/QĐ-TTLK dated 2 April 2008 issued by the Custody Centre of State Securities Commission, the Company is required to make an initial margin deposit of VND 120 million at each stock exchange and contribute 0.01% of previous year's total value of brokerage securities.

Movements of settlement support fund during the year are as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	5,464,182,780	3,547,518,159
Supplemental contribution	363,547,217	1,737,236,485
Interest received	497,229,897	179,428,136
Ending balance	6,324,959,894	5,464,182,780

15. OTHER LONG-TERM ASSETS

Other long-term assets represent deposits for the leases of the Company's head office and its branches in Ho Chi Minh City and Hanoi.

16. SHORT-TERM LOANS

Details of short-term loans as at 31 December 2012 are as follows:

	<i>Term</i>	<i>Interest rate</i>	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Collateral</i>
	<i>month</i>	<i>(%/year)</i>	<i>VND</i>	<i>VND</i>	<i>VND</i>
Loans from banks					
Vietnam Export Import Commercial JS Bank	3-6	14.00	72,000,000,000	149,000,000,000	Shares
Funds received under cooperation contracts					
Funds from individuals	1-3	11.00-17.00	-	1,030,000,000	Unsecured
Funds from other entities	6	13.50	175,000,000,000	300,411,572,364	Unsecured
TOTAL			247,000,000,000	450,441,572,364	

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

17. STATUTORY OBLIGATIONS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Personal income tax	210,999,321	243,064,492
Value added tax	41,777,273	32,488,016
TOTAL	<u>252,776,594</u>	<u>275,552,508</u>

18. ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
13 th -month salary	1,744,133,010	1,963,556,279
Brokerage fee and custody fee	520,014,576	385,246,209
Loan interest and interest on cooperation contracts	516,055,556	25,924,599,877
Agent commission	63,233,956	63,233,956
Others	1,114,984,439	1,052,517,627
TOTAL	<u>3,958,421,537</u>	<u>29,389,153,948</u>

19. PAYABLES FOR SECURITIES TRADING

Payables for securities trading represent balances awaiting payment to the Custody Center and other payables related to securities trading activities.

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Clearing transaction accounts of investors (Note 4)	38,884,845,600	113,994,676,000
Other payables	336,735,984	102,942,728
TOTAL	<u>39,221,581,584</u>	<u>114,097,618,728</u>

20. OTHER SHORT-TERM LIABILITIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Social insurance, health insurance, union fee	29,534,592	35,228,518
Deposits from investors for securities trading (Note 4)	65,116,339,565	50,377,695,112
Others	4,457,531,980	10,411,125
TOTAL	<u>69,603,406,137</u>	<u>50,423,334,755</u>

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

21. OWNERS' EQUITY

21.1 Share capital

Details of the shareholders of the Company as at 31 December 2012 were as follows:

Shareholders	Number of shares	Par value (VND)	Ownership
Vietnam Export-Import JS Bank	3,800,000	38,000,000,000	10.86%
Saigon Asia Financial Investment JSC	3,468,700	34,687,000,000	9.92%
Le Thi Ngoc Bich	2,576,595	25,765,950,000	7.37%
Saigon Trading Corporation	2,575,800	25,758,000,000	7.36%
	12,421,095	124,210,950,000	35.51%
Other shareholders	22,558,892	225,588,920,000	64.49%
TOTAL	34,979,987	349,799,870,000	100.00%

21.2 Shares

	Ending balance (shares)	Beginning balance (shares)
Number of shares authorised for issue	34,979,987	34,979,987
Number of shares issued	34,979,987	34,979,987
<i>Number of shares issued and fully paid</i>	34,979,987	34,979,987
Common shares	34,979,987	34,979,987
Preference shares	-	-
Number of outstanding shares	34,979,987	34,979,987
Common shares	34,979,987	34,979,987
Preference shares	-	-

22. REVENUES

	VND	
	Current year	Previous year
Revenues from securities trading activities		
Revenue from brokerage services	29,435,780,674	16,070,926,153
Revenue from securities investments and capital contributions	12,518,491,314	13,651,925,282
Revenue from securities underwriting services	390,000,000	-
Revenue from financial and investment advisory services	22,066,088,451	112,135,250,036
Revenue from depository service	3,536,488,258	-
Other revenues	33,734,829,396	19,714,369,736
Deductions	-	-
Net revenues	101,681,678,093	161,572,471,207

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

23. OPERATING EXPENSES OF SECURITIES TRADING ACTIVITIES

	VND	
	Current year	Previous year
Interest expense on loans and cooperation contracts	52,735,443,430	120,904,607,213
Loss for self-trading of securities	32,104,017,309	18,856,712,479
Labor cost	13,618,745,261	15,960,544,775
Brokerage expense	7,151,416,290	2,909,145,516
Securities custody expenses	3,725,378,453	2,011,566,019
Depreciation and amortisation	2,034,074,675	1,150,758,673
Expenses for consultancy services	433,000,000	76,409,090
Other cash expenses	392,246,617	433,027,268
Expenses for securities underwriting services	234,000,000	-
Materials and tools	62,325,014	124,521,128
Other expenses	1,033,049,288	689,408,328
	<u>113,523,696,337</u>	<u>163,116,700,489</u>
Provision for diminution in value of investments	19,125,897,049	86,890,366,155
Reversal of provision for diminution in value of investments	<u>(48,246,336,825)</u>	<u>(18,580,413,920)</u>
TOTAL	<u>84,403,256,561</u>	<u>231,426,652,724</u>

24. GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	Current year	Previous year
Expenses for external services	15,240,825,301	21,460,251,582
Labor costs	14,920,686,743	17,922,755,162
Provision for doubtful debts	7,538,976,127	7,772,313,284
Depreciation and amortisation	3,968,423,155	4,285,942,388
Other cash expenses	830,409,294	3,024,800,876
Tools and materials	1,068,875,591	1,487,419,654
Other expenses	2,168,964,799	2,577,329,357
TOTAL	<u>45,737,161,010</u>	<u>58,530,812,303</u>

25. CORPORATE INCOME TAX

The Company has the obligations to pay the CIT at a rate of 25% of taxable profits.

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

The Company has not made provision for CIT during the year as it has incurred net loss for the year.

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

25. CORPORATE INCOME TAX (continued)

25.1 Current CIT

The current tax payable is based on taxable profit for the year. (Tax loss)/taxable profit differs from (loss)/profit as reported in the income statement because it excludes income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company estimated current CIT as follows:

	VND	
	Current year	Previous year
Accounting loss before tax	(27,637,175,723)	(126,342,463,596)
Less:		
Dividend income	(8,367,199,208)	(12,804,064,609)
Add:		
Other non-deductible expenses	8,405,581,127	9,689,847,337
Estimated tax loss	(27,598,793,804)	(129,456,680,868)

25.2 Tax losses carried forward

According to current regulations, the Company is entitled to carry each individual tax loss forward to offset against taxable profits arising within five years subsequent to the year in which the loss is incurred.

As at 31 December 2012, the Company had accumulated tax losses carried forward amounting to VND 182,595,204,845 available to offset against future taxable profits. Details are as follows:

Originating year	Can be utilised up to	Tax loss amount	Utilised up to 31 December 2012	Forfeited	VND
					Unutilised at 31 December 2012
2008	2013	94,430,567,580	(68,152,928,351)	(737,909,056)	25,539,730,173
2011	2016	129,456,680,868	-	-	129,456,680,868
2012	2017	27,598,793,804	-	-	27,598,793,804
		251,486,042,252	(68,152,928,351)	(737,909,056)	182,595,204,845

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

25. CORPORATE INCOME TAX (continued)

25.3 Deferred CIT

The followings are the deferred tax assets recognised by the Company and the movements thereon, during the current and previous year.

	Balance sheet		Income statement		VND
	Ending balance	Beginning balance	Current year	Previous year	
Deferred income tax assets					
Tax losses available for offsetting against future taxable income	6,384,932,543	6,384,932,543	-	-	
Net deferred income tax			-	-	

At as 31 December 2012, the Company had an estimated tax loss of VND 157,055,474,672 incurred in 2011 and 2012 that can be used to offset against future taxable income. However, the Company has not recognised a deferred tax asset on this tax loss due to the uncertainty of sufficient taxable income to allow the deferred income tax to be utilised.

26. BASIC LOSS PER SHARE

Basic loss per share is calculated by dividing net loss after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the loss and share data used in the basic loss per share computations:

	Current year	Previous year
Net loss after tax attributable to ordinary equity holders (VND)	(27,637,175,723)	(126,342,463,596)
Weighted average number of ordinary shares for basic loss per share computation (unit)	34,979,987	34,979,987
Basic loss per share (VND)	(790)	(3,612)

27. EMPLOYEES' INCOME

	VND	
	Current year	Previous year
Total salary	28,539,432,004	33,883,299,937
Bonus	-	1,603,572,005
Total income	28,539,432,004	35,486,871,942
Monthly average salary (month/person)	13,067,505	11,964,442
Monthly average income (month/person)	13,067,505	12,530,675

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

28. OTHER INFORMATION

28.1 Transactions with related parties

Significant transactions with related parties during the year are as follows:

Relationship	Transactions	VND
		Amount
Shareholders	Interest income	10,718,615,159
	Drawdown of short-term borrowings	1,661,607,481,680
	Repayment of short-term borrowings	1,738,607,481,680
	Trading securities	124,462,294,150
Other related parties (*)	Entrusted investments	19,600,000
	Funds received under co-operation contracts	175,000,000,000

(*) Enterprises in which a substantial interest in the voting power is owned by key management personnel of the Company.

Receivables from and payables to related parties as at 31 December 2012 are as follows:

Relationship	Transactions	VND
		Receivable/ (Payable)
Shareholders	Short-term borrowings	(72,000,000,000)
	Deposits	27,164,178,858
	Receivable from securities trading	124,462,294,150
	Receivable of investment co-operation	22,185,654,000
Other related parties (*)	Entrusted investments	47,550,701,826
	Funds received under co-operation contracts	(175,000,000,000)

(*) Enterprises in which a substantial interest in the voting power is owned by key management personnel of the Company.

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

28. OTHER INFORMATION (continued)

28.2 Geographical segment information

	Ho Chi Minh City (*)	Ha Noi	Nha Trang	Can Tho	VND Total
Revenue					
- Revenue from brokerage service	24,998,770,279	2,834,572,251	610,754,324	991,683,820	29,435,780,674
- Revenue from securities investments and capital contributions	12,518,491,314	-	-	-	12,518,491,314
- Revenue from securities underwriting services	390,000,000	-	-	-	390,000,000
- Revenue from finance and investment advisory services	20,330,857,779	980,771,977	-	754,458,695	22,066,088,451
- Revenue from depository service	3,536,488,258	-	-	-	3,536,488,258
- Other revenue	28,752,545,531	4,150,429,436	580,385,680	1,084,095,063	34,567,455,710
Total revenue	90,527,153,161	7,965,773,664	1,191,140,004	2,830,237,578	102,514,304,407
Operating expenses	(114,446,795,466)	(10,545,233,787)	(1,768,529,929)	(3,390,920,948)	(130,151,480,130)
Total loss	(23,919,642,305)	(2,579,460,123)	(577,389,925)	(560,683,370)	(27,637,175,723)

(*): The head office in Ho Chi Minh City has conducted some activities for the whole Company, but has not allocated the expenses to its branches.

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

28. OTHER INFORMATION (continued)

28.3 Operating lease commitments

The Company has operating lease commitments for its head office and branches. As at 31 December 2012, the Company had outstanding commitments under the operating lease agreements as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	8,918,058,716	11,924,620,165
From 1 to 5 years	37,698,721,680	39,660,230,172
More than 5 years	8,076,331,930	28,566,285,158
TOTAL	54,693,112,326	80,151,135,495

28.4 Supplemental notes on financial assets and financial liabilities according to Circular No. 210/2009/TT-BTC

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC ("Circular 210") providing guidance for the adoption of the International Financial Reporting Standards on presentation and disclosures of financial instruments with effectiveness from financial years beginning on or after 1 January 2011. Circular No. 210 provides the definitions for financial instruments, including financial assets and liabilities, derivative and equity instruments as well as guidance on classification, presentation and disclosure of these financial instruments.

As the Circular 210 only provides the presentation and disclosures of financial instruments, the below definitions are applied solely for this supplemental note. Items of assets and liabilities of the Company have been recognized and accounted for in accordance with Vietnamese Accounting Standard and System, accounting policies applicable to securities companies as set out in Circular No. 95/2008/TT-BTC dated 24 October 2008 and Circular No.162/2010/TT-BTC dated 20 October 2010 issued by the Ministry of Finance and comply with relevant statutory requirements.

Financial assets

Financial assets of the Bank within the scope of Circular No. 210/2009/TT-BTC comprise cash, gold, precious stones, placements with other banks, trading and investment securities, receivables and other assets under derivative contracts.

According to Circular No. 210/2009/TT-BTC, financial assets are classified appropriately, for the purpose of disclosure in the financial statements, into one of the following categories:

- *Financial asset at fair value through profit or loss:*

is a financial asset that meets either of the following conditions:

- a) It is classified as held for trading. A financial asset is classified as held for trading if:
 - ✓ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

28. OTHER INFORMATION (continued)

28.4 *Supplemental notes on financial assets and financial liabilities according to Circular No. 210/2009/TT-BTC* (continued)

- b) Upon initial recognition it is designated by the Company as at fair value through profit or loss.

- *Held-to-maturity investments:*

are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity other than:

- a) Those that the Company upon initial recognition designates as at fair value through profit or loss;
- b) Those that the entity designates as available for sale; and
- c) Those that meet the definitions of loans and receivables.

- *Loans and receivables:*

are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- a) Those that the Company intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the Company upon initial recognition designates as at fair value through profit or loss;
- b) Those that the Company upon initial recognition designates as available for sale; or
- c) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

- *Available-for-sale assets:*

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

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

Financial liabilities

Financial liabilities of the Bank under Circular No. 210/2009/TT-BTC consist of loans, payables and other payables.

According to Circular No. 210/2009/TT-BTC, financial liabilities are classified appropriately, for the purpose of disclosure in the financial statements, into one of the following categories:

28. OTHER INFORMATION (continued)

28.4 *Supplemental notes on financial assets and financial liabilities according to Circular No. 210/2009/TT-BTC* (continued)

▪ *Financial liabilities at fair value through profit or loss*

is a financial liability that meets either of the following conditions:

- a) It is classified as held for trading. A financial liability is classified as held for trading if:
 - ✓ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)
- b) Upon initial recognition it is designated by the Company as at fair value through profit or loss.

▪ *Financial liabilities at amortized cost*

Financial liabilities are not categorized as at fair value through profit or loss will be classified financial liabilities at amortized cost.

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

28. OTHER INFORMATION (continued)

28.4 Supplemental notes on financial assets and financial liabilities according to Circular No. 210/2009/TT-BTC (continued)

The carrying value and fair value of the Company's financial instruments are presented as below:

	<i>Carrying value</i>				<i>Fair value</i>
	<i>Trading securities</i>	<i>Loan and receivable</i>	<i>Other assets and liabilities at amortised cost</i>	<i>Total</i>	
	<i>VND</i>	<i>VND</i>	<i>VND</i>	<i>VND</i>	
Financial assets					
Short-term investments					
Listed shares	87,839,990,116	-	-	87,839,990,116	30,814,198,500
Unlisted shares	24,424,400,000	-	-	24,424,400,000	(*)
Trade receivable and other receivables	-	399,553,657,111	-	399,553,657,111	(*)
Cash and cash equivalents	-	-	131,517,142,289	131,517,142,289	131,517,142,289
Total	112,264,390,116	399,553,657,111	131,517,142,289	643,335,189,516	
Financial liabilities					
Loans and borrowings	-	-	247,000,000,000	247,000,000,000	(*)
Payable to suppliers	-	-	628,347,967	628,347,967	(*)
Payables for securities trading	-	-	39,221,581,584	39,221,581,584	(*)
Accrued expenses	-	-	2,214,288,527	2,214,288,527	(*)
Other liabilities	-	-	72,741,513,407	72,741,513,407	(*)
Total	-	-	361,805,731,485	361,805,731,485	

(*) Fair value of these financial assets and liabilities cannot be determined as there is no specific guidance of the Ministry of Finance on the determination of fair value of financial instruments.

28. OTHER INFORMATION (continued)

28.5 *Financial risk management objectives and policies*

The Company is exposed to market risk, credit risk and liquidity risk.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Board of Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Board of Management reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risks: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. The Company's financial instruments affected by market risk include loans and borrowings, deposits and available-for-sale investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to cash, short-term deposits and borrowings. These investments are mainly short term in nature and they are not held for speculative purposes.

The Company manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favorable for its purposes within its risk management limits.

No analysis on interest sensitivity was performed for the year ended 31 December 2012 since all borrowings are fixed rate during the year.

28. OTHER INFORMATION (continued)

28.5 *Financial risk management objectives and policies* (continued)

Market risk (continued)

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Company manages equity price risk by setting limits on equity investments. The Company's Board of Directors also reviews and approves all equity investment decisions.

As at 31 December 2012, the fair value of the Company's investment in listed stocks was VND 30,814,198,500 (31 December 2011: VND 62,925,424,500). A decrease of 10% on the stock market index could have an impact of approximately VND 3,081,419,850 (31 December 2011: VND 6,292,542,450) on the Company's profit after tax, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would increase Company's profit after tax by VND 3,081,419,850 (31 December 2011: VND 6,292,542,450).

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

Trade receivables

Customer credit risk is managed by the Company based on its established policy, procedures and control relating to customer credit risk management.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analysed at each reporting date on an individual basis for major clients. The Company has maintained strict control over its outstanding receivables and has a credit control department to minimise credit risk. The margin call is conducted on time and complies with the nature of the margin product and cooperation contracts.

In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Bank deposits

The Company's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Note 4.

Liquidity risk

The liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents and bank loans deemed adequate by management to finance the Company's operations and to mitigate the influence of fluctuations in cash flows.

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

28. OTHER INFORMATION (continued)

28.5 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand	Up to 3 months	From 3 to 12 months	VND Total
31 December 2012				
Short-term borrowing	-	63,500,000,000	183,500,000,000	247,000,000,000
Payables for securities trading	-	39,221,581,584	-	39,221,581,584
Accrued expenses	-	516,055,556	1,698,232,971	2,214,288,527
Other payables	3,211,455,304	69,530,058,103	628,347,967	73,369,861,374
	3,211,455,304	172,767,695,243	185,826,580,938	361,805,731,485
31 December 2011				
Short-term borrowings	-	175,441,572,364	275,000,000,000	450,441,572,364
Payables for securities trading	-	114,097,618,728	-	114,097,618,728
Accrued expenses	-	1,500,997,792	25,924,599,877	27,425,597,669
Other payables	3,313,688,496	50,423,334,755	492,460,334	54,229,483,585
	3,313,688,496	341,463,523,639	301,417,060,211	646,194,272,346

The Company assessed the concentration of risk with respect to refinancing its debt to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

B09-CTCK

28. OTHER INFORMATION (continued)

28.5 *Financial risk management objectives and policies* (continued)

Collateral

The Company pledged its self-trading securities as collateral for loans and borrowings at Vietnam Export Import Commercial Bank.

The Company held customers' securities as collaterals for the trade receivables from customers as at 31 December 2012.

29. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

Prepared by:



Ms Duong Kim Chi
General Accountant

Reviewed by:



Mr Le Minh Hien
Chief Accountant

Approved by:



Mr Nguyen Hieu
General Director

Ho Chi Minh City, Vietnam

8 March 2013