

VIET DRAGON SECURITIES CORPORATION

**INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**



VIET DRAGON SECURITIES CORPORATION

INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

TABLE OF CONTENTS	PAGE
Corporate information	1
Statement by the Board of Management	2
Independent auditor's report on the review of interim financial information	3
Interim statement of financial position (Form B 01g – CTCK)	5
Interim statement of income (Form B 02g – CTCK)	9
Interim statement of cash flows (Form B 03(b)g – CTCK)	12
Interim statement of changes in equity (Form B 04g – CTCK)	15
Notes to the interim financial statements (Form B 09g – CTCK)	16

VIET DRAGON SECURITIES CORPORATION

CORPORATE INFORMATION

Establishment and operation licence

No. 32/UBCK-GPHDKD dated 21 December 2006 issued by the State Securities Commission. The Establishment and operation licence was amended several times and the latest amendment No. 56/GPDC-UBCK was issued on 2 August 2018.

Board of Directors

Mr. Tran Le Nguyen	Chairman
Mr. Nguyen Mien Tuan	Vice Chairman
Mr. Nguyen Hieu	Member
Mr. Kelly Yin Hon Wong	Member
Ms. Pham My Linh	Member
Mr. Vo Long Nguyen	Member
Mr. Dao Hong Chau	Member (until 28 March 2018)
Mr. Nguyen Quoc Bao	Member (since 28 March 2018)

Key management

Board of Management

Mr. Nguyen Hieu	General Director
Mr. Nguyen Minh Nhut	Deputy General Director
Mr. Nguyen Chi Trung	Deputy General Director
Ms. Nguyen Thi Thu Huyen	Deputy General Director

Other key management

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

Legal Representative

Mr. Tran Le Nguyen	Chairman
--------------------	----------

Registered office

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

Auditor

PwC (Vietnam) Limited

VIET DRAGON SECURITIES CORPORATION

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

The Legal Representative of Viet Dragon Securities Corporation ("the Company") authorised the Board of Management to be responsible for preparation of the interim financial statements which give a true and fair view of the financial position of the Company as at 30 June 2018 and of the results of its operations, cash flows and changes in equity for the six-month then ended. In preparing these interim financial statements, the Board of Management is required to:

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

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

APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying interim financial statements as set out on pages 5 to 63 which give a true and fair view of the financial position of the Company as at 30 June 2018 and of the results of its operations, cash flows and changes in equity for the six-month then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

On behalf of the Board of Management 



Nguyen Hieu
General Director
Authorised signatory

Ho Chi Minh City, Vietnam
10 August 2018



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF VIET DRAGON SECURITIES CORPORATION

We have reviewed the accompanying interim financial statements of Viet Dragon Securities Corporation ("the Company") which were prepared on 30 June 2018 and approved by the Board of Management on 10 August 2018. The interim financial statements comprise the interim statement of financial position as at 30 June 2018, the interim statement of income, the interim statement of cash flows and the interim statement of changes in equity for the six-month then ended, and explanatory notes to the interim financial statements including significant accounting policies, as set out on pages 5 to 63.

The Board of Management' Responsibility

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2018, the results of its operations, cash flows and changes in equity for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

Other matter

The report on the review of interim financial information is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited



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

Report reference number: HCM7382
Ho Chi Minh City, 10 August 2018

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

INTERIM STATEMENT OF FINANCIAL POSITION

Code	ITEMS	Note	As at	
			30.6.2018 VND	31.12.2017 VND
ASSETS				
100	CURRENT ASSETS		2,017,400,456,339	1,807,002,654,448
110	Financial assets		2,009,149,477,875	1,803,855,163,527
111	Cash and cash equivalents	3.1	114,717,559,688	238,873,951,937
111.1	<i>Cash</i>		114,717,559,688	238,873,951,937
112	Financial assets at fair value through profit or loss (FVTPL)	3.2	297,389,288,290	267,331,098,980
114	Loans	3.3	1,607,909,678,399	1,312,621,982,796
116	Provisions for impairment loss of financial assets and mortgages	3.3	(27,288,627,957)	(27,787,203,085)
117	Receivables	3.4	5,415,659,345	2,837,613,636
117.1	<i>Receivables from disposals of financial assets</i>		-	182,710,000
117.2	<i>Dividend and interest receivables</i>		5,415,659,345	2,654,903,636
117.4	<i>Undue dividend and interest receivables</i>		5,415,659,345	2,654,903,636
118	Prepayments to suppliers		2,356,352,309	2,077,336,500
119	Services related receivables	3.4	8,649,567,801	7,900,382,763
122	Other receivables	3.4	1,978,208,478	1,978,208,478
129	Provision for doubtful debts	3.4	(1,978,208,478)	(1,978,208,478)
130	Other current assets		8,250,978,464	3,147,490,921
131	Advances to employees	3.5	1,417,650,000	428,066,665
132	Office tools and supplies	3.5	13,981,000	-
133	Short-term prepaid expenses	3.5	3,740,997,064	2,665,194,684
134	Pledged assets, mortgages, security deposits in short term	3.5	58,550,000	48,550,000
136	Tax and receivables from the State Budget	3.13	3,019,800,400	5,679,572
200	NON-CURRENT ASSETS		41,415,396,681	35,617,017,233
220	Fixed assets		16,222,262,900	15,467,769,333
221	Tangible fixed assets	3.6(a)	12,853,374,327	11,213,267,746
222	<i>Historical cost</i>		42,183,350,935	38,196,307,435
223a	<i>Accumulated depreciation</i>		(29,329,976,608)	(26,983,039,689)
227	Intangible fixed assets	3.6(b)	3,368,888,573	4,254,501,587
228	<i>Historical cost</i>		13,764,088,791	13,764,088,791
229a	<i>Accumulated amortisation</i>		(10,395,200,218)	(9,509,587,204)
240	Construction in progress		1,369,500,000	-
250	Other non-current assets		23,823,633,781	20,149,247,900
251	Pledged assets, mortgages, security deposits in long term	3.7	3,127,076,384	3,147,919,824
252	Long-term prepaid expenses	3.8	1,802,901,731	607,672,410
254	Deposits in the Settlement Supporting Fund	3.9	18,893,655,666	16,393,655,666
270	TOTAL ASSETS		2,058,815,853,020	1,842,619,671,681

The notes on pages 16 to 63 are an integral part of these interim financial statements.

INTERIM STATEMENT OF FINANCIAL POSITION
(continued)

Code	ITEMS	Note	As at	
			30.6.2018 VND	31.12.2017 VND
300	LIABILITIES			
310	Current liabilities		957,748,449,409	796,877,000,248
311	Short-term borrowings and finance lease liabilities	3.10	148,732,002,991	47,720,765,000
312	<i>Short-term borrowings</i>		<i>148,732,002,991</i>	<i>47,720,765,000</i>
316	Short-term issued bonds	3.10	787,294,000,000	724,455,000,000
318	Trading obligations	3.11	1,291,177,000	1,667,969,687
320	Short-term trade accounts payable	3.12	279,743,645	164,424,541
321	Short-term advances from customers		782,500,000	694,400,000
322	Tax and other payables to the State Budget	3.13	2,688,989,558	8,191,972,423
323	Payables to employees		7,796,755	7,796,755
325	Short-term accrued expenses	3.14	15,418,821,286	12,805,836,138
329	Other short-term liabilities	3.15	1,253,418,174	1,168,835,704
340	Non-current liabilities		4,517,714,070	3,524,756,643
353	Other long-term liabilities		436,145,500	457,195,500
356	Deferred income tax liabilities	3.16	4,081,568,570	3,067,561,143
	TOTAL LIABILITIES		962,266,163,479	800,401,756,891
400	OWNERS' EQUITY			
410	Capital and reserves	3.17	1,096,549,689,541	1,042,217,914,790
411	Owners' capital		1,010,239,178,792	919,240,118,792
411.1	<i>Share capital</i>		<i>1,000,999,060,000</i>	<i>910,000,000,000</i>
411.2	<i>Share premium</i>		<i>9,240,118,792</i>	<i>9,240,118,792</i>
414	Supplementary capital reserve		10,190,332,248	10,190,332,248
415	Financial and operational risk reserve		10,190,332,248	10,190,332,248
417	Undistributed earnings	3.18	65,929,846,253	102,597,131,502
417.1	<i>Realised profits</i>		<i>96,219,044,312</i>	<i>97,966,752,187</i>
417.2	<i>Unrealised (losses)/profits</i>		<i>(30,289,198,059)</i>	<i>4,630,379,315</i>
	TOTAL EQUITY		1,096,549,689,541	1,042,217,914,790
440	TOTAL RESOURCES		2,058,815,853,020	1,842,619,671,681

The notes on pages 16 to 63 are an integral part of these interim financial statements.

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

Code	ITEMS	Note	As at	
			30.6.2018	31.12.2017
A	ASSETS OF THE COMPANY AND ASSETS IN TRUST			
006	Number of shares in issue (share)	4.1	100,099,906	91,000,000
			<i>Quantity</i>	
008	Securities listed/registered to Vietnam Securities Depository (VSD)		12,345,245	9,250,260
	<i>Freely traded securities</i>		12,345,245	9,247,840
	<i>Securities awaiting settlement</i>		-	2,420
009	Securities custodied at VSD but not yet traded		516	439
010	Securities awaiting settlement		-	-
012	Securities not custodied at VSD		959,251	2,959,251
013	Bonus shares, scrip dividends and subscription rights		97,694	32
B	ASSETS OF AND LIABILITIES TO CUSTOMERS			
021	Securities listed/registered to Vietnam Securities Depository (VSD)		880,754,503	1,006,759,581
021.1	<i>Freely traded securities</i>		528,600,163	667,347,919
021.2	<i>Blocked securities</i>		5,006,526	4,075,451
021.3	<i>Morgaged securities</i>		226,478,634	213,582,842
021.4	<i>Suspended securities</i>		104,040,649	104,040,649
021.5	<i>Securities awaiting settlement</i>		16,628,531	17,712,720
022	Securities custodied at VSD but not yet traded		38,941,082	36,237,084
022.1	<i>Securities custodied at VSD but not yet traded – freely traded securities</i>		10,924,748	8,219,050
022.2	<i>Securities custodied at VSD but not yet traded – blocked securities</i>		28,016,334	28,018,034
023	Securities awaiting settlement		5,691,870	10,169,542
025	Bonus shares, scrip dividends and subscription rights		25,032,484	8,471,146

The notes on pages 16 to 63 are an integral part of these interim financial statements.

INTERIM STATEMENT OF FINANCIAL POSITION
(continued)

OFF INTERIM STATEMENT OF FINANCIAL POSITION ITEMS
(continued)

Code	ITEMS	As at	
		30.6.2018 VND	31.12.2017 VND
B	ASSETS OF AND LIABILITIES TO CUSTOMERS (continued)		
026	Customers' deposits	360,575,071,195	415,801,658,434
027	Customers' deposits for securities trading	359,470,051,508	411,697,196,243
029	Cash blocked for trading settlements	571,460,103	859,307,515
029.1	<i>Cash blocked for trading settlements of domestic customers</i>	223,300,823	322,082,439
029.2	<i>Cash blocked for trading settlements of foreign customers</i>	348,159,280	537,225,076
030	Securities issuers' deposits	533,559,584	3,245,154,676
031	Payables to customers relating to their deposits at the Company for securities trading	358,054,026,604	413,295,994,528
031.1	<i>Payables to domestic customers relating to their deposits at the Company for securities trading</i>	357,877,104,168	413,235,757,449
032.2	<i>Payables to foreign customers relating to their deposits at the Company for securities trading</i>	176,922,436	60,237,079
035	Dividends, bond principals and interests payable	2,521,044,591	2,505,663,906



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
10 August 2018

The notes on pages 16 to 63 are an integral part of these interim financial statements.

INTERIM STATEMENT OF INCOME

Code	ITEMS	Note	For the six-month period ended 30 June	
			2018 VND	2017 VND
OPERATING INCOME				
01	Gains from financial assets at fair value through profit or loss (FVTPL)		76,739,635,038	40,667,143,539
01.1	<i>Realised gains on disposals of FVTPL financial assets</i>	5.1(a)	66,715,961,572	38,257,658,305
01.2	<i>Increase in revaluation gains of FVTPL financial assets</i>	5.1(b)	5,070,037,131	-
01.3	<i>Dividends and interest income from FVTPL financial assets</i>		4,953,636,335	2,409,485,234
03	Interest income from loans and receivables		99,464,307,499	66,002,075,215
06	Brokerage fee income		58,066,934,381	43,578,332,624
07	Underwriting fee income and placing fee income		-	5,824,000,000
09	Custody service income		3,386,708,881	3,368,362,633
10	Financial consultancy service income		1,806,136,363	1,142,363,272
11	Other operating income		642,562,226	400,832,981
20	TOTAL OPERATING INCOME		240,106,284,388	160,983,110,264
OPERATING EXPENSES				
21	Losses from financial assets at fair value through profit or loss (FVTPL)		(46,147,995,939)	(3,067,097,321)
21.1	<i>Realised losses on disposals of FVTPL financial assets</i>	5.1(a)	(6,158,381,434)	(15,744,541,397)
21.2	<i>(Increase)/decrease in revaluation losses of FVTPL financial assets</i>	5.1(b)	(39,989,614,505)	12,677,444,076
24	Provisions for diminution in value of financial assets and impairment losses and borrowing costs to finance lending activities	5.2	(41,476,006,400)	(29,254,259,238)
26	Self-trading expenses	5.3	(889,574,598)	(1,234,825,881)
27	Brokerage fee expenses	5.3	(45,546,240,969)	(26,539,304,573)
28	Underwriting expenses and placing expenses	5.3	-	(1,264,599,600)
29	Securities investment consultancy expenses	5.3	(804,222,587)	(443,650,674)
30	Custody fee expenses	5.3	(3,773,888,751)	(3,365,993,308)
31	Financial consultancy expenses	5.3	(3,747,156,323)	(2,518,881,270)
32	Other operating expenses	5.3	(4,817,027,415)	(4,386,905,778)
40	TOTAL OPERATING EXPENSES		(147,202,112,982)	(72,075,517,643)

The notes on pages 16 to 63 are an integral part of these interim financial statements.

INTERIM STATEMENT OF INCOME
(continued)

Code	ITEMS	Note	For the six-month period ended 30 June	
			2018 VND	2017 VND
	FINANCIAL INCOME			
41	Realised and unrealised foreign exchange gains		185,444,203	-
42	Dividend income and interest income from demand deposits		8,347,768,680	5,616,251,704
50	TOTAL FINANCIAL INCOME		8,533,212,883	5,616,251,704
	FINANCIAL EXPENSES			
51	Realised and unrealised foreign exchange losses		(902,624,694)	-
60	TOTAL FINANCIAL EXPENSES		(902,624,694)	-
62	GENERAL AND ADMINISTRATION EXPENSES	5.4	(33,379,321,192)	(23,523,190,644)
70	OPERATING RESULT		67,155,438,403	71,000,653,681
	OTHER INCOME AND EXPENSES			
71	Other income		35,226,182	35,917,463
72	Other expense		(2,007)	(33,111,271)
80	NET OTHER INCOME		35,224,175	2,806,192
90	NET ACCOUNTING PROFIT BEFORE TAX		67,190,662,578	71,003,459,873
91	Realised profit		102,110,239,952	58,326,015,797
92	Unrealised (loss)/profit		(34,919,577,374)	12,677,444,076
100	CORPORATE INCOME TAX	5.5	(12,858,887,827)	(13,943,347,209)
100.1	Corporate income tax – current		(11,844,880,400)	(13,943,347,209)
100.2	Corporate income tax – deferred		(1,014,007,427)	-
200	NET PROFIT AFTER TAX		54,331,774,751	57,060,112,664

The notes on pages 16 to 63 are an integral part of these interim financial statements.

INTERIM STATEMENT OF INCOME
(continued)

Code	ITEMS	Note	For the six-month period ended	
			30 June	
			2018	2017
			VND	VND
500	EARNINGS PER SHARE			
501	Basic earnings per share (VND/share)	5.6	543	741
502	Diluted earnings per share (VND/share)	5.6	543	741



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant




Nguyen Hieu
General Director
10 August 2018

INTERIM STATEMENT OF CASH FLOWS
(Indirect method)

Code	ITEMS	For the six-month period ended	
		30 June	
		2018	2017
		VND	VND
	Cash flows from operating activities		
01	Net profit before tax	67,190,662,578	71,003,459,873
02	Adjustments for:	(10,287,215,066)	(5,493,845,051)
03	Depreciation and amortisation	3,232,549,933	2,865,049,649
04	Reversal of provisions	(498,575,128)	(922,337,040)
05	Unrealised foreign exchange losses	742,238,154	-
07	Profits from investing activities	(8,347,768,680)	(5,616,251,704)
08	Accrued interest income	(5,415,659,345)	(1,820,305,956)
10	Add/(less) non-cash expenses	39,989,614,505	(12,677,444,076)
11	Increase/(decrease) in revaluation losses of financial assets at fair value through profit or loss FVTPL	39,989,614,505	(12,677,444,076)
18	Less non-cash income	(5,070,037,131)	-
19	Increase in revaluation gains of financial assets at fair value through profit or loss FVTPL	(5,070,037,131)	-
30	Changes in working capital	(382,078,642,152)	(365,449,318,674)
31	(Increase)/decrease in financial assets at fair value through profit or loss FVTPL	(64,977,766,684)	127,583,940,137
33	Increase in loans and receivables	(295,287,695,603)	(343,437,944,529)
35	Decrease/(increase) in receivables from disposals of financial assets	182,710,000	(276,000,000)
36	Decrease in interests and dividends receivable	2,654,903,636	1,661,678,317
37	Increase in services related receivables	(749,185,038)	(1,136,720,307)
39	Increase in other receivables	(279,015,809)	(504,082,820)
40	(Increase)/decrease in other assets	(4,027,685,163)	132,050,863,799
41	Increase in accrued expenses	2,612,985,148	361,814,049
42	Increase in prepaid expenses	(2,271,031,701)	(947,508,247)
43	Corporate income tax paid	(19,219,077,252)	(8,222,503,789)
45	Increase in trade payables	115,319,104	19,462,771,562
47	Increase/(decrease) in tax and other payables to the State Budget	1,871,213,987	(372,081,773)
50	Decrease in other payables	(225,160,217)	(289,289,165,472)
52	Other payments for operating activities	(2,479,156,560)	(2,384,379,601)
60	Net cash outflows for operating activities	(290,255,617,266)	(312,617,147,928)
	Cash flows from investing activities		
61	Purchases of fixed assets	(5,356,543,500)	(5,069,200,000)
65	Dividend receipt and profit distribution from long-term investments	8,347,768,680	5,616,251,704
70	Net cash inflows from investing activities	2,991,225,180	547,051,704

The notes on pages 16 to 63 are an integral part of these interim financial statements.

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

Code	ITEMS	Note	For the six-month period ended	
			2018	2017
			VND	VND
	Cash flows from financing activities			
73	Proceeds from borrowings	6.1	1,251,883,626,487	1,026,871,436,967
74	Repayments of borrowings	6.2	(1,088,775,626,650)	(818,581,436,967)
76	Dividend paid		-	(42,000,000,000)
80	Net cash inflows from financing activities		163,107,999,837	166,290,000,000
90	Net decrease in cash and cash equivalents		(124,156,392,249)	(145,780,096,224)
101	Cash and cash equivalents at beginning of period		238,873,951,937	248,012,673,266
101.1	Cash		238,873,951,937	248,012,673,266
101.2	Cash equivalents		-	-
103	Cash and cash equivalents at end of period		114,717,559,688	102,232,577,042
103.1	Cash		114,717,559,688	102,232,577,042
103.2	Cash equivalents		-	-

The notes on pages 16 to 63 are an integral part of these interim financial statements.

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

CASH FLOWS OF BROKERAGE AND TRUSTING ACTIVITIES

Code	ITEMS	For the six-month period ended 30 June	
		2018 VND	2017 VND
	Cash flows of brokerage and trusting activities		
01	Trade proceeds	3,723,398,208,820	3,365,094,744,110
02	Trade settlements	(3,723,686,056,232)	(3,379,107,343,000)
07	Receipts in customers' trading accounts	26,214,385,293,851	19,058,804,824,524
08	Payments from customers' trading accounts	(26,266,612,438,586)	(18,911,380,032,083)
14	Receipts from securities issuers	467,650,797,853	887,253,981,884
15	Payments to securities issuers	(470,362,392,945)	(886,756,716,410)
20	Net (decrease)/increase in customers' deposits	(55,226,587,239)	133,909,459,025
30	Customers' deposits at beginning of period	415,801,658,434	289,067,982,252
31	Cash at bank at beginning of period	415,801,658,434	289,067,982,252
32	Customers' deposits at the Company for securities trading	411,697,196,243	265,493,738,775
34	Cash blocked for trading settlements	859,307,515	15,080,839,725
35	Securities issuers' deposits	3,245,154,676	8,493,403,752
40	Customers' deposits at end of period	360,575,071,195	422,977,441,277
41	Cash at bank at end of period	360,575,071,195	422,977,441,277
42	Customers' deposits at the Company for securities trading	359,470,051,508	412,918,531,216
44	Cash blocked for trading settlements	571,460,103	1,068,240,835
45	Securities issuers' deposits	533,559,584	8,990,669,226



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
10 August 2018

The notes on pages 16 to 63 are an integral part of these interim financial statements.

VIET DRAGON SECURITIES CORPORATION

Form B 04g – CTCK

INTERIM STATEMENT OF CHANGES IN EQUITY

Items	As at		For the six-month period ended		For the six-month period ended		As at	
	1.1.2017	1.1.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018	30.6.2017	30.6.2018
1. Owners' equity	709,240,118,792	919,240,118,792	-	-	90,999,060,000	-	709,240,118,792	1,010,239,178,792
1.1 Share capital	700,000,000,000	910,000,000,000	-	-	90,999,060,000	-	700,000,000,000	1,000,999,060,000
1.2 Share premium	9,240,118,792	9,240,118,792	-	-	-	-	9,240,118,792	9,240,118,792
2. Financial and operational risk reserve	4,622,486,592	10,190,332,248	-	-	-	-	4,622,486,592	10,190,332,248
3. Supplementary capital reserve	4,622,486,592	10,190,332,248	-	-	-	-	4,622,486,592	10,190,332,248
5. Undistributed earnings	44,375,909,698	102,597,131,502	57,060,112,664	(42,000,000,000)	89,251,352,125	(125,918,637,374)	59,436,022,362	65,929,846,253
5.1 Realised profits	68,930,268,960	97,966,752,187	44,382,668,588	(42,000,000,000)	89,251,352,125	(90,999,060,000)	71,312,937,548	96,219,044,312
5.2 Unrealised (losses)/profits	(24,554,359,262)	4,630,379,315	12,677,444,076	-	-	(34,919,577,374)	(11,876,915,186)	(30,289,198,059)
Total	762,861,001,674	1,042,217,914,790	57,060,112,664	(42,000,000,000)	180,250,412,125	(125,918,637,374)	777,921,114,338	1,096,549,689,541



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
10 August 2018

The notes on pages 16 to 63 are an integral part of these interim financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018****1 GENERAL INFORMATION*****Establishment and operation licence***

Viet Dragon Securities Corporation (“the Company”) is a joint stock company incorporated in Vietnam pursuant to the Business Registration Certificate No. 4103005723 dated 15 December 2006 issued by the Department of Planning and Development of Ho Chi Minh City and the Establishment and operation licence No. 32/UBCK-GPHĐKD dated 21 December 2006 issued by the State Securities Commission (“SSC”). The Establishment and operation licence was amended several times and the latest amendment No. 56/GPDC-UBCK was issued by the SSC on 2 August 2018.

Headquarter and contact information

The Company is headquartered at 141 Nguyen Du Street, District 1, Ho Chi Minh City, Vietnam. As at 30 June 2018, the Company had three (3) branches in Hanoi, Nha Trang City and Can Tho.

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

Charter

The Company’s prevailing charter was approved on 29 March 2018.

Operations

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

Charter capital

The Company’s charter capital according to its latest Establishment and operation licence is VND1,000,999,060,000.

Investment objectives

Being a listed broker firm in the Vietnamese securities market, the Company aims to contribute to development of the securities market and deliver benefits to customers, investors and its shareholders.

Investment restrictions

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of interim financial statements

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

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

2.2 Form of records applied

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

2.3 Fiscal year

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

These interim financial statements are prepared for the period from 1 January 2018 to 30 June 2018.

2.4 Currency

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Cash and cash equivalents

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

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

2.6 Financial assets

(a) Classification

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.6 Financial assets (continued)****(a) Classification (continued)***(i) Financial assets carried at fair value through profit or loss (FVTPL) (continued)*

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

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

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

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

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

(ii) Loans and receivables

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.6 Financial assets (continued)****(a) Classification (continued)***(ii) Loans and receivables (continued)*

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

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

(b) Recognition/Derecognition

Purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the financial assets. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or the Company has transferred substantially all risks and rewards of ownership.

(c) Initial recognition

Financial assets carried at fair value through profit or loss are initially recorded at cost exclusive of transaction costs. Other financial assets are initially recorded at historical cost.

Bonus shares and scrip dividends are recorded as financial assets at nil value.

(d) Basis of revaluation of FVTPL financial assets

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

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

These equities are revalued at the closing price of the latest trading date prior to the revaluation date.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.6 Financial assets (continued)****(d) Basis of revaluation of FVTPL financial assets (continued)***(ii) Unlisted securities registered/unregistered to the Vietnam Securities Depository ("VSD") for trading*

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

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

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

(iii) Suspended equities, delisted equities or deregistered equities

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

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

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

These equities are revalued at one of the following bases:

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

(v) Other equities and other capital contributions

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.6 Financial assets (continued)****(d) Basis on revaluation of FVTPL financial assets (continued)***(vi) Bonds listed on stock exchanges*

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

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

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

(vii) Unlisted bonds

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

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

(viii) Certificates of closed-end public funds

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.6 Financial assets (continued)****(d) Basis on revaluation of FVTPL financial assets (continued)***(xi) Term deposits*

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

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

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

(e) Provision for impairment of loans

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

(f) Provision for impairments of receivables

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

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

Overdue period	Provision rate
From over 6 months to less than 1 year	30%
From 1 year to less than 2 years	50%
From 2 years to less than 3 years	70%
Over 3 years	100%

Provision/(reversal of provision) is debited/credited to expenses in the interim statement of income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.7 Recognition of gain/(loss) of financial assets***Purchasing transaction costs*

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

Selling transaction costs

Selling transaction costs are expensed off.

Gains/(losses) from disposals

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

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

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

2.8 Fixed assets*Tangible and intangible fixed assets*

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

Depreciation and amortisation

Fixed assets are depreciated/amortised using the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Motor vehicles	6 years
Office equipments	3 – 5 years
Computer software	6 – 8 years
Patents, copyrights	5 years
Other intangible fixed assets	5 years

Disposals

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Leased assets**

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

2.10 Prepaid expenses

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

2.11 Security deposits

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

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

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

(b) Classification

Classifications of liabilities are based on their nature as follows:

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

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

2.13 Offsetting financial instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.14 Income tax paid on behalf of customers**

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

2.15 Borrowing costs

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

2.16 Accrued expenses

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

2.17 Provisions

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

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

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

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

(b) Financial and operational risk reserve and supplementary capital reserve

According to Circular 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014, the Company is required to make annual appropriation to the financial and operational risk reserve and supplementary capital reserve at 5% of the profit after tax of the Company for each reserve in each of its profitable year until the accumulated balance of each reserve reaches 10% of the Company's charter capital.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.18 Equity (continued)****(c) Undistributed profits**

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

2.19 Revenue and other income recognition**(a) Revenue from provision of services to investors**

Revenue from provision of services to investors consists of securities brokerage fees, securities underwriting fees, issue agency, securities investment consultancy fees, financial consultancy fee, securities custody services and entrustment activities which are based on agreements with investors.

Revenue from the provision of services is recognised in the interim statement of income when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the provision of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The percentage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(b) Income from securities trading and investments in other entities

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

Income from proprietary trading activities is measured as difference between selling price and costs of securities sold. Cost of securities sold is determined by weighted average method.

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

(c) Income from capital activities

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

(d) Other income

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Expenses****(a) Recognition**

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

(b) Classification

Expenses are classified by function as follows:

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

2.21 Current and deferred income tax*Current income tax*

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

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

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

Deferred income tax

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.21 Current and deferred income tax (continued)**

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

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

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

2.22 Dividend distribution

Dividend of the Company is recognised as a liability in the Company's interim financial statements when the dividend is declared in accordance with the Company's charter and prevailing applicable regulations.

2.23 Related parties

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.24 Segment reporting**

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

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

2.25 Nil balances

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

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

	As at	
	30.6.2018	31.12.2017
	VND	VND
Cash on hand	95,975,568	60,905,770
Cash at bank	105,465,125,235	238,772,722,683
Cash blocked for trading settlements	9,156,458,885	40,323,484
	114,717,559,688	238,873,951,937

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

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

	Cost VND	Comparison to market value		Market value VND	Remeasured amount VND
		Increase VND	Decrease VND		
As at 30 June 2018					
Listed equities	255,566,283,066	20,229,115,925	(34,424,441,761)	241,370,957,230	241,370,957,230
Unlisted equities	72,112,203,283	178,726,921	(16,272,599,144)	56,018,331,060	56,018,331,060
	<u>327,678,486,349</u>	<u>20,407,842,846</u>	<u>(50,697,040,905)</u>	<u>297,389,288,290</u>	<u>297,389,288,290</u>
As at 31 December 2017					
Listed equities	177,706,915,464	15,337,550,779	(1,087,792,523)	191,956,673,720	191,956,673,720
Unlisted equities	84,993,804,201	254,936	(9,619,633,877)	75,374,425,260	75,374,425,260
	<u>262,700,719,665</u>	<u>15,337,805,715</u>	<u>(10,707,426,400)</u>	<u>267,331,098,980</u>	<u>267,331,098,980</u>

VIET DRAGON SECURITIES CORPORATION

Form B 09g – CTCK

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

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

	As at 30.6.2018					As at 31.12.2017				
	Cost VND	Market value/ fair value VND	Increase VND	Decrease VND	Remeasured amount VND	Cost VND	Market value/ fair value VND	Increase VND	Decrease VND	Remeasured amount VND
Listed equities										
DIG	96,527,493,287	70,965,654,300	-	(25,561,838,987)	70,965,654,300	30,998,584,785	31,096,503,400	97,918,615	-	31,096,503,400
HDB	50,143,442,870	67,136,442,450	16,992,999,580	-	67,136,442,450	-	-	-	-	-
PME(*)	52,004,665,960	55,170,813,600	3,166,147,640	-	55,170,813,600	2,100,150	2,436,000	335,850	-	2,436,000
MBB	32,770,295,089	26,200,890,800	-	(6,569,404,289)	26,200,890,800	34,528,128,913	38,104,368,800	3,576,239,887	-	38,104,368,800
PC1	7,429,693,803	6,751,346,000	-	(678,347,803)	6,751,346,000	4,933,941,420	5,572,604,800	638,663,380	-	5,572,604,800
VCI	4,377,735,000	4,259,475,000	-	(118,260,000)	4,259,475,000	-	-	-	-	-
SAM	4,784,683,915	4,170,600,000	-	(614,083,915)	4,170,600,000	9,397,276,407	8,613,483,000	-	(783,793,407)	8,613,483,000
DXG	4,304,847,352	4,078,635,900	-	(226,211,452)	4,078,635,900	1,518,400	1,896,400	378,000	-	1,896,400
ACB	2,778,036,149	2,178,079,200	-	(599,956,949)	2,178,079,200	31,032,565,266	36,904,907,700	5,872,342,434	-	36,904,907,700
Others	445,389,641	459,019,980	69,968,705	(56,338,366)	459,019,980	66,812,800,123	71,660,473,620	5,151,672,613	(303,999,116)	71,660,473,620
	255,566,283,066	241,370,957,230	20,229,115,925	(34,424,441,761)	241,370,957,230	177,706,915,464	191,956,673,720	15,337,550,779	(1,087,792,523)	191,956,673,720
Unlisted equities										
BSR	44,200,000,000	36,000,000,000	-	(8,200,000,000)	36,000,000,000	-	-	-	-	-
MIG	10,485,490,000	10,663,800,000	178,310,000	-	10,663,800,000	10,470,290,000	9,127,200,000	-	(1,343,090,000)	9,127,200,000
POW	6,984,000,000	6,550,000,000	-	(434,000,000)	6,550,000,000	-	-	-	-	-
CSMEX(**)	4,071,352,000	1,527,714,000	-	(2,543,638,000)	1,527,714,000	4,071,352,000	1,527,714,000	-	(2,543,638,000)	1,527,714,000
CGV	1,900,000,000	1,045,000,000	-	(855,000,000)	1,045,000,000	1,900,000,000	950,000,000	-	(950,000,000)	950,000,000
DRFM(***)	4,450,000,000	225,000,000	-	(4,225,000,000)	225,000,000	4,450,000,000	225,000,000	-	(4,225,000,000)	225,000,000
Others	21,361,283	6,817,060	416,921	(14,961,144)	6,817,060	64,102,162,201	63,544,511,260	254,936	(557,905,877)	63,544,511,260
	72,112,203,283	56,018,331,060	178,726,921	(16,272,599,144)	56,018,331,060	84,993,804,201	75,374,425,260	254,936	(9,619,633,877)	75,374,425,260
Total	327,678,486,349	297,389,288,290	20,407,842,846	(50,697,040,905)	297,389,288,290	262,700,719,665	267,331,098,980	15,337,805,715	(10,707,426,400)	267,331,098,980

(*) Pymepharco Joint Stock Company was a related party (Note 8(b)).

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

(***) Dong Phu Technical Rubber Joint Stock Company

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

3.3 Loans

		As at 30.6.2018		As at 31.12.2017	
		Amortised cost VND	Provision VND	Amortised cost VND	Provision VND
Margin loans and investment cooperation contracts	(i)	1,384,863,737,237	(27,288,627,957)	1,202,069,702,299	(27,787,203,085)
Trading advances	(ii)	223,045,941,162	-	110,552,280,497	-
Total		1,607,909,678,399	(27,288,627,957)	1,312,621,982,796	(27,787,203,085)

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

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

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

	Doubtful amount		Provision			
	As at 30.6.2018 VND	As at 31.12.2017 VND	As at 31.12.2017 VND	Provision VND	Reversal of provision VND	As at 30.6.2018 VND
Tran Quoc Tan	12,210,000,000	12,210,000,000	12,210,000,000	-	-	12,210,000,000
Nguyen Hong Mai	8,587,695,000	8,587,695,000	8,587,695,000	-	-	8,587,695,000
Pham Cong Khanh	2,576,209,616	2,576,209,616	2,576,209,616	-	-	2,576,209,616
Le Phuong Lan	-	1,202,220,538	498,591,800	-	(498,591,800)	-
Nguyen Thi Ly	1,643,644,306	1,643,644,306	1,643,644,306	-	-	1,643,644,306
Vuong Dang	1,544,620,920	1,544,620,920	1,544,620,920	-	-	1,544,620,920
Nguyen Thu Hien	616,325,496	616,325,496	616,325,496	-	-	616,325,496
Tran Trung Nghia	109,137,598	109,137,598	109,070,778	20,540	(13,780)	109,077,538
Tran Quang Huy	1,089,369	1,089,369	1,045,169	9,912	-	1,055,081
	27,288,722,305	28,490,942,843	27,787,203,085	30,452	(498,605,580)	27,288,627,957

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

3.3 Loans (continued)

(ii) Trading advances

These are the amounts advanced to customers at the trading date (“T – date advance”). These amounts were refunded within two (2) working days.

Accrued interest income for trading advances as at 30 June 2018 and as at 31 December 2017 is immaterial due to short term nature.

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

3.4 Short-term receivables

	As at 30.6.2018		As at 31.12.2017	
	Book value VND	Doubtful amount VND	Book value VND	Doubtful amount VND
Receivables from disposals of financial assets	-	-	182,710,000	-
Receivables from disposals of listed equities	-	-	182,710,000	-
Dividends and interests receivable	5,415,659,345	-	2,654,903,636	-
Undue dividends and interests receivable	5,415,659,345	-	2,654,903,636	-
	<u>5,415,659,345</u>	<u>-</u>	<u>2,837,613,636</u>	<u>-</u>
Services related receivables (*)	8,649,567,801	-	7,900,382,763	-
	<u>8,649,567,801</u>	<u>-</u>	<u>7,900,382,763</u>	<u>-</u>
Other receivables	1,978,208,478	1,978,208,478	1,978,208,478	1,978,208,478
	<u>1,978,208,478</u>	<u>1,978,208,478</u>	<u>1,978,208,478</u>	<u>1,978,208,478</u>

(*) Amount receivable from services provided to related parties as at 30 June 2018 was VND165,000,000 (as at 31 December 2017: nil) (Note 8(b)).

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

3.4 Short-term receivables (continued)

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

	Doubtful amount		Provision			As at 30.6.2018 VND
	As at 30.6.2018 VND	As at 31.12.2017 VND	As at 31.12.2017 VND	Provision VND	Reversal of provision VND	
Other receivables	1,978,208,478	1,978,208,478	1,978,208,478	-	-	1,978,208,478
Mr. Van Thien Hung	1,978,208,478	1,978,208,478	1,978,208,478	-	-	1,978,208,478

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

	As at	
	30.6.2018 VND	31.12.2017 VND
Advances to employees	1,417,650,000	428,066,665
Office tools and supplies	13,981,000	-
Short-term prepaid expenses	3,740,997,064	2,665,194,684
- <i>Information technology equipments</i>	1,379,237,207	763,119,666
- <i>Office renovation expenses</i>	409,484,915	682,310,528
- <i>Other short-term prepaid expenses</i>	1,952,274,942	1,219,764,490
Short-term security deposits	58,550,000	48,550,000
Personal income tax paid on behalf	3,019,800,400	5,679,572
	<u>8,250,978,464</u>	<u>3,147,490,921</u>

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

	Motor vehicles VND	Office equipment VND	Total VND
Historical cost			
As at 1.1.2018	5,837,902,900	32,358,404,535	38,196,307,435
New purchases	-	3,987,043,500	3,987,043,500
Disposals	-	-	-
As at 30.6.2018	<u>5,837,902,900</u>	<u>36,345,448,035</u>	<u>42,183,350,935</u>
Accumulated depreciation			
As at 1.1.2018	3,271,507,959	23,711,531,730	26,983,039,689
Charge for the period	251,967,030	2,094,969,889	2,346,936,919
Disposals	-	-	-
As at 30.6.2018	<u>3,523,474,989</u>	<u>25,806,501,619</u>	<u>29,329,976,608</u>
Net book value			
As at 1.1.2018	<u>2,566,394,941</u>	<u>8,646,872,805</u>	<u>11,213,267,746</u>
As at 30.6.2018	<u>2,314,427,911</u>	<u>10,538,946,416</u>	<u>12,853,374,327</u>

As at 30 June 2018, the Company had no outstanding commitment to purchase or sell tangible fixed assets.

Historical cost of fully depreciated tangible fixed assets but still in use as at 30 June 2018 was VND15,924,381,366 (as at 31 December 2017: VND14,957,039,284).

The Company had no tangible fixed asset awaiting disposal as at 30 June 2018.

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

	Computer software VND	Patents VND	Copyrights VND	Other intangible assets VND	Total VND
Historical cost					
As at 1.1.2018 and 30.6.2018	11,292,236,066	307,500,192	1,661,848,751	502,503,782	13,764,088,791
Accumulated amortisation					
As at 1.1.2018	7,429,399,317	307,500,192	1,270,183,913	502,503,782	9,509,587,204
Charge for the period	798,297,516	-	87,315,498	-	885,613,014
As at 30.6.2018	<u>8,227,696,833</u>	<u>307,500,192</u>	<u>1,357,499,411</u>	<u>502,503,782</u>	10,395,200,218
Net book value					
As at 1.1.2018	<u>3,862,836,749</u>	<u>-</u>	<u>391,664,838</u>	<u>-</u>	4,254,501,587
As at 30.6.2018	<u>3,064,539,233</u>	<u>-</u>	<u>304,349,340</u>	<u>-</u>	3,368,888,573

Historical cost of fully amortised intangible fixed assets but still in use as at 30 June 2018 was VND2,287,891,465 (as at 31 December 2017: VND2,287,891,465).

The Company had no intangible fixed asset awaiting disposal as at 30 June 2018.

3.7 Pledged assets, mortgages, security deposits in long term

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

3.8 Long-term prepaid expenses

	As at	
	30.6.2018 VND	31.12.2017 VND
Office renovation expenses	1,420,611,289	188,602,110
Other long-term prepaid expenses	382,290,442	419,070,300
	<u>1,802,901,731</u>	<u>607,672,410</u>

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

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

	As at	
	30.6.2018	31.12.2017
	VND	VND
Initial deposit	120,000,000	120,000,000
Additional deposits	13,308,567,704	11,745,188,416
Allocated interests	5,465,087,962	4,528,467,250
	18,893,655,666	16,393,655,666

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

3.10 Borrowings

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

	Interest rate % per annum	Opening balance VND	Disbursement VND	Repayment VND	Revaluation VND	Closing balance VND
Bank borrowings		47,720,765,000	959,404,626,487	(859,135,626,650)	742,238,154	148,732,002,991
<i>In which:</i>						
From domestic banks (i)	6.5 – 10.0	-	728,016,909,947	(648,016,909,947)	-	80,000,000,000
From a foreign bank (ii)	5.0 – 5.7	47,720,765,000	231,387,716,540	(211,118,716,703)	742,238,154	68,732,002,991
Short-term issued bonds (iii)		724,455,000,000	292,479,000,000	(229,640,000,000)	-	787,294,000,000
<i>In which:</i>						
Held by individuals	8.0 - 9.5	374,455,000,000	171,979,000,000	(209,640,000,000)	-	336,794,000,000
Held by institutions (*)	8.0 - 9.5	350,000,000,000	120,500,000,000	(20,000,000,000)	-	450,500,000,000
Total		772,175,765,000	1,251,883,626,487	(1,088,775,626,650)	742,238,154	936,026,002,991

- (i) The closing balance represents loans from a domestic bank with a credit limit of VND100,000,000,000 with tenors from 3 to 6 months. Value of collateral assets as at 30 June 2018 was VND1,613,325,337,744 (as at 31 December 2017: nil).
- (ii) The closing balance represents unsecured loans from a foreign bank with a credit limit of USD5,000,000 and longest tenor not exceeding 30 days from date of drawdown.
- (iii) These are registered, unconvertible and unsecured bonds issued privately to individuals and institutions. Each bond has a par value of VND1,000,000 and a tenor of 1 year since its issue date.
- (*) Short-term borrowing from issued bonds to related parties as at 30 June 2018 was VND250 billion (as at 31 December 2017: VND250 billion) (Note 8(b)).

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

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

3.12 Short-term trade accounts payable

	As at	
	30.6.2018 VND	31.12.2017 VND
Third parties	98,546,495	164,424,541
Related parties (Note 8(b))	181,197,150	-
	<u>279,743,645</u>	<u>164,424,541</u>

The Company had no overdue trade payables as at 30 June 2018 and as at 31 December 2017.

3.13 Tax and other payables to the State Budget

	As at	
	30.6.2018 VND	31.12.2017 VND
Corporate income tax - current	-	4,503,448,338
Personal income tax paid on behalf of customers	2,264,749,161	2,226,664,928
Personal income tax	191,816,908	1,361,446,970
Value added tax	88,851,443	44,733,984
Foreign contractor tax	143,572,046	55,678,203
	<u>2,688,989,558</u>	<u>8,191,972,423</u>

VIET DRAGON SECURITIES CORPORATION

Form B 09g – CTCK

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

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

	As at 1.1.2018 VND	Incurred VND	Paid VND	As at 30.6.2018 VND
Corporate income tax - current	4,503,448,338	11,844,880,400	(19,219,077,252)	(2,870,748,514)
Personal income tax paid on behalf of customers	2,226,664,928	14,252,202,374	(14,214,118,141)	2,264,749,161
Personal income tax	1,355,767,398	4,591,384,358	(5,904,386,734)	42,765,022
<i>In which:</i>				
<i>Receivable</i>	1,361,446,970			191,816,908
<i>Payable</i>	(5,679,572)			(149,051,886)
Value added tax	44,733,984	316,372,764	(272,255,305)	88,851,443
Foreign contractor tax	55,678,203	1,167,413,002	(1,079,519,159)	143,572,046
Charges, fees and other payables	-	4,000,000	(4,000,000)	-
	<u>8,186,292,851</u>	<u>32,176,252,898</u>	<u>(40,693,356,591)</u>	<u>(330,810,842)</u>

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

	As at	
	30.6.2018 VND	31.12.2017 VND
13 th month salary and supplemental salary	9,000,000,000	9,200,000,000
Interests on bonds and borrowings	5,318,821,319	2,326,673,020
Brokerage fee and custody fee	603,930,376	767,594,468
Others	496,069,591	511,568,650
	<u>15,418,821,286</u>	<u>12,805,836,138</u>

3.15 Other short-term payables

	As at	
	30.6.2018 VND	31.12.2017 VND
Dividend payable	907,459,800	908,095,800
Other short-term payables	345,958,374	260,739,904
	<u>1,253,418,174</u>	<u>1,168,835,704</u>

3.16 Deferred tax liability

	As at	
	30.6.2018 VND	31.12.2017 VND
Deferred tax liability		
Deferred tax liability to be recovered within 12 months	4,081,568,570	3,067,561,143
	<u>4,081,568,570</u>	<u>3,067,561,143</u>

Movement in the deferred tax liability is as follows:

	For the six- month period ended 30.6.2018 VND	For the year ended 31.12.2017 VND
	Opening balance	3,067,561,143
Charged to profit or loss	1,014,007,427	3,067,561,143
Closing balance	<u>4,081,568,570</u>	<u>3,067,561,143</u>

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

Details of deferred tax liability are as follows:

	As at	
	30.6.2018	31.12.2017
	VND	VND
Taxable temporary differences		
Gain from revaluation of FVTPL financial assets	20,407,842,846	15,337,805,715
	<u>20,407,842,846</u>	<u>15,337,805,715</u>

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

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

	As at	
	30.6.2018	31.12.2017
	VND	VND
Number of shares registered	100,099,906	91,000,000
Number of shares issued	100,099,906	91,000,000
Number of shares repurchased	-	-
	<u>100,099,906</u>	<u>91,000,000</u>

As at 30 June 2018 and as at 31 December 2017, all of the Company's shares are ordinary shares. Each ordinary share has a par value of VND10,000. Each share is entitled to one vote at the Annual General Meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

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

	Ordinary shares
As at 1 January 2017	70,000,000
New shares issued in the year	21,000,000
As at 31 December 2017	91,000,000
New shares issued in the period (*)	9,099,906
As at 30 June 2018	100,099,906

(*) The Annual General Meeting of Shareholders on 28 March 2018 approved the issuance of new shares to pay dividend to existing shareholders at a ratio of 10:1. Accordingly, the Company issued 9,099,906 shares on 25 June 2018. The numbers of the new shares issued were rounded down to units, numbers of shares after decimal stop were forfeited.

(c) Details of major shareholder as reporting date

	Number of ordinary shares	Value of charter capital contributed VND	Interest %
Mr. Tran Le Nguyen	35,035,000	350,350,000,000	35.00%
Asia Investment Limited	15,043,617	150,436,170,000	15.03%
Ms. Pham My Linh	13,721,276	137,212,760,000	13.71%
Other shareholders	36,300,013	363,000,130,000	36.26%
Total	100,099,906	1,000,999,060,000	100.00%

3.18 Undistributed earnings

	As at	
	30.6.2018 VND	31.12.2017 VND
Undistributed realised profits	96,219,044,312	97,966,752,187
Unrealised (losses)/profits	(30,289,198,059)	4,630,379,315
	65,929,846,253	102,597,131,502

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

3.18 Undistributed earnings (continued)

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

	As at 31.12.2017 VND	Profits for the period VND	Dividend declared VND	Appropriations to reserves VND	As at 30.6.2018 VND
Undistributed realised profits	97,966,752,187	89,251,352,125	(90,999,060,000)	-	96,219,044,312
Unrealised profits/(losses)	4,630,379,315	(34,919,577,374)	-	-	(30,289,198,059)
Undistributed earnings	<u>102,597,131,502</u>	<u>54,331,774,751</u>	<u>(90,999,060,000)</u>	<u>-</u>	<u>65,929,846,253</u>

4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS

4.1 Number of shares in issue

	As at	
	30.6.2018	31.12.2017
Ordinary shares		
Quantity issued within 1 year	30,099,906	21,000,000
Quantity issued for 1 year or more (share)	70,000,000	70,000,000
	<u>100,099,906</u>	<u>91,000,000</u>

5 NOTES TO THE INTERIM STATEMENT OF INCOME

5.1 Income from FVTPL financial assets

(a) Net realised gains on disposals of FVTPL financial assets

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Realised gains on disposals of FVTPL financial assets	66,715,961,572	38,257,658,305
Realised losses on disposals of FVTPL financial assets	(6,158,381,434)	(15,744,541,397)
	60,557,580,138	22,513,116,908

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

	Quantity disposed share	Sales proceeds VND	Costs of disposals (*) VND	Realised gains/(losses) in six-month period ended 30.6.2018 VND	Realised gains/(losses) in six-month period ended 30.6.2017 VND
Listed shares	16,800,826	469,375,972,000	408,581,697,798	60,794,274,202	28,453,092,006
Unlisted shares	1,347,093	29,735,290,000	29,971,984,064	(236,694,064)	(5,939,975,098)
	18,147,919	499,111,262,000	438,553,681,862	60,557,580,138	22,513,116,908

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

5 NOTES TO THE INTERIM STATEMENT OF INCOME

5.1 Income from FVTPL financial assets

(b) Gains/(losses) on revaluation of FVTPL financial assets

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Increase in revaluation gains of FVTPL financial assets	5,070,037,131	-
(Increase)/decrease in revaluation losses of FVTPL financial assets	(39,989,614,505)	12,677,444,076
	(34,919,577,374)	12,677,444,076

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

	Cost share	Market value/ fair value VND	Accumulated revaluation losses as at 30.6.2018 VND	Accumulated revaluation gains/(losses) as at 31.12.2017 VND	Charged to interim statement of income VND
Listed shares	255,566,283,066	241,370,957,230	(14,195,325,836)	14,249,758,256	(28,445,084,092)
Unlisted shares	72,112,203,283	56,018,331,060	(16,093,872,223)	(9,619,378,941)	(6,474,493,282)
	327,678,486,349	297,389,288,290	(30,289,198,059)	4,630,379,315	(34,919,577,374)

5 NOTES TO THE INTERIM STATEMENT OF INCOME (continued)

5.2 Provisions for diminution in value of financial assets and impairment losses and borrowing costs to finance lending activities

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Borrowing costs to finance lending activities	41,974,581,528	30,176,596,278
Reversal of provisions for impairment of financial assets	(498,575,128)	(922,337,040)
	41,476,006,400	29,254,259,238

5.3 Other operating expenses

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Self-trading activities	889,574,598	1,234,825,881
Salaries	684,331,599	1,014,009,288
Office rentals	128,604,960	135,432,000
Other expenses	76,638,039	85,384,593
Brokerage fee expenses	45,546,240,969	26,539,304,573
Salaries	21,982,028,008	11,725,206,819
Securities trading transaction fees	10,603,413,508	6,421,598,467
Brokerage expense for collaborators	4,403,120,235	2,681,450,959
Office rentals	3,060,931,019	1,836,574,800
Depreciation and amortisation	1,024,329,132	1,024,329,135
Other expenses	4,472,419,067	2,850,144,393
Underwriting expenses and placing expenses	-	1,264,599,600
Securities investment consultancy expenses	804,222,587	443,650,674
Custody fee expenses	3,773,888,751	3,365,993,308
Financial consultancy expenses	3,747,156,323	2,518,881,270
Salaries	2,894,743,683	1,849,812,341
Office rentals	250,910,238	211,497,000
Other expenses	601,502,402	457,571,929
Other operating expenses	4,817,027,415	4,386,905,778
Salaries	3,825,165,600	3,574,618,816
Office rentals	542,969,864	507,592,800
Maintenance expenses	30,750,000	36,248,540
Other expenses	418,141,951	268,445,622
	59,578,110,643	39,754,161,084

5 NOTES TO THE INTERIM STATEMENT OF INCOME (continued)

5.4 General and administration expenses

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Staff costs	19,039,541,058	13,360,248,912
Office rentals	1,947,405,571	2,472,345,400
Depreciation and amortisation	2,208,220,801	1,840,720,514
Outsourced services	2,230,982,532	1,739,374,384
Advertisement and entertainment expenses	2,185,474,243	1,070,872,382
Maintenance expenses	468,693,245	128,228,227
Remuneration of the Board of Directors	1,462,250,000	741,563,113
Tools and supplies	828,923,950	245,819,900
Office stationeries	57,470,454	77,918,275
Tax, duties and fees	8,280,000	7,000,000
Other administrative expenses	2,942,079,338	1,839,099,537
	33,379,321,192	23,523,190,644

5.5 Corporate income tax

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

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Accounting profit before tax	67,190,662,578	71,003,459,873
Tax at rate of 20%:	13,438,132,516	14,200,691,975
Adjustment for:		
Non-taxable income	(990,727,267)	(405,657,388)
Non deductible expenses	411,482,578	148,312,622
Corporate income tax charge (*)	12,858,887,827	13,943,347,209
Charged for the period:		
Corporate income tax – current	11,844,880,400	13,943,347,209
Corporate income tax – deferred	1,014,007,427	-
	12,858,887,827	13,943,347,209

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

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

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

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

	For the six-month period ended 30 June	
	2018	2017 Restated (*)
Net profit attributable to shareholders (VND)	54,331,774,751	57,060,112,664
Less amount allocated to bonus and welfare funds (VND)	-	-
	<u>54,331,774,751</u>	<u>57,060,112,664</u>
Weighted average number of ordinary shares in issue (shares)	100,099,993	77,000,000
	<u>543</u>	<u>741</u>

(*) Basic earnings per share of the six-month period ended 30 June 2017 was restated to reflect the impact of scrip dividend declared and issued in 2018 on the number of ordinary shares issue (Note 3.17(b)), in particular:

Item	For the six-month period ended 30 June 2017		
	As previously reported	Adjustments	As restated
Net profit attributable to shareholders (VND)	57,060,112,664	-	57,060,112,664
Weighted average number of ordinary shares in issue (shares)	70,000,000	7,000,000	77,000,000
	<u>815</u>		<u>741</u>

(b) Diluted earnings per share

The Company did not have potentially dilutive ordinary shares.

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

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

6.2 Repayment of borrowings

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

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

	For the six-month period ended 30	
	June	
	2018	2017
	VND	VND
Undistributed realised profits brought forward	97,966,752,187	68,930,268,960
Cumulative unrealised losses as at reporting date	(30,289,198,059)	(11,876,915,186)
Realised post-tax profits incurred in the period	89,251,352,125	44,382,668,588
Appropriations of retaining earnings:		
To supplementary capital reserve	-	-
To financial and operational risk reserve fund	-	-
Distributable profits	156,928,906,253	101,436,022,362
Dividend declared	(90,999,060,000)	42,000,000,000
Income tax withheld	-	(1,645,771,680)
Net amount to be distributed to shareholders	(90,999,060,000)	40,354,228,320

7 NOTES TO THE INTERIM STATEMENT OF CHANGES IN EQUITY (continued)

7.2 Details of changes in equity

	Owners' capital VND	Share premium VND	Supplementary capital reserve VND	Financial and operational risk reserve VND	Undistributed earnings VND	Total VND
As at 1 January 2018	910,000,000,000	9,240,118,792	10,190,332,248	10,190,332,248	102,597,131,502	1,042,217,914,790
Profit for the period	-	-	-	-	54,331,774,751	54,331,774,751
Scrip dividends (Note 3.17(b))	90,999,060,000	-	-	-	(90,999,060,000)	-
As at 30 June 2018	1,000,999,060,000	9,240,118,792	10,190,332,248	10,190,332,248	65,929,846,253	1,096,549,689,541
As at 1 January 2017	700,000,000,000	9,240,118,792	4,622,486,592	4,622,486,592	44,375,909,698	762,861,001,674
Profit for the period	-	-	-	-	57,060,112,664	57,060,112,664
Cash dividends	-	-	-	-	(42,000,000,000)	(42,000,000,000)
As at 30 June 2017	700,000,000,000	9,240,118,792	4,622,486,592	4,622,486,592	59,436,022,362	777,921,114,338

8 RELATED PARTIES DISCLOSURES

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

(a) Related parties transactions

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

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Revenue from brokerage services	-	1,110,234,507
Revenue from underwriting services	-	5,824,000,000
Revenue from other services	150,000,000	322,363,273
Dividend received from related parties	1,300,126,000	-
Shares of related parties purchased in the period	52,002,565,810	-
Services provided by related parties	5,324,809,234	5,290,100,280
Bond issued to related parties	-	250,000,000,000
Bond interest expenses payable to related parties	10,651,065,449	5,516,666,667
Salary and other benefits	5,608,202,840	3,329,514,714

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

	As at	
	30.6.2018	31.12.2017
	VND	VND
Bonds issued to related parties (Note 3.10)	250,000,000,000	250,000,000,000
Accrued bond interests payable to related parties	498,630,136	531,944,444
Trade accounts payable to related parties (Note 3.12)	181,197,150	-
Service related receivables (Note 3.4)	165,000,000	-
Fair value of equity interest in related parties (Note 3.2)	55,170,813,600	2,436,000

9 SEGMENT REPORTING

(a) Geographical segments

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

	For the six-month period ended 30 June 2018				
	Ho Chi Minh City VND	Ha Noi VND	Nha Trang VND	Can Tho VND	Total VND
Revenue and income	219,206,636,572	20,996,838,136	2,686,129,994	5,785,118,751	248,674,723,453
Operating expenses	(131,205,402,853)	(12,531,382,137)	(1,482,012,962)	(2,885,941,731)	(148,104,739,683)
General and administrative expenses	(28,305,706,115)	(3,186,418,609)	(499,178,364)	(1,388,018,104)	(33,379,321,192)
Profit before tax	59,695,527,604	5,279,037,390	704,938,668	1,511,158,916	67,190,662,578
	For the six-month period ended 30 June 2017				
	Ho Chi Minh City VND	Ha Noi VND	Nha Trang VND	Can Tho VND	Total VND
Revenue and income	147,008,685,506	15,673,761,801	807,058,393	3,145,773,731	166,635,279,431
Operating expenses	(62,415,958,220)	(7,625,760,341)	(451,447,974)	(1,615,462,379)	(72,108,628,914)
General and administrative expenses	(18,961,069,742)	(2,857,828,924)	(528,185,952)	(1,176,106,026)	(23,523,190,644)
Profit before tax	65,631,657,544	5,190,172,536	(172,575,533)	354,205,326	71,003,459,873

9 SEGMENT REPORTING (continued)

(b) Business activity segments

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

	For the six-month period ended 30 June 2018					
	Brokerage and services VND	Self-trading VND	Lending VND	Consultancy VND	Others VND	Total VND
Revenue and income	58,378,263,108	76,739,635,038	102,889,520,181	1,806,136,363	8,861,168,763	248,674,723,453
Expenses	(46,350,463,556)	(47,037,570,537)	(50,066,922,566)	(3,747,156,323)	(34,281,947,893)	(181,484,060,875)
Profit before tax	<u>12,027,799,552</u>	<u>29,702,064,501</u>	<u>52,822,597,615</u>	<u>(1,941,019,960)</u>	<u>(25,420,779,130)</u>	<u>67,190,662,578</u>
	For the six-month period ended 30 June 2017					
	Brokerage and services VND	Self-trading VND	Lending VND	Consultancy VND	Others VND	Total VND
Revenue and income	43,614,696,260	40,667,143,539	69,400,872,284	6,966,363,272	5,986,204,076	166,635,279,431
Expenses	(26,982,955,247)	(4,301,923,202)	(37,007,158,324)	(3,783,480,870)	(23,556,301,915)	(95,631,819,558)
Profit before tax	<u>16,631,741,013</u>	<u>36,365,220,337</u>	<u>32,393,713,960</u>	<u>3,182,882,402</u>	<u>(17,570,097,839)</u>	<u>71,003,459,873</u>

10 FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Credit risk

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

Balances with banks

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

FVTPL financial assets

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

Trading advances

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

Investment cooperation contracts

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

10 FINANCIAL RISK MANAGEMENT (continued)**(a) Credit risk (continued)***Margin loan*

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

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

Receivables and other assets

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

Credit risk exposure

	As at	
	30.6.2018	31.12.2017
	VND	VND
<i>Cash and cash equivalents (Note 3.1)</i>		
Current accounts at bank	114,621,584,120	238,813,046,167
<i>Loans (Note 3.3)</i>		
Margin loans and investment cooperation contracts	1,384,863,737,237	1,202,069,702,299
Trading advances	223,045,941,162	110,552,280,497
	1,607,909,678,399	1,312,621,982,796
<i>Receivables (Note 3.4)</i>		
Receivables from disposals of financial assets	-	182,710,000
Dividends and interests receivable	5,415,659,345	2,654,903,636
Services related receivables	8,649,567,801	7,900,382,763
	14,065,227,146	10,737,996,399
Total credit risk exposure	1,736,596,489,665	1,562,173,025,362

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

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

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

- Interest rate risk

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

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

- Share price risk

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

As at 30 June 2018, had the prices of the securities increased/decreased by 10% with all other variables being held constant including tax rate, the Company's profit after tax would have been higher/lower by VND23,791,143,063 respectively (as at 31 December 2017: higher/ lower by VND21,386,487,918 respectively).

(c) Liquidity risk

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

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

As at 30 June 2018, the Company had financial liabilities including bank loans, short-term issued bonds, trading obligation, short-term trade payables, accrued expenses and other short-term liabilities with the amount of VND954,269,163,096 (as at 31 December 2017: VND787,982,831,070) which represented contractual undiscounted cash outflows payable in less than one year.

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

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

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

As at 30 June 2018, the Company’s CAR was 914%.

11 OPERATING LEASE COMMITMENTS

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

	As at	
	30.6.2018	31.12.2017
	VND	VND
Within 1 year	11,452,800,945	10,477,897,308
From 1 to 5 years	15,325,626,174	16,993,479,370
Total	26,778,427,119	27,471,376,678

12 SUBSEQUENT EVENTS

On 11 July 2018, the Company obtained Certificate of qualification for derivatives trading No. 22/GCN-UBCK and Certificate of qualification for provision of derivatives clearing and settlement services No. 23/GCN-UBCK issued by the State Securities Commission.

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

13 OPERATIONAL FACTS

Volume and value of transactions during the period

	Volume of transactions during the period	Value of transactions during the period VND
(a) Of the Company Shares	37,317,629 37,317,629	942,085,130,408 942,085,130,408
(b) Of investors		
Shares	1,697,749,971 1,696,013,561	34,183,160,073,232 34,019,352,305,332
Bonds	1,400,000	157,898,400,000
Other shares	336,410	5,909,367,900
	1,735,067,600	35,125,245,203,640

14 COMPARATIVE FIGURES

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

The interim financial statements were approved by the Board of Management on 10 August 2018.



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant




Nguyen Hieu
General Director