

# **Viet Dragon Securities Corporation**

Financial statements

31 December 2015



# Viet Dragon Securities Corporation

## CONTENTS

	<i>Pages</i>
General information	1 - 2
Report of management	3
Independent auditors' report	4 - 5
Balance sheet	6 - 9
Income statement	10
Cash flow statement	11 - 12
Statement of changes in equity	13
Notes to the financial statements	14 - 48

# 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 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 VND300,000,000,000	15 August 2007
147/UBCK-GP	Increase charter capital to VND330,000,000,000	8 August 2008
312/UBCK-GP	Head office relocation	11 March 2010
347/UBCK-GP	Increase charter capital to VND349,799,870,000	20 August 2010
57/GPĐC-UBCK	Increase charter capital to VND700,000,000,000	17 December 2015

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's head office is located at 141 Nguyen Du Street, Ben Thanh Ward, District 1, Ho Chi Minh City. As at 31 December 2015, the Company has three (3) branches in Hanoi, Nha Trang and Can Tho cities.

### BOARD OF DIRECTORS

Members of the Board of Directors during the year ended 31 December 2015 and at the date of the financial statements comprise:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/resignation</i>
Mr. Tran Le Nguyen	Chairman	Appointed on 28 October 2015
Mr. Nguyen Mien Tuan	Chairman	Resigned on 28 October 2015
	Vice president	Appointed on 28 October 2015
Mr. Nguyen Thuc Vinh	Member	Appointed on 18 April 2012
Ms. Nguyen Nu Tuong Oanh	Member	Appointed on 18 April 2012
Mr. Nguyen Hieu	Member	Appointed on 15 March 2014
Mr. Ton That Dien Khoa	Member	Appointed on 16 October 2014
Mr. Kelly Yin Hon Wong	Member	Appointed on 28 October 10 2015

### BOARD OF SUPERVISORS

Members of the Board of Supervisors during the year ended 31 December 2015 and at the date of the financial statements comprise:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/resignation</i>
Ms. Nguyen Thi Oanh	Chief Supervisor	Appointed on 28 October 2015
Mr. Nguyen Van Minh	Chief Supervisor	Resigned on 28 October 2015
	Member	Appointed on 28 October 2015
Mr. Dao Cong Thang	Member	Reappointed on 18 April 2012
Ms. Nguyen Thi Thuy Hang	Member	Appointed on 8 April 2015

# Viet Dragon Securities Corporation

## GENERAL INFORMATION (continued)

### MANAGEMENT AND CHIEF ACCOUNTANT

Members of the management and Chief Accountant during the year ended 31 December 2015 and at the date of the financial statements comprise:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Nguyen Hieu	General Director	Appointed on 18 September 2012
Mr. Nguyen Minh Nhut	Deputy General Director	Appointed on 25 September 2009
Mr. Nguyen Chi Trung	Deputy General Director	Appointed on 15 July 2013
Mr. Le Minh Hien	Chief Accountant	Appointed on 20 Jan 2007

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year is Mr. Nguyen Mien Tuan.

Mr. Nguyen Hieu - the General Director is authorized by Mr. Nguyen Mien Tuan to sign off the financial statements in accordance with Decision No. 23/2012/QĐ-HĐQT dated 16 October 2012.

Mr. Tran Le Nguyen has been appointed as the Chairman of the Company for the period from 2012 to 2016 according to the Extraordinary Shareholder's Meeting on 28 December 2015. At the date of the financial statements, the Company is making necessary procedures to change its legal representative as stipulated by law and the Company Charter.

### AUDITORS

The auditors of the Company are Ernst & Young Vietnam Limited.

### SIGNIFICANT EVENT DURING THE YEAR

In 2015, the Company issued shares to increase its charter capital to VND700,000,000,000 under amended license No. 57/GPĐC-UBCK dated 17 December 2015 granted by State Securities Commission.

# Viet Dragon Securities Corporation

## REPORT OF MANAGEMENT

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 2015.

### THE BOARD OF MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's management is responsible for the financial statements of each year which give a true and fair view of the financial position of the Company and of its operation results, cash flows and changes in equity in the year. In preparing those financial statements, 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.

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 applied 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.

Management confirmed that it has complied with the above requirements in preparing the financial statements for the year ended 31 December 2015.

### STATEMENT BY MANAGEMENT

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 2015, and the results of its operations, its cash flows and changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting regulations and guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of financial statements.



For and on behalf of management: 

Mr. Nguyen Hieu  
General Director

Ho Chi Minh City, Vietnam

4 March 2016



**Building a better  
working world**

Ernst & Young Vietnam Limited  
28th Floor, Bitexco Financial Tower  
2 Hai Trieu Street, District 1  
Ho Chi Minh City, S.R. of Vietnam

Tel: +84 8 3824 5252  
Fax: +84 8 3824 5250  
ey.com

Reference: 60752721/17829348

## **INDEPENDENT AUDITORS' REPORT**

**To: The shareholders of Viet Dragon Securities Corporation**

We have audited the accompanying financial statements of Viet Dragon Securities Corporation ("the Company") prepared on 4 March 2016 and set out on pages 6 to 48, which comprise the balance sheet as at 31 December 2015, the income statement, cash flow statement and statement of changes in equity for the year then ended and the notes thereto.

### ***Management's responsibility***

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting regulations and guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of financial statements, and for such internal control as the Company's management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' responsibility***

Our responsibility is to express an opinion on these 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 requirements, plan and perform the audit to obtain reasonable assurance about 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 the 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 control relevant to the Company's preparation 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's 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.

### *Opinion*

In our opinion, the financial statements present truly and fairly, in all material respects, the financial position of the Company as at 31 December 2015, and of the results of its operations, its cash flows and changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting regulations and guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of financial statements.

**Ernst & Young Vietnam Limited**

Nguyễn Xuân Dai  
Deputy General Director  
Audit Practicing Registration  
Certificate No. 0452-2013-004-1

Ho Chi Minh City, Vietnam

4 March 2016

Võ Ngọc Minh  
Auditor  
Audit Practicing Registration  
Certificate No. 2105-2013-004-1

# Viet Dragon Securities Corporation

BALANCE SHEET  
as at 31 December 2015

B01-CTCK

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,214,094,965,895</b>	<b>1,074,235,816,723</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>480,449,112,173</b>	<b>315,516,672,633</b>
111	1. Cash		320,449,112,173	315,516,672,633
	2. Cash equivalents		160,000,000,000	-
<b>120</b>	<b>II. Short-term investments</b>		<b>99,911,875,543</b>	<b>152,792,400,716</b>
121	1. Short-term investments	6	111,452,477,830	181,742,066,774
129	2. Provision for short-term investments	7	(11,540,602,287)	(28,949,666,058)
<b>130</b>	<b>III. Current accounts receivable</b>	<b>8</b>	<b>498,745,262,811</b>	<b>470,376,364,592</b>
131	1. Trade receivables		1,213,852,900	253,500,000
132	2. Advances to suppliers		551,967,902	1,633,833,400
135	3. Receivables from securities trading		517,498,346,495	456,234,065,034
138	4. Other receivables		8,061,486,955	33,975,665,389
139	5. Provision for doubtful debts	9	(28,580,391,441)	(21,720,699,231)
<b>150</b>	<b>IV. Other current assets</b>		<b>134,988,715,368</b>	<b>135,550,378,782</b>
151	1. Short-term prepaid expenses	10.1	2,882,344,507	782,611,182
154	2. Tax and other receivables	17	7,005,590	2,071,968
158	3. Other current assets	10.2	132,099,365,271	134,765,695,632
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>37,074,571,443</b>	<b>26,399,924,782</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>13,696,291,370</b>	<b>12,852,015,745</b>
221	1. Tangible fixed assets	11	10,033,518,916	8,183,558,724
222	Cost		32,455,626,481	27,298,827,961
223	Accumulated depreciation		(22,422,107,565)	(19,115,269,237)
227	2. Intangible fixed assets	12	3,492,615,291	4,613,299,858
228	Cost		10,124,060,628	10,124,060,628
229	Accumulated amortization		(6,631,445,337)	(5,510,760,770)
230	3. Constructions in progress	13	170,157,163	55,157,163
<b>260</b>	<b>II. Other long-term assets</b>		<b>23,378,280,073</b>	<b>13,547,909,037</b>
261	1. Long-term prepaid expenses		-	171,571,592
262	2. Deferred tax assets	25.3	8,506,770,145	-
263	3. Advance to Settlement Assistance Fund	14	12,214,638,264	10,154,335,213
268	4. Other long-term assets	15	2,656,871,664	3,222,002,232
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,251,169,537,338</b>	<b>1,100,635,741,505</b>

# Viet Dragon Securities Corporation

BALANCE SHEET (continued)  
as at 31 December 2015

B01-CTCK

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>A. LIABILITIES</b>		<b>537,615,101,996</b>	<b>758,174,461,507</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>536,993,118,996</b>	<b>757,517,520,507</b>
311	1. Short-term loans and borrowings	16	155,770,100,000	284,833,623,695
312	2. Trade payables		-	364,385,438
313	3. Advances from customers		616,500,000	655,000,000
314	4. Statutory obligations	17	1,401,782,303	1,739,413,715
315	5. Payables to employees		7,796,755	7,796,755
316	6. Accrued expenses	18	3,673,782,456	9,146,797,514
319	7. Other short-term payables	19	298,826,291,934	388,936,491,298
320	8. Payables for securities trading	20	73,902,191,782	69,206,784,606
321	9. Dividend, principal and interest payables on behalf of customers		2,794,673,766	2,627,227,486
<b>330</b>	<b>II. Non-current liability</b>		<b>621,983,000</b>	<b>656,941,000</b>
333	1. Other long-term payables		621,983,000	656,941,000
<b>400</b>	<b>B. OWNERS' EQUITY</b>		<b>713,554,435,342</b>	<b>342,461,279,998</b>
<b>410</b>	<b>I. Capital</b>		<b>713,554,435,342</b>	<b>342,461,279,998</b>
411	1. Share capital	21.1	700,000,000,000	349,799,870,000
412	2. Share premium		9,240,118,792	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		-	(45,129,036,552)
<b>440</b>	<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>		<b>1,251,169,537,338</b>	<b>1,100,635,741,505</b>

# Viet Dragon Securities Corporation

BALANCE SHEET (continued)  
as at 31 December 2015

B01-CTCK

## OFF BALANCE SHEET ITEMS

VND

Code	ITEMS	Ending balance	Beginning balance
<b>006</b>	<b>1. Custody securities</b>	<b>9,261,549,640,000</b>	<b>8,566,360,340,000</b>
	<i>In which:</i>		
007	1.1. Trading securities	4,289,230,610,000	4,066,756,950,000
008	1.1.1. Trading securities of custody investors	34,706,570,000	27,285,150,000
009	1.1.2. Trading securities of domestic investors	4,240,816,180,000	4,014,783,050,000
010	1.1.3. Trading securities of foreign investors	13,707,860,000	24,688,750,000
012	1.2. Temporarily unprocessed securities	41,920,670,000	41,481,430,000
014	1.2.1. Temporarily unprocessed securities of domestic investors	41,920,670,000	41,481,430,000
017	1.3. Mortgaged securities	2,548,439,210,000	3,590,899,670,000
018	1.3.1. Mortgaged securities of custody investors	-	6,800,000,000
019	1.3.2. Mortgaged securities of domestic investors	2,548,439,210,000	3,584,099,670,000
027	1.4. Securities awaiting settlement	56,046,590,000	75,538,320,000
028	1.4.1. Securities awaiting settlement of custody investors	4,811,000,000	-
029	1.4.2. Securities awaiting settlement of domestic investors	51,233,590,000	75,538,320,000
030	1.4.3. Securities awaiting settlement of foreign investors	2,000,000	-
032	1.5. Blocked securities awaiting release	908,461,260,000	-
034	1.5.1. Blocked securities awaiting release of domestic investors	908,461,260,000	-
037	1.6. Securities awaiting trading	218,488,600,000	1,895,610,000
038	1.6.1. Securities awaiting trading of custody investors	-	120,000
039	1.6.2. Securities awaiting trading of domestic investors	218,468,960,000	1,886,690,000
040	1.6.3. Securities awaiting trading of foreign investors	19,640,000	8,800,000

# Viet Dragon Securities Corporation

BALANCE SHEET (continued)  
as at 31 December 2015

B01-CTCK

## OFF BALANCE SHEET ITEMS (continued)

VND

Code	ITEMS	Ending balance	Beginning balance
042	1.7. Securities mortgaged for loans	1,198,962,700,000	789,788,360,000
044	1.7.1. Securities mortgaged for loans of domestic investors	1,198,962,700,000	789,788,360,000
<b>050</b>	<b>2. Custody securities of unlisted public companies</b>	<b>361,589,940,000</b>	<b>159,661,510,000</b>
	<i>In which:</i>		
051	2.1. Trading securities	349,318,950,000	156,719,710,000
052	2.1.1. Trading securities of custody investors	1,509,490,000	7,570,000
053	2.1.2. Trading securities of domestic investors	341,940,270,000	151,325,970,000
054	2.1.3. Trading securities of foreign investors	5,869,190,000	5,386,170,000
056	2.2. Temporarily unprocessed securities	3,014,400,000	2,261,400,000
058	2.2.1. Temporarily unprocessed securities of domestic investors	3,014,400,000	2,261,400,000
061	2.3. Mortgaged securities	6,774,250,000	-
063	2.3.1. Mortgaged securities of domestic investors	6,774,250,000	-
071	2.4. Securities awaiting settlement	2,482,340,000	680,400,000
073	2.4.1. Securities awaiting settlement of domestic investors	2,482,340,000	680,400,000
<b>083</b>	<b>3. Non-custodied securities of securities companies</b>	<b>49,762,510,000</b>	<b>50,893,950,000</b>

Prepared by:



Ms. Duong Kim Chi  
Deputy Manager of Accounting  
Department

Reviewed by:



Mr. Le Minh Hien  
Chief Accountant

Approved by:



Mr. Nguyen Hieu  
General Director

Ho Chi Minh City, Vietnam

4 March 2016

# Viet Dragon Securities Corporation

INCOME STATEMENT  
for the year ended 31 December 2015

B02-CTCK

VND

Code	ITEMS	Notes	Current year	Previous year
<b>01</b>	<b>1. Revenues</b>		<b>126,457,535,744</b>	<b>228,608,068,452</b>
	<i>In which:</i>			
01.1	Revenue from brokerage services		37,510,171,249	63,660,414,103
01.2	Revenue from securities investments and capital contributions		25,735,211,449	96,379,810,614
01.3	Revenue from securities underwriting services		2,894,352,900	7,766,820,285
01.5	Revenue from financial and investment advisory services		3,343,636,363	6,736,665,529
01.6	Revenue from depository service		3,854,767,770	3,887,731,769
01.9	Other revenues	22	53,119,396,013	50,176,626,152
<b>02</b>	<b>2. Deductions</b>		-	-
<b>10</b>	<b>3. Net revenues from operating activities</b>		<b>126,457,535,744</b>	<b>228,608,068,452</b>
<b>11</b>	<b>4. Operating expenses</b>	<b>23</b>	<b>(70,425,683,110)</b>	<b>(82,623,477,613)</b>
<b>20</b>	<b>5. Gross profit from operating activities</b>		<b>56,031,852,634</b>	<b>145,984,590,839</b>
<b>25</b>	<b>6. General and administrative expenses</b>	<b>24</b>	<b>(44,332,862,618)</b>	<b>(41,738,538,342)</b>
<b>30</b>	<b>7. Net gain from operating activities</b>		<b>11,698,990,016</b>	<b>104,246,052,497</b>
31	8. Other income		698,187,688	986,060,309
32	9. Other expenses		(10,922,505)	-
<b>40</b>	<b>10. Other profit - net</b>		<b>687,265,183</b>	<b>986,060,309</b>
<b>50</b>	<b>11. Profit before tax</b>		<b>12,386,255,199</b>	<b>105,232,112,806</b>
<b>51</b>	<b>12. Current corporate income tax</b>	<b>25.1</b>	-	-
<b>52</b>	<b>13. Deferred corporate income tax</b>	<b>25.3</b>	<b>8,506,770,145</b>	-
<b>60</b>	<b>14. Net profit after tax</b>		<b>20,893,025,344</b>	<b>105,232,112,806</b>
<b>70</b>	<b>15. Earnings per share</b>	<b>26</b>	<b>574</b>	<b>3,008</b>

Prepared by:



Ms. Duong Kim Chi  
Deputy Manager of Accounting  
Department

Reviewed by:



Mr. Le Minh Hien  
Chief Accountant

Approved by:



Mr. Nguyen Hieu  
General Director

Ho Chi Minh City, Vietnam

4 March 2016

# Viet Dragon Securities Corporation

CASH FLOW STATEMENT  
for the year ended 31 December 2015

B03-CTCK

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	1. Profit before tax		12,386,255,199	105,232,112,806
02	2. Adjustments for:			
	- Depreciation and amortization	11, 12	4,460,328,255	4,023,384,954
03	- Provisions for investments and doubtful debts	7, 9	(10,549,371,561)	8,103,883,371
05	- Gain from investment activities		(13,550,242,934)	(3,338,049,130)
06	- Interest expense	23	24,214,194,713	30,724,919,340
08	3. Operating profit before changes in working capital		16,961,163,672	144,746,251,341
09	- Increase in receivables		(87,202,063,122)	(219,181,928,390)
10	- Decrease/(increase) in short-term investments		70,289,588,944	(101,159,939,698)
11	- (Decrease)/increase in payables		(13,293,171,872)	200,243,066,320
12	- (Increase)/decrease in prepaid expenses		(1,928,161,733)	506,370,290
13	- Interest paid		(24,189,709,303)	(30,684,545,702)
16	- Payment for other operating activities		(2,060,303,051)	(1,740,498,831)
20	<b>Net cash flows used in operating activities</b>		<b>(41,422,656,465)</b>	<b>(7,271,224,670)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	1. Purchases of fixed assets and other long-term assets	11, 13	(5,304,603,880)	(2,636,418,799)
27	2. Interest and dividends received		13,550,242,934	6,338,049,130
30	<b>Net cash flows from investing activities</b>		<b>8,245,639,054</b>	<b>3,701,630,331</b>

# Viet Dragon Securities Corporation

CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2015

B03-CTCK

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	1. Increase share capital		350,200,130,000	-
33	2. Loans and borrowings receipts		1,505,608,477,886	4,554,657,818,284
34	3. Loans and borrowings repayments		(1,634,672,001,581)	(4,522,096,603,589)
<b>40</b>	<b>Net cash flows from financing activities</b>		<b>221,136,606,305</b>	<b>32,561,214,695</b>
<b>50</b>	<b>Net increase in cash and cash equivalents during the year</b>		<b>187,959,588,894</b>	<b>28,991,620,356</b>
<b>60</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>4</b>	<b>56,454,900,875</b>	<b>27,463,280,519</b>
<b>70</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>4</b>	<b>244,414,489,769</b>	<b>56,454,900,875</b>

Prepared by:



Ms. Duong Kim Chi  
Deputy Manager of  
Accounting Department

Reviewed by:



Mr. Le Minh Hien  
Chief Accountant

Approved by:



Mr. Nguyen Hieu  
General Director

Ho Chi Minh City, Vietnam

4 March 2016

# Viet Dragon Securities Corporation

STATEMENT OF CHANGES IN EQUITY  
as at 31 December 2015 and for the year then ended

B05-CTCK

VND

ITEMS	Beginning balance		Increase/(decrease)				Ending balance	
	1 January 2014	1 January 2015	Previous year		Current year		31 December 2014	31 December 2015
			Increase	Decrease	Increase	Decrease		
1. Share capital	349,799,870,000	349,799,870,000	-	-	350,200,130,000	-	349,799,870,000	700,000,000,000
2. Share premium	33,476,130,000	33,476,130,000	-	-	-	(24,236,011,208)	33,476,130,000	9,240,118,792
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	(150,361,149,358)	(45,129,036,552)	105,232,112,806	-	45,129,036,552	-	(45,129,036,552)	-
<b>TOTAL</b>	<b>237,229,167,192</b>	<b>342,461,279,998</b>	<b>105,232,112,806</b>	<b>-</b>	<b>395,329,166,552</b>	<b>(24,236,011,208)</b>	<b>342,461,279,998</b>	<b>713,554,435,342</b>

In 2015, the Company issued shares to increase its charter capital to VND700,000,000,000 under amended license No. 57/GPDC-UBCK dated 17 December 2015 granted by the State Securities Commission.

The Company used its share premium amounting to VND24,236,011,028 to offset against accumulated loss according to the Resolution of Annual General Meeting No.01/2015/NQ-DHĐCĐ dated 8 April 2015.

Prepared by:



Ms. Duong Kim Chi  
Deputy Manager of Accounting Department

Reviewed by:



Mr. Le Minh Hien  
Chief Accountant

Approved by:



Mr. Nguyen Hieu  
General Director

Ho Chi Minh City, Vietnam

4 March 2016

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS  
as at 31 December 2015 and for the year then ended

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 VND300,000,000,000	15 August 2007
147/UBCK-GP	Increase charter capital to VND330,000,000,000	8 August 2008
312/UBCK-GP	Head office relocation	11 March 2010
347/UBCK-GP	Increase charter capital to VND349,799,870,000	20 August 2010
57/GPĐC-UBCK	Increase charter capital to VND 700,000,000,000	17 December 2015

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 2015, the charter capital of the Company is VND700,000,000,000 (31 December 2014: VND349,799,870,000)

### **Operation network**

The Company's head office is located at 141 Nguyen Du Street, Ben Thanh Ward, District 1, Ho Chi Minh City. As at 31 December 2015, the Company has three (3) branches in Hanoi, Nha Trang and Can Tho cities.

### **Employees**

The Company's number of employees as at 31 December 2015 is 207 persons (31 December 2014: 173 persons).

## 2. BASIS OF PREPARATION

### 2.1 **Accounting Standards and System**

The financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System, accounting regulations and guidance 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/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

## 2. BASIS OF PREPARATION (continued)

### 2.1 *Accounting Standards and System* (continued)

Accordingly, the accompanying balance sheet, income statement, cash flow statement, statement of changes in equity and related notes, including their utilization 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, cash flows statement and statement of changes in equity in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Items or balances required by Circular No. 95/2008/TT-BTC dated 24 October 2008, issued by Ministry of Finance, Circular No.162/2010/TT- BTC dated 20 October 2010 amended Circular No. 95/2008/TT-BTC and Circular No.146/2014/TT- BTC dated on 6 October 2014 issued by Ministry of Finance are not shown in these financial statements indicate nil balance.

### 2.2 *Registered accounting documentation system*

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

### 2.3 *Fiscal year*

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

### 2.4 *Accounting currency*

The Company maintains its accounting records in VND.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 *Change in accounting policies and disclosures*

The accounting policies applied to the financial statements are consistent with accounting policies applied to the financial statements for the year ended on 31 December 2014, except for the changes below:

On 22 December 2014, the Ministry of Finance issued Circular No.200/2014/TT-BTC ("Circular 200") guiding the enterprise accounting applicable to enterprises in all business lines and economic sectors effective for the financial year ended 31 December 2015. The significant changes in Circular 200 are as follows:

- ▶ Fixed asset liquidation presentation:  
Gain and loss from fixed asset liquidations is presented at net amount on the income statement.
- ▶ Additional disclosures are required in the financial statements:
  - Financial investments: detail of each investment accounting for 10% of total investment balance or above should be disclosed.
  - Trade receivables: detail of trade receivable accounting for 10% and above of total trade receivables balance should be disclosed.
  - Doubtful debts: detail of each overdue debt or debt not yet overdue but unlikely to be recovered accounting for 10% and above of total doubtful debt balance and above should be disclosed by the overdue period, overdue amount, late payment pending charge and recoverability.
  - Written-off debts: detail of debt written off within 10 years by customers and the rationale for writing-off should be disclosed by original currencies and VND.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.1 *Change in accounting policies and disclosures minh* (tiếp theo)

- Construction in progress: detail of each construction in progress accounting for 10% total construction in progress balance and above should be disclosed.
- Trade payables: detail of each trade payable accounting for 10% and above of total trade payable balance should be disclosed by suppliers and overdue rationale.
- General and administrative expenses: Detail of each items accounting for 10% total general and administrative expenses should be disclosed.

#### 3.2 *Standard issued but not yet effective*

On 30 December 2014, the Ministry of Finance issued Circular No. 210/2014/TT-BTC ("Circular 210") providing the guidance on the accounting regime applicable to securities companies which is more conformity with International Financial Reporting Standards. This Circular defines the accounting documents, chart of accounts, accounting treatments, accounting books, templates of financial statements, guidance of preparation and presentation of financial statements applicable to securities companies. This Circular takes effect from 1 January 2016 and replaces Circular No. 95/2008/TT-BTC ("Circular 95") dated 24 October 2008 and Circular No. 162/2010/TT-BTC dated 20 October 2010. Significant changes in Circular 210 are as follows:

- ▶ There are changes in forms of financial statements. Statement of comprehensive income, cash flows statement from brokerage activities and investor's trusted fund are presented separately as part of the basic financial statements.
- ▶ Financial assets are classified into four categories as financial assets through profit or loss, financial assets available for sale, financial assets held to maturity and loans. Measurement for each category of financial assets is as follows:
  - Financial assets through profit or loss are recognized at fair value.
  - Financial assets available for sales are recognized at fair value.
  - Financial assets held to maturity are recognized at amortized cost using the effective interest rate.
  - Loans are recognized at amortized cost using the effective interest rate.

In addition, loans are classified and provided for allowance as follows:

##### a) Loans classification:

Loans will be assessed and classified into five groups using both qualitative and quantitative factors as follows:

<u>Loan group</u>	<u>Classification criteria</u>
Current	▶ Debts assessed as fully and timely recoverable for both principals and interests
Special Mention	▶ Debts assessed as fully and timely recoverable for both principals and interests but there are indicators showing that customers have reduced their capability to repay debts
Substandard	▶ Debts assessed as unrecoverable for both principals and interests on due date and might become potential loss
Doubtful	▶ Debts assessed as to be high-potential losses
Loss	▶ Debts assessed as unrecoverable and lost

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.2 *Standard issued but not yet effective* (continued)

#### b) Loans provision

##### *Specific provision*

Specific provision is created based on the net credit exposure of each borrower using fixed provision rates as regulated below.

<i>Group</i>	<i>Category</i>	<i>Specific provision rate</i>
1	Current	0%
2	Special Mention	5%
3	Substandard	20%
4	Doubtful	50%
5	Loss	100%

##### *General provision*

General provision is made for credit losses which have not been identified yet during the loan classification and specific provision making and for potential financial difficulties due to deterioration in loan quality. As such, the Company is required to fully create and maintain a general provision at 0.75% of total loans classified in groups 1 to 4.

- Assets of the securities company and investors by deposits, securities, payables should be separated.

The Company will adopt this regulation from the effectiveness of this Circular.

### 3.3 *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 presented on the balance sheet also comprise investors' deposits for securities trading. However, investors' deposits for securities trading are eliminated from cash and cash equivalent for the purpose of the cash flow statement.

### 3.4 *Receivables*

Receivables are initially recorded at cost and subsequently presented at cost in the following periods.

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.

Increases or decreases to the provision balance are recorded as "General and administrative expenses" in the income statement. The Company has made provision for overdue 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:

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.4 *Receivables* (continued)

<u>Overdue time</u>	<u>Provision rate</u>
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%

### 3.5 *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 tangible fixed assets and expenditures for maintenance and repairs are charged to the income statement as incurred.

When tangible fixed assets are sold or disposed, 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.

### 3.6 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortization.

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 intangible fixed assets and other expenditures are charged to the income statement as incurred.

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

Trademarks are the costs spent to set up the Company's brand.

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

### 3.7 *Depreciation and amortization*

Depreciation and amortization 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

### 3.8 *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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.9 *Prepaid expenses*

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

#### 3.10 *Short-term investments in securities*

According to Circular No. 95/2008/TT-BTC, securities companies are allowed to recognize 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 to gain benefits from price variance. 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 recognized 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 recognized in "*Operating expenses*" in the income statement.

#### 3.11 *Provision for diminution of short-term investments in securities*

Provision for impairment of short-term investment securities is made for individual stocks when their market value is lower than book value. Provision for impairment of transferable securities at the end of the year is the difference between the book value and market value of those securities on the latest transaction date but not exceeding one month before the date of provision calculation in accordance with Circular 146/2014/TT-BTC. Any increase or decrease in balance of provision is recognized to "*Operating expenses for the period*".

The market prices of listed securities are determined based on closing prices on the stock markets as at 31 December 2015.

The market prices of unlisted shares which are registered on the unlisted public companies market (UPCoM) are the closing prices as at 31 December 2015.

The market prices of unlisted shares which are not registered on the unlisted public companies market (UPCoM) are the average actual trading prices of quotations obtained from three securities companies.

Other securities that have no quoted prices are carried at cost.

#### 3.12 *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.

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.13 Employee benefits

#### 3.13.1 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, War Invalid and Social Affairs. The Company is required to contribute to these post employment benefits at the rate of 18.00% 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.

#### 3.13.2 Voluntary resignation

The Company has the obligation, under the Vietnam Labour Code, to pay allowance arising from voluntarily resignation of employees, equal to one-half month's salary plus salary allowances (if any) for each year of employment until 31 December 2008. The average monthly salary used in this calculation will be the average monthly salary of the latest six-month period up to the resignation date.

#### 3.13.3 Unemployment benefits

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.

### 3.14 Appropriation of net profits

Net profit after tax is available for appropriation to shareholders 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.

### 3.15 Capital

#### Charter capital

Capital contributed from issuance of shares is recognized in the charter capital account at par value.

#### Share premium

The Company reflects in the share premium account the surplus amount resulted from the issuance of shares above par value.

### 3.16 Reserves

According to Circular No. 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014, securities companies are required to make appropriation of profit after tax to the following reserves after offsetting with previous years' losses and paying corporate income tax as required by Law on corporate income tax:

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

Supplementary capital reserve use to supplement annual charter capital of company.

Financial reserve fund use to cover the rest of the losses, property damage occurred in the course of business after being offset by compensation of organizations and individuals that have caused losses and insurance company.

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.17 Revenue recognition

Revenue is recognized 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 recognized.

##### *Revenue from brokerage services*

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

##### *Revenue from securities trading*

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

##### *Interest income*

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

##### *Dividends*

Income is recognized when the Company's entitlement as an investor to receive the dividend is established, except for dividend received in shares which only change in number of shares is reflected the Company's investment portfolio.

##### *Rendering of other services*

Where the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion.

Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized which are recoverable.

#### 3.18 Cost of self-trading stocks sold

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

#### 3.19 Corporate 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 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 income tax assets against current income tax liabilities and when the Company intends to settle its current income tax assets and liabilities on a net basis.

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.19 Corporate income tax (continued)

#### *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 related transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carried 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, carried forward of unused tax credits and unused tax losses can be used, except where the deferred tax assets arise 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.

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 unrecognized deferred income tax assets are reassessed 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 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	
	Ending balance	Beginning balance
Cash on hand	51,909,102	66,397,022
Cash at banks of the Company	84,151,922,208	51,786,365,378
Cash at banks of investors	217,028,701,162	257,296,398,813
Clearing transaction accounts of the Company	210,658,459	4,602,138,475
Clearing transaction accounts of investors	19,005,921,242	1,765,372,945
Cash equivalents	160,000,000,000	-
<b>TOTAL</b>	<b>480,449,112,173</b>	<b>315,516,672,633</b>

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

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	51,909,102	66,397,022
Cash at banks	301,180,623,370	309,082,764,191
Clearing transaction accounts	19,216,579,701	6,367,511,420
Cash equivalents	160,000,000,000	-
	<u>480,449,112,173</u>	<u>315,516,672,633</u>
Less:		
Investors' deposits for trading securities (Note 19)	(161,933,112,104)	(196,815,558,478)
Clearing transaction accounts of investors (Note 20)	(73,874,454,300)	(62,246,133,400)
Dividend payables to investors	(227,056,000)	(79,880)
	<u>(236,034,622,404)</u>	<u>(259,061,771,758)</u>
<b>TOTAL</b>	<b><u>244,414,489,769</u></b>	<b><u>56,454,900,875</u></b>

## 5. VALUE AND VOLUME OF TRADING RESULTS IN THE YEAR

	Current trading volume Share	Current trading value VND
<b>Trading results of the Company</b>	<b>15,184,546</b>	<b>316,937,667,570</b>
Shares	15,184,546	316,937,667,570
<b>Trading results of investors</b>	<b>1,283,823,755</b>	<b>19,662,283,761,320</b>
Shares	1,283,511,505	19,630,623,682,320
Bonds	300,000	31,543,200,000
Fund certificates	12,250	116,879,000
<b>TOTAL</b>	<b><u>1,299,008,301</u></b>	<b><u>19,979,221,428,890</u></b>

## 6. FINANCIAL INVESTMENTS

### 6.1 Movements in financial investments

		VND
	Current year	Previous year
<b>Short-term investments</b>		
Beginning balance	181,742,066,774	80,582,127,076
Increase during the year	123,335,312,905	1,238,444,643,280
Decrease during the year	(193,624,901,849)	(1,137,284,703,582)
<b>Ending balance</b>	<b><u>111,452,477,830</u></b>	<b><u>181,742,066,774</u></b>

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 6. FINANCIAL INVESTMENTS (continued)

### 6.2 Details of short-term investments

VND

	Number of shares		Carrying amount		Compared to market value				Market value	
					Increase		Decrease			
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Listed shares										
Lam Son Sugar JSC (LSS)	1,277,565	5	12,157,262,786	140,786	-	-	(659,177,786)	(93,286)	11,498,085,000	47,500
Asia Commercial Bank (ACB)	434,706	41	8,262,653,850	611,525	344,524,950	19,875	-	-	8,607,178,800	631,400
Military Commercial JSB (MBB)	500,069	43	7,250,897,219	533,010	50,110,181	30,290	-	-	7,301,007,400	563,300
Kinhbac City Group (KBC)	470,020	450,015	6,549,202,951	6,878,135,351	-	277,103,149	(391,940,951)	-	6,157,262,000	7,155,238,500
Viet Nam Ocean Shipping JSC (VOS)	576,656	6	3,373,566,060	21,060	-	16,140	(1,816,594,860)	-	1,556,971,200	37,200
Ben Tre Dong Hai JSC (DHC)	80,092	2	2,107,240,100	17,100	143,345,100	24,100	-	-	2,250,585,200	41,200
Binh Dien Fertilizer JSC (BFC)	77,000	-	2,028,576,000	-	50,424,000	-	-	-	2,079,000,000	-
Cuong Thuan Idico Development (CTI)	80,000	-	1,619,200,000	-	-	-	(59,200,000)	-	1,560,000,000	-
Kinh Do Corporation (KDC)	9	500,044	196,830	29,955,561,035	21,870	-	-	(5,003,365,435)	218,700	24,952,195,600
Binh Duong Mineral And Construction JSC (KSB)	5	695,881	153,346	27,775,100,857	33,154	-	-	(5,785,261,257)	186,500	21,989,839,600
Vingroup JSC (VIC)	13	340,027	499,652	16,654,194,557	94,448	-	-	(434,906,657)	594,100	16,219,287,900
HAGL JSC (HAG)	14	400,035	294,697	8,447,026,956	-	393,746,544	(149,097)	-	145,600	8,840,773,500
The Corporation for Financing and Promoting Technology (FPT)	18	150,001	787,879	7,435,236,634	81,521	-	-	(235,188,634)	869,400	7,200,048,000
Tasco JSC (HUT)	31	430,040	355,058	5,882,382,800	-	224,185,200	(4,758)	-	350,300	6,106,568,000
Petrovietnam General Services JSC (PET)	20	226,226	287,017	4,377,333,070	-	305,545,130	(21,017)	-	266,000	4,682,878,200
Vinh Son - Song Dinh Hydropower JSC (VSH)	11	234,006	145,007	3,129,863,828	30,993	29,217,172	-	-	176,000	3,159,081,000
Others	54,428	227,652	537,979,110	8,727,881,464	91,125,704	250,143,719	(33,128,205)	(654,848,123)	595,976,609	8,323,177,060
	3,550,657	3,654,024	43,889,297,562	119,264,040,033	679,791,921	1,480,031,319	(2,960,216,674)	(12,113,663,392)	41,608,872,809	108,630,407,960

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 6. FINANCIAL INVESTMENTS (continued)

### 6.2 Details of short-term investments (continued)

VND

	Number of shares		Carrying amount		Compared to market value				Market value	
					Increase		Decrease			
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
<b>Unlisted securities</b>										
Exim Real Estate JSC (EXIMLAND)	3,050,000	2,000,000	47,543,815,300	34,000,000,000	-	-	(3,013,815,300)	(8,000,000,000)	44,530,000,000	26,000,000,000
Dong Phu Technical Rubber JSC (DORUFOAM)	450,000	450,000	4,450,000,000	4,450,000,000	-	-	(2,200,000,000)	(2,200,000,000)	2,250,000,000	2,250,000,000
Nha Vui Construction JSC (NHAVUI)	360,000	670,500	4,556,027,180	8,485,603,400	-	-	(1,676,027,180)	(3,792,103,400)	2,880,000,000	4,693,500,000
Can Tho Aquaproduct export and import JSC (CASEAMEX)	509,238	461,895	3,933,297,000	3,933,297,000	-	-	-	(1,161,927,000)	3,933,297,000	2,771,370,000
Vietnam Electrical Equipment JSC (GEX)	150,000	-	2,694,000,000	-	646,950,000	-	-	-	3,340,950,000	-
Central Investment and Development JSC (CER)	132,000	132,000	2,472,272,700	2,472,272,700	-	-	(1,680,272,700)	(1,680,272,700)	792,000,000	792,000,000
Vietnam Ceramic and Glass Corporation JSC (SANHSUTTVN)	475,000	475,000	1,900,000,000	1,900,000,000	-	-	-	-	1,900,000,000	1,900,000,000
Hung Vuong Insurance JSC (BHV)	-	900,000	-	7,233,604,580	-	-	-	-	-	7,233,604,580
Others	962	266	13,768,088	3,249,061	194,686	17,842	(10,270,433)	(1,699,566)	3,692,341	1,567,337
	<b>5,127,200</b>	<b>5,089,661</b>	<b>67,563,180,268</b>	<b>62,478,026,741</b>	<b>647,144,686</b>	<b>17,842</b>	<b>(8,580,385,613)</b>	<b>(16,836,002,666)</b>	<b>59,629,939,341</b>	<b>45,642,041,917</b>
<b>TOTAL</b>	<b>8,677,857</b>	<b>8,743,685</b>	<b>111,452,477,830</b>	<b>181,742,066,774</b>	<b>1,326,936,607</b>	<b>1,480,049,161</b>	<b>(11,540,602,287)</b>	<b>(28,949,666,058)</b>	<b>101,238,812,150</b>	<b>154,272,449,877</b>

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 7. PROVISION FOR SHORT-TERM INVESTMENT SECURITIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term investments</b>		
Listed	2,960,216,674	12,113,663,392
Unlisted	8,580,385,613	16,836,002,666
<b>TOTAL</b>	<b>11,540,602,287</b>	<b>28,949,666,058</b>

Movement of provision for diminution in value of investment securities in the year is as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	28,949,666,058	25,012,766,757
Increase in the year ( <i>Note 23</i> )	2,950,929,216	27,645,783,063
Reversal in the year ( <i>Note 23</i> )	(20,359,992,987)	(23,708,883,762)
<b>Ending balance</b>	<b>11,540,602,287</b>	<b>28,949,666,058</b>

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 8. CURRENT ACCOUNTS RECEIVABLE

VND

	Beginning balance			Movement		Ending balance			Provision
	Total	Overdue	Doubtful	Increase	Decrease	Total	Overdue	Doubtful	
1. Trade receivables	253,500,000	-	-	6,563,028,917	(5,602,676,017)	1,213,852,900	-	-	-
2. Advances to suppliers	1,633,833,400	-	-	5,835,775,706	(6,917,641,204)	551,967,902	-	-	-
3. Receivables from securities trading	456,234,065,034	-	29,730,815,003	7,711,157,950,159	(7,649,893,668,698)	517,498,346,495	-	28,394,836,863	24,392,182,963
- Due from customers for securities trading	3,063,497,713	-	-	32,448,431,217	(31,965,150,294)	3,546,778,636	-	-	-
- Advances to customers for securities trading	33,132,280,982	-	-	4,648,913,679,314	(4,623,646,454,794)	58,399,505,502	-	-	-
- Due from margin trading and co-operation contracts (*)	364,838,286,339	-	29,730,815,003	2,979,704,408,134	(2,896,698,577,583)	447,844,116,890	-	28,394,836,863	24,392,182,963
- Due from Stock Exchange	55,200,000,000	-	-	117,361,494	(55,309,366,027)	7,995,467	-	-	-
- Due from Vietnam Securities Depository	-	-	-	49,974,070,000	(42,274,120,000)	7,699,950,000	-	-	-
4. Other receivables	33,975,665,389	-	4,188,208,478	45,474,470,016	(71,388,648,450)	8,061,486,955	-	4,188,208,478	4,188,208,478
- Interest receivables from investment co-operation contracts(*)	18,280,523,301	-	2,210,000,000	7,926,076,828	(23,019,913,541)	3,186,686,588	-	2,210,000,000	2,210,000,000
- Receivables from employees	1,978,208,478	-	1,978,208,478	286,750	(286,750)	1,978,208,478	-	1,978,208,478	1,978,208,478
- Dividend receivables	-	-	-	1,536,346,500	(1,536,346,500)	-	-	-	-
- Other short-term receivables	13,716,933,610	-	-	36,011,759,938	(46,832,101,659)	2,896,591,889	-	-	-
<b>TOTAL</b>	<b>492,097,063,823</b>	<b>-</b>	<b>33,919,023,481</b>	<b>7,769,031,224,798</b>	<b>(7,733,802,634,369)</b>	<b>527,325,654,252</b>	<b>-</b>	<b>32,583,045,341</b>	<b>28,580,391,441</b>

(\*) The Company has made a provision for doubtful debts arising from margin trading, co-operation contracts and receivable from employees based on the difference between receivable amounts and mortgaged assets at 31 December 2015 as follows:

VND

Name	Start date	Principal	Accrued interest	Mortgaged assets	Provision
Tran Quoc Tan	30/08/2014	10,000,000,000	2,210,000,000	-	12,210,000,000
Nguyen Hong Mai	31/12/2011	8,587,695,000	-	1,903,598,400	6,684,096,600
Others		11,785,350,341	-	2,099,055,500	9,686,294,841
<b>Total</b>		<b>30,373,045,341</b>	<b>2,210,000,000</b>	<b>4,002,653,900</b>	<b>28,580,391,441</b>

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 9. PROVISION FOR DOUBTFUL DEBTS

Movements of provision for doubtful short-term receivables during the year are as follows:

	VND	
	Current year	Previous year
Beginning balance	21,720,699,231	17,553,715,161
Provision made in the year (Note 24)	6,859,692,210	4,166,984,070
<b>Ending balance</b>	<b>28,580,391,441</b>	<b>21,720,699,231</b>

## 10. OTHER CURRENT ASSETS

### 10.1 Short-term prepaid expenses

	VND	
	Ending balance	Beginning balance
Maintenance office	1,423,983,880	213,488,891
Computer devices	416,315,926	71,583,334
Rent office	259,810,000	194,994,000
Others	782,234,701	302,544,957
<b>TOTAL</b>	<b>2,882,344,507</b>	<b>782,611,182</b>

Movements of short-term prepaid expenses during the year are as follows:

	VND	
	Current year	Previous year
Beginning balance	782,611,182	612,678,506
Increased	15,679,260,763	9,562,883,869
Amortised	(13,579,527,438)	(9,392,951,193)
<b>Ending balance</b>	<b>2,882,344,507</b>	<b>782,611,182</b>

### 10.2 Other current assets

	VND	
	Ending balance	Beginning balance
Advances to employees	132,050,815,271	134,728,145,632
Mortgages, margins, deposits	48,550,000	37,550,000
<b>TOTAL</b>	<b>132,099,365,271</b>	<b>134,765,695,632</b>

Included in advances to employees are the advances for bidding shares as requested by investors amounting to VND131,874 million at 31 December 2015.

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 11. TANGIBLE FIXED ASSETS

Movements of tangible fixed assets during the current year are as follows:

			VND
	Office equipment	Transportation vehicles	Total
<b>Cost</b>			
Beginning balance	23,152,141,861	4,146,686,100	27,298,827,961
Newly purchases	5,189,603,880	-	5,189,603,880
Written-off	(32,805,360)	-	(32,805,360)
Ending balance	28,308,940,381	4,146,686,100	32,455,626,481
<i>In which:</i>			
- Fully depreciated	11,696,478,644	1,820,189,100	13,516,667,744
<b>Accumulated depreciation</b>			
Beginning balance	15,594,101,264	3,521,167,973	19,115,269,237
Depreciation for the year	2,951,894,186	387,749,502	3,339,643,688
Written-off	(32,805,360)	-	(32,805,360)
Ending balance	18,513,190,090	3,908,917,475	22,422,107,565
<b>Net carrying amount</b>			
Beginning balance	7,558,040,597	625,518,127	8,183,558,724
Ending balance	9,795,750,291	237,768,625	10,033,518,916

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 12. INTANGIBLE FIXED ASSETS

Movements of intangible fixed assets during the current year are as follows:

				VND	
	Computer softwares	Trademarks	Copyrights	Other intangible assets	Total
<b>Cost</b>					
Beginning balance	8,349,362,903	307,500,192	964,693,751	502,503,782	10,124,060,628
Ending balance	8,349,362,903	307,500,192	964,693,751	502,503,782	10,124,060,628
<i>In which:</i>					
- Fully amortized	513,193,740	307,500,192	964,693,751	167,503,782	1,952,891,465
<b>Accumulated amortization</b>					
Beginning balance	3,860,354,745	261,375,161	964,693,751	424,337,113	5,510,760,770
Amortization for the year	1,007,559,534	46,125,031	-	67,000,002	1,120,684,567
Ending balance	4,867,914,279	307,500,192	964,693,751	491,337,115	6,631,445,337
<b>Net carrying amount</b>					
Beginning balance	4,489,008,158	46,125,031	-	78,166,669	4,613,299,858
Ending balance	3,481,448,624	-	-	11,166,667	3,492,615,291

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 31 December 2015 and for the year then ended

B09-CTCK

## 13. CONSTRUCTION IN PROGRESS

Construction in progress represents costs relating to management salary software as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	55,157,163	428,642,267
Additions	115,000,000	-
Transferred to expense in the year	-	(329,672,000)
Transferred to intangible fixed assets	-	(43,813,104)
<b>Ending balance</b>	<b>170,157,163</b>	<b>55,157,163</b>

## 14. ADVANCE TO SETTLEMENT ASSISTANCE FUND

Advance to settlement assistance fund represent margin deposits at Vietnamese Securities Depository.

According to Decision No. 45/QĐ-VSD dated 22 May 2014 issued by Vietnamese Securities Depository, the Company is required to make an initial margin deposits of VND120 million and annually contribute 0.01% of previous year's total value of brokerage securities but not exceeding VND2,500 million per annum with the maximum contribution of VND20 billion.

Movement of settlement assistance fund in the year is as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	10,154,335,213	8,413,836,382
Supplemental contribution	1,483,009,540	816,976,151
Interest received	577,293,511	923,522,680
<b>Ending balance</b>	<b>12,214,638,264</b>	<b>10,154,335,213</b>

## 15. OTHER LONG-TERM ASSETS

Other long-term assets represent deposits for the leases of the Company's head office and its branches.

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 16. SHORT-TERM LOANS AND BORROWINGS

Details of short-term loans and borrowings as at 31 December 2015 are as follows:

	Term	Annual interest rate (%)	Ending balance VND	Beginning balance VND	Collateral
<b>Loans from banks</b>					
Vietnam Export Import Commercial JS Bank					
- Bank overdraft for advances to customers	1-7 days	10	-	23,132,280,982	Unsecured
- Borrowing for operating activities	3-6 months	10	-	60,000,000,000	Shares
Saigon Thuong Tin Commercial Joint Stock Bank					
- Credit line for advances to customers	1-7 days		-	10,000,000,000	Shares
- Borrowing for operating activities	3-6 months	10	-	131,701,342,713	Shares
<b>Funds received under cooperation contracts</b>					
Funds from entities	1-3 months	9 - 9.5	74,990,100,000	60,000,000,000	Unsecured
<b>Bonds issued to</b>					
- Individuals	12 months	9	70,780,000,000		- Unsecured
- Entities	12 months	9	10,000,000,000		- Unsecured
<b>TOTAL</b>			<b>155,770,100,000</b>	<b>284,833,623,695</b>	

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 17. STATUTORY OBLIGATIONS

VND				
Items	Beginning balance	Movements during the year		Ending balance
		Payables	Paid	
<b>Payables</b>	<b>1,739,413,715</b>	<b>12,020,733,010</b>	<b>(12,358,364,422)</b>	<b>1,401,782,303</b>
Corporate income tax of investors	1,250,491,664	9,086,284,869	(9,637,850,148)	698,926,385
Personal income tax of the employees	217,194,129	2,101,062,211	(1,866,889,752)	451,366,588
Value added tax	268,909,342	452,479,132	(508,586,081)	212,802,393
Foreign contractor withholding tax	2,818,580	380,906,798	(345,038,441)	38,686,937
<b>Receivables</b>	<b>(2,071,968)</b>	<b>4,146,677</b>	<b>(9,080,299)</b>	<b>(7,005,590)</b>
Personal income tax of the employees	(2,071,968)	4,146,677	(9,080,299)	(7,005,590)
<b>TOTAL</b>	<b>1,737,341,747</b>	<b>12,024,879,687</b>	<b>(12,367,444,721)</b>	<b>1,394,776,713</b>

## 18. ACCRUED EXPENSES

VND		
	Ending balance	Beginning balance
Accrued bonus and salary	1,200,000,000	4,800,000,000
Brokerage and custody fee	1,018,989,375	1,061,410,942
Accrued interest from loans and co-operation contracts	656,578,602	632,093,192
Management's remuneration	457,775,333	1,500,000,000
Others	340,439,146	1,153,293,380
<b>TOTAL</b>	<b>3,673,782,456</b>	<b>9,146,797,514</b>

## 19. OTHER SHORT-TERM PAYABLES

VND		
	Ending balance	Beginning balance
Investors' deposits for trading securities (Note 4)	161,933,112,104	196,815,558,478
Customer's deposits (Note 28.1)	132,435,222,000	187,635,222,000
Others	4,457,957,830	4,485,710,820
<b>TOTAL</b>	<b>298,826,291,934</b>	<b>388,936,491,298</b>

Customer's deposits are used to secure for a brokerage contractual obligation to purchase shares of a target company.

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 20. PAYABLES FOR SECURITIES TRADING

Payables for securities trading represent balances awaiting payment to the Vietnamese Securities Depository and other payables relating to securities trading.

		VND
	<i>Ending balance</i>	<i>Beginning balance</i>
Clearing transaction accounts of investors (Note 4)	73,874,454,300	62,246,133,400
Clearing transaction accounts of the Company	-	4,560,000,000
Other payables	27,737,482	2,400,651,206
<b>TOTAL</b>	<b>73,902,191,782</b>	<b>69,206,784,606</b>

## 21. OWNERS' EQUITY

### 21.1 Share capital

Details of the shareholders of the Company as at 31 December 2015 are as follows:

<i>Shareholders</i>	<i>Number of shares</i>	<i>Par value (VND)</i>	<i>Ownership (%)</i>
Mr. Tran Le Nguyen	24,500,000	245,000,000,000	35.00
Asia Investment Limited	10,520,013	105,200,130,000	15.03
Vietnam Export-Import JS Bank	3,800,000	38,000,000,000	5.43
Ms. Vu Thi Bich Niem	4,335,535	43,355,350,000	6.19
	43,155,548	431,555,480,000	61.65
Other shareholders	26,844,452	268,444,520,000	38.35
<b>TOTAL</b>	<b>70,000,000</b>	<b>700,000,000,000</b>	<b>100.00</b>

### 21.2 Shares

	<i>Ending balance (shares)</i>	<i>Beginning balance (shares)</i>
<b>Number of shares authorized for issue</b>	<b>70,000,000</b>	<b>34,979,987</b>
<b>Number of shares issued</b>	<b>70,000,000</b>	<b>34,979,987</b>
Number of shares issued and fully paid	70,000,000	34,979,987
Common shares	70,000,000	34,979,987
<b>Number of outstanding shares</b>	<b>70,000,000</b>	<b>34,979,987</b>
Common shares	70,000,000	34,979,987

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 22. OTHER REVENUES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Revenue from margin trading activities	38,178,996,784	26,276,917,395
Interest income from deposits	8,329,470,648	9,532,118,912
Revenue from advances to investors	6,112,686,486	8,979,321,067
Others	498,242,095	5,388,268,778
<b>TOTAL</b>	<b>53,119,396,013</b>	<b>50,176,626,152</b>

## 23. OPERATING EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Expense from securities trading (*)	24,436,387,672	11,652,161,655
Interest expense on loans and cooperation contracts	24,214,194,713	30,724,919,340
Labor cost	19,097,108,711	19,411,375,919
Brokerage expense	7,036,246,421	7,025,269,421
Securities custody expenses	4,120,408,957	4,218,024,295
Other cash expenses	3,276,628,905	1,731,586,510
Depreciation and amortization	1,979,065,269	1,987,350,686
Consultancy services	212,490,907	55,500,000
Materials and tools	511,972,120	201,337,859
Securities underwriting services	-	500,000,000
Others	2,950,243,206	1,179,052,627
Provision for diminution in value of securities investments (Note 7)	2,950,929,216	27,645,783,063
Reversal of provision for diminution in value of securities investments (Note 7)	(20,359,992,987)	(23,708,883,762)
<b>TOTAL</b>	<b>70,425,683,110</b>	<b>82,623,477,613</b>

(\*) In pursuant to Circular No. 95/2008/TT-BTC dated 24 October 2008 guiding the accounting regime applied for securities companies issued by the Ministry of Finance, gain from securities trading activities (selling price is higher than carrying amount) is recorded in revenue items and loss (selling price is lower than carrying amount) is recorded as expense from securities trading.

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 24. GENERAL AND ADMINISTRATIVE EXPENSES

		VND
	Current year	Previous year
Labor costs	16,176,034,680	17,010,623,734
Rental expense	8,851,814,000	7,651,588,000
Provision for doubtful debts (Note 9)	6,859,692,210	4,166,984,070
Expenses for external services	2,703,794,521	2,834,987,322
Depreciation and amortization	2,481,262,986	1,706,362,268
Water and electricity expense	1,875,373,709	1,615,363,543
Other cash expenses	1,371,500,302	886,915,542
Postage expense	1,268,905,157	1,142,625,750
Materials and tools	643,772,585	1,183,189,901
Management's remuneration	-	500,000,000
Others	2,100,712,468	2,039,898,212
<b>TOTAL</b>	<b>44,332,862,618</b>	<b>41,738,538,342</b>

## 25. CORPORATE INCOME TAX

The Company has the obligations to pay the corporate income tax at a rate of 22% of taxable profits in the year.

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 interim financial statements could be changed at a later date upon final determination by the tax authorities.

### 25.1 Current income tax

The current income tax payable is based on taxable profit for the year. Taxable profit differs from 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 for tax purpose.

Provision for income tax expense for the year is computed as follows:

		VND
	Current year	Previous year
<b>Profit before tax</b>	<b>12,386,255,199</b>	<b>105,232,112,806</b>
Less:		
- Dividend income	(13,550,242,934)	(3,338,049,130)
- Reversal of provision for doubtful debt	-	(833,015,930)
Add:		
- Provision for doubtful debts	6,859,692,210	-
- Other non-deductible expenses	1,091,771,726	6,673,100,000
<b>Profit before losses carried forward</b>	<b>6,787,476,201</b>	<b>107,734,147,746</b>
Tax losses carried forward	(6,787,476,201)	(107,734,147,746)
<b>Estimated current taxable profit</b>	<b>-</b>	<b>-</b>
<b>Estimated current income tax expense</b>	<b>-</b>	<b>-</b>

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 25. CORPORATE INCOME TAX (continued)

### 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 2015, the Company has the accumulated tax losses carried forward amounting to VND42,533,850,725 available to offset against future taxable profits. Details are as follows:

					VND	
Originating year	Can be utilized up to	Tax loss amount	Utilized up to 31 December 2015	Forfeited	Unutilized at 31 December 2015	
2008	2013	94,430,567,580	(69,753,796,869)	(24,676,770,711)	-	
2011	2016	129,456,680,868	(114,521,623,947)	-	14,935,056,921	
2012	2017	27,598,793,804	-	-	27,598,793,804	
		<b>251,486,042,252</b>	<b>(184,275,420,816)</b>	<b>(24,676,770,711)</b>	<b>42,533,850,725</b>	

### 25.3 Deferred tax asset

At as 31 December 2015, the Company has an estimated tax loss of VND42,533,850,725 incurred in 2011 and 2012 that can be used to offset against future taxable income. The Company has recognized a deferred tax asset of VND8,506,770,145 at the tax rate of 20% due to it expects to generate sufficient future taxable income to allow the deferred income tax to be utilized.

## 26. EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit 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 information used in the basic earnings per share computation:

	Current year	Previous year
Net profit after tax attributable to ordinary equity holders (VND)	20,893,025,344	105,232,112,806
Weighted average number of ordinary shares for basic earnings per share computation (unit)	36,419,166	34,979,987
Earnings per share (VND)	574	3,008

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 27. EMPLOYEES' INCOME

	VND	
	Current year	Previous year
<b>I. Total average number of employees</b>		
(person)	193	173
<b>II. Employees' income</b>		
1. Total salary paid	<u>35,802,676,904</u>	<u>30,865,911,778</u>
2. Total income	<u>35,802,676,904</u>	<u>30,865,911,778</u>
3. Monthly average salary per capita	<u>15,458,841</u>	<u>14,867,973</u>
4. Monthly average income per capita	<u>15,458,841</u>	<u>14,867,973</u>

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 28. OTHER INFORMATION

### 28.1 Transactions with related parties

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

Related parties	Relationship	Transactions	VND	
			Current year	Previous year
Vietnam Export-Import JS Bank	Major shareholder	Interest income on deposits	5,049,565,353	6,796,857,970
		Drawdown of short-term borrowings	584,268,007,857	2,695,853,391,571
		Repayment of short-term borrowings	667,400,288,839	2,636,721,110,589
		Interest expense on borrowings	2,355,568,211	4,115,527,550
		Commission	-	5,018,304,915
Viet Long Securities Investment Fund Management Corporation	Party related to key management personnel of the Company	Disposal of entrusted investment contracts	-	47,556,781,853
Bao Long Insurance Company	Party related to key management personnel of the Company	Disposal of investment co-operation contracts	-	125,000,000,000
		Interest expense from investment co-operation contracts	-	5,818,055,555
Key Management		Remuneration	3,384,515,300	2,413,669,825

Balances with related parties at the year end are as follows:

Related parties	Relationship	Transactions	VND	
			Receivable/(payable) Ending balance	Beginning balance
Vietnam Export-Import JS Bank	Major shareholder	Short-term borrowings	-	(83,132,280,982)
		Current deposits	41,054,230,055	9,775,783,514
		Term deposit and accrued interest	80,100,583,333	-
Kido Corporation JSC (From 2015)	Party related to key management personnel of the Company	Deposit (Note 19)	(132,435,222,000)	

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 28. OTHER INFORMATION (continued)

### 28.2 Geographical segment information

	VND				
	Ho Chi Minh City	Ha Noi	Nha Trang	Can Tho	Total
<b>Revenue and other income</b>					
- Revenue from brokerage service	30,403,882,457	5,467,433,433	539,468,968	1,099,386,391	37,510,171,249
- Revenue from securities investments	25,735,211,449	-	-	-	25,735,211,449
- Revenue from securities underwriting services	2,250,000,000	644,352,900	-	-	2,894,352,900
- Revenue from finance and investment advisory services	3,148,181,818	195,454,545	-	-	3,343,636,363
- Revenue from depository service	3,851,236,220	2,144,150	643,000	744,400	3,854,767,770
- Other revenue and income	47,509,602,767	4,537,622,330	504,743,258	1,265,615,346	53,817,583,701
<b>TOTAL</b>	<b>112,898,114,711</b>	<b>10,847,007,358</b>	<b>1,044,855,226</b>	<b>2,365,746,137</b>	<b>127,155,723,432</b>
<b>Operating expenses and administration expenses</b>					
	98,703,426,587	11,677,489,513	1,598,463,929	2,790,088,204	114,769,468,233
<b>Total gain/(loss) before tax</b>	<b>14,194,688,124</b>	<b>(830,482,155)</b>	<b>(553,608,703)</b>	<b>(424,342,067)</b>	<b>12,386,255,199</b>

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 28. OTHER INFORMATION (continued)

### 28.3 Operating lease commitments and guarantee commitments

#### *Operating lease commitments*

The Company has operating lease commitments for its head office and branches. At the year end, the Company has outstanding commitments under the operating lease agreements as follows:

	VND	
	Ending balance	Beginning balance
Within 1 year	10,141,603,000	7,008,640,464
From 1 to 5 years	27,464,434,733	24,360,436,976
More than 5 years	-	403,470,038
<b>TOTAL</b>	<b>37,606,037,733</b>	<b>31,772,547,478</b>

#### *The guarantee commitments to customers*

During the year, the Company has signed cooperation contracts with some local banks to support its stock investors. Accordingly, it manages securities trading accounts of its clients and have the obligation to repay the debts of its client in case the clients fail to repay the debts fully.

At 31 December 2015, total customer loans under the cooperation agreements with local banks is VND125,430,000,000.

### 28.4 Supplemental notes on financial assets and financial liabilities

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 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, Vietnamese Enterprise Accounting System, accounting regulations and guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of financial statements.

#### Financial assets

Financial assets of the Company within the scope of Circular No. 210/2009/TT-BTC comprise cash, placements with banks, trading and investment securities, receivables.

According to Circular 210, financial assets 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 (continued)

#### Financial assets (continued)

##### ▪ *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).
- 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.

## 28. OTHER INFORMATION (continued)

### 28.4 *Supplemental notes on financial assets and financial liabilities* (continued)

#### Financial liabilities

Financial liabilities of the Company under Circular 210 consist of loans and 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:

- *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 realize the assets and settle the liabilities simultaneously.

#### Fair value

The fair value of the financial assets and liabilities is reflected at the amounts which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumption are used to estimate the fair values:

Fair value of cash, short-term deposits, receivables from customers, payables to suppliers and other short-term payables approximate their carrying amounts mainly due to the short-term maturities of these instruments. Fair value of short-term investments in listed shares is derived from quoted market prices on the balance sheet date as regulated by Circular No. 146/2014/TT-BTC.

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 28. OTHER INFORMATION (continued)

### 28.4 Supplemental notes on financial assets and financial liabilities (continued)

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

	Carrying value				Fair value
	Held - for - trading securities	Loans and receivables	Other assets and liabilities at amortized cost	Total	
	VND	VND	VND	VND	VND
<b>Financial assets</b>					
Cash and cash equivalents	-	-	480,449,112,173	480,449,112,173	480,449,112,173
Short-term investments	99,911,875,543	-	-	99,911,875,543	-
- Listed shares	40,929,080,888	-	-	40,929,080,888	41,608,872,809
- Unlisted shares	58,982,794,655	-	-	58,982,794,655	(*)
Trade and other receivables	-	496,215,086,431	-	496,215,086,431	(*)
<b>TOTAL</b>	<b>99,911,875,543</b>	<b>496,215,086,431</b>	<b>480,449,112,173</b>	<b>1,076,576,074,147</b>	
<b>Financial liabilities</b>					
Loans and borrowings	-	-	155,770,100,000	155,770,100,000	(*)
Payables for securities trading	-	-	73,902,191,782	73,902,191,782	73,902,191,782
Accrued expenses	-	-	2,016,007,123	2,016,007,123	(*)
Other liabilities	-	-	164,739,242,845	164,739,242,845	(*)
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>396,427,541,750</b>	<b>396,427,541,750</b>	

(\*) Fair value of these financial assets 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 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 financial 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 is performed for the year ended 31 December 2015 since all deposits and borrowings have fixed rates during the year.

#### *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 Investment Committee also reviews and approves all equity investment decisions.

As at 31 December 2015, the fair value of the Company's investment in listed stocks is VND41,609,097,300 (31 December 2014: VND108,630,407,960). A decrease of 10% on the stock market index could have an impact of approximately VND4,160,909,730 (31 December 2014: VND10,863,040,796) on the Company's profit before 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 before tax by 4,160,909,730 (31 December 2014: VND10,863,040,796).

## 28. OTHER INFORMATION (continued)

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

#### *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 policies, procedures and controls relating to customer credit risk management.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed 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 minimize 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.

# 5Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 28. OTHER INFORMATION (continued)

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

#### Liquidity risk (continued)

The table below summarizes the maturity profile of the Company's financial liabilities:

	On demand	Up to 3 months	From 3 to 12 months	VND Total
<b>Ending balance</b>				
Short-term loans and borrowings	-	75,990,100,000	79,780,000,000	155,770,100,000
Payables for securities trading	73,902,191,782	-	-	73,902,191,782
Accrued expenses	-	2,016,007,123	-	2,016,007,123
Other payables	164,727,785,870	11,456,975	-	164,739,242,845
	<b>238,629,977,652</b>	<b>78,017,564,098</b>	<b>79,780,000,000</b>	<b>396,427,541,750</b>
<b>Beginning balance</b>				
Short-term loans and borrowings	-	271,133,623,695	13,700,000,000	284,833,623,695
Trade payables	-	42,330,200	322,055,238	364,385,438
Payables for securities trading	69,206,784,606	-	-	69,206,784,606
Accrued expenses	-	2,846,797,514	-	2,846,797,514
Other payables	199,442,785,964	192,091,751,030	-	391,534,536,994
	<b>268,649,570,570</b>	<b>466,114,502,439</b>	<b>14,022,055,238</b>	<b>748,786,128,247</b>

The Company assessed the concentration of risk with respect to refinancing its debt to be low. Access to sources of funding is sufficiently available to continually finance for the Company's capital requirement.

#### Collaterals

The Company held customers' securities as collaterals for the trade receivables from customers as at 31 December 2015.

# Viet Dragon Securities Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

B09-CTCK

## 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  
Deputy Manager of  
Accounting Department

Reviewed by:



Mr. Le Minh Hien  
Chief Accountant

Approved by:



Mr. Nguyen Hieu  
General Director

Ho Chi Minh City, Vietnam

4 March 2016