

**VNDIRECT Securities Joint Stock Company**

Financial Statements for the year  
ended 31 December 2016

**VNDIRECT Securities Joint Stock Company**  
**Corporate Information**

**Securities Operating  
Licence No.**

101/UBCK-GP	31 December 2007
11/GPDC-UBCK	6 February 2015
22/UBCK-GPHDKD	16 November 2006

The initial Securities Operating Licence and its updates were issued by the State Securities Commission of Vietnam.

**Business Registration  
Certificate No.**

0103014521	7 November 2006
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The Business Registration Certificate was issued by Hanoi Department of Planning and Investment.

**Board of Directors**

Ms. Pham Minh Huong	Chairwoman
Ms. Nguyen Ngoc Thanh	Member
Mr. Vu Hien	Member
Mr. Nguyen Hoang Giang	Member
Mr. Pham Le Nhat Quang	Member <i>(from 27 April 2016)</i>
Mr. Vo Van Hiep	Member <i>(until 27 April 2016)</i>

**Board of Management**

Mr. Nguyen Hoang Giang	General Director
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**Registered Office**

No. 1 Nguyen Thuong Hien  
Hai Ba Trung District, Hanoi  
Vietnam

**Auditor**

KPMG Limited  
Vietnam

## **VNDIRECT Securities Joint Stock Company**

### **Statement of the Board of Management**

The Board of Management of VNDIRECT Securities Joint Stock Company (“the Company”) presents this statement and the accompanying financial statements of the Company for the year ended 31 December 2016.

The Company’s Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 (“Circular 210”) issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to financial reporting. In preparing the financial statements, the Company’s Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on going concern basis unless it is inappropriate to presume that the Company will continue in business.

In the opinion of the Board of Management:

- (a) the financial statements set out on pages 5 to 55 give a true and fair view of the financial position of the Company as at 31 December 2016, and of the results of operations and cash flows of the Company for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 (“Circular 210”) issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised the accompanying financial statements for issue.

On behalf of the Board of Management

Nguyen Hoang Giang  
*General Director*

Hanoi, 30 March 2017

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders VNDIRECT Securities Joint Stock Company**

We have audited the accompanying financial statements of VNDIRECT Securities Joint Stock Company ("the Company"), which comprise the statement of financial position as at 31 December 2016, the statements of income, cash flows and changes in equity for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 30 March 2017, as set out on pages 5 to 55.

### **Management's Responsibility**

The Company's Board of Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 ("Circular 210") issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

## **Auditor's Opinion**

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of VNDIRECT Securities Joint Stock Company as at 31 December 2016 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 ("Circular 210") issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to financial reporting.

## **KPMG Limited**

Vietnam

Audit Report No. 16-02-113/3

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Truong Vinh Phuc  
Practicing Auditor Registration  
Certificate No. 1901-2013-007-1  
*Deputy General Director*

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Pham Huy Cuong  
Practicing Auditor Registration  
Certificate No. 2675-2014-007-1

Hanoi, 30 March 2017

**VNDIRECT Securities Joint Stock Company**  
**Statement of financial position as at 31 December 2016**

**Form B01 - CTCK**  
*(Issued under Circular No.334/2016/TT-BTC  
dated 27 December 2016 of the Ministry of Finance)*

	Code	Note	31/12/2016 VND	31/12/2015 VND (Reclassified)	
<b>ASSETS</b>					
<b>A</b>	<b>CURRENT ASSETS</b>				
	<b>(100 = 110 + 130)</b>		<b>5,052,018,587,213</b>	<b>4,538,572,980,388</b>	
<b>I</b>	<b>Financial assets</b>		<b>4,913,949,115,349</b>	<b>4,526,982,727,678</b>	
1	Cash and cash equivalents	111	7	256,958,791,274	1,552,666,092,480
1.1	<i>Cash</i>	111.1		173,958,791,274	199,231,759,147
1.2	<i>Cash equivalents</i>	111.2		83,000,000,000	1,353,434,333,333
2	Financial assets at FVTPL	112	9(a)	2,339,874,662,053	1,386,786,074,986
4	Loans receivable	114	9(b)	1,911,798,465,127	1,744,902,788,168
5	Available-for-sale financial assets ("AFS")	115	9(c)	530,968,216,861	25,750,800,000
6	Allowance for diminution in value of financial assets	116	10	(189,295,534,267)	(223,485,731,418)
7	Receivables	117		56,214,395,144	38,957,660,099
7.1	<i>Receivables from sales of financial assets</i>	117.1		18,109,483,700	8,789,405,000
7.2	<i>Dividends and interest receivables from financial assets</i>	117.2	11	38,104,911,444	30,168,255,099
7.2.2	<i>Dividends and interest receivables not yet due</i>	117.4		38,104,911,444	30,168,255,099
9	Receivables from services rendered	119		7,317,124,296	1,231,012,128
12	Other receivables	122		4,185,297,290	3,696,333,664
13	Allowance for doubtful debts	129	12	(4,072,302,429)	(3,522,302,429)
<b>II</b>	<b>Other current assets</b>			<b>138,069,471,864</b>	<b>11,590,252,710</b>
1	Advances	131		2,775,646,115	1,494,717,909
3	Short-term prepaid expenses	133	13(a)	5,835,778,600	6,801,431,430
4	Short-term deposits and collaterals	134	14	39,898,752,670	1,024,620,370
7	Other current assets	137	15	89,559,294,479	2,269,483,001

**VNDIRECT Securities Joint Stock Company**  
**Statement of financial position as at 31 December 2016**  
(continued)

**Form B01 - CTCK**  
(Issued under Circular No.334/2016/TT-BTC  
dated 27 December 2016 of the Ministry of Finance)

	Code	Note	31/12/2016 VND	31/12/2015 VND (Reclassified)
<b>B Long-term assets</b> (200 = 220 + 240 + 250)	<b>200</b>		<b>122,074,255,646</b>	<b>125,217,665,474</b>
<b>II Fixed assets</b>	<b>220</b>		<b>64,172,261,590</b>	<b>71,310,089,278</b>
1 Tangible fixed assets	221	16	40,858,984,054	44,699,601,457
- Cost	222		94,046,764,254	89,099,069,867
- Accumulated depreciation	223a		(53,187,780,200)	(44,399,468,410)
3 Intangible fixed assets	227	17	23,313,277,536	26,610,487,821
- Cost	228		66,725,200,461	60,537,955,633
- Accumulated amortisation	229a		(43,411,922,925)	(33,927,467,812)
<b>IV Construction in progress</b>	<b>240</b>	18	<b>2,500,000,000</b>	<b>543,000,000</b>
<b>V Other long-term assets</b>	<b>250</b>		<b>55,401,994,056</b>	<b>53,364,576,196</b>
2 Long-term prepaid expenses	252	13(b)	7,144,232,309	7,606,814,449
4 Deposits at Payment Support Fund	254	19	18,257,761,747	15,757,761,747
5 Other long-term assets	255		30,000,000,000	30,000,000,000
<b>TOTAL ASSETS</b> (270 = 100 + 200)	<b>270</b>		<b>5,174,092,842,859</b>	<b>4,663,790,645,862</b>
<b>C LIABILITIES</b> (300 = 310 + 340)	<b>300</b>		<b>3,225,829,341,616</b>	<b>2,728,359,082,623</b>
<b>I Current liabilities</b>	<b>310</b>		<b>3,131,529,341,616</b>	<b>2,628,359,082,623</b>
1 Short-term borrowings and finance lease liabilities	311		2,613,806,976,714	1,600,656,425,139
1.1 Short-term borrowings	312	20	2,613,806,976,714	1,600,656,425,139
6 Accounts payable for securities trading activities	318	21	472,546,426,921	21,704,562,381
8 Accounts payable to suppliers	320		588,024,693	2,262,101,262
9 Advances from customers	321		844,691,201	417,400,000
10 Taxes payable to State Treasury	322	22	19,061,077,930	8,449,273,019
11 Payables to employees	323		12,835,449,309	2,087,430,741
12 Employees' benefits payable	324		689,690,314	-
13 Accrued expenses	325	23	8,440,117,883	3,183,775,151
17 Other short-term payables	329	24	964,505,522	989,598,114,930
19 Bonus and welfare funds	331	25	1,752,381,129	-
<b>II Long-term liabilities</b>	<b>340</b>		<b>94,300,000,000</b>	<b>100,000,000,000</b>
4 Long-term bonds issued	346	26	94,300,000,000	100,000,000,000

The accompanying notes are an integral part of these financial statements

**VNDIRECT Securities Joint Stock Company**  
**Statement of financial position as at 31 December 2016**  
(continued)

**Form B01 - CTCK**  
(Issued under Circular No.334/2016/TT-BTC  
dated 27 December 2016 of the Ministry of Finance)

	Code	Note	31/12/2016 VND	31/12/2015 VND (Reclassified)
<b>D EQUITY (400 = 410 + 420)</b>	<b>400</b>		<b>1,948,263,501,243</b>	<b>1,935,431,563,239</b>
<b>I Owners' equity</b>	<b>410</b>		<b>1,948,263,501,243</b>	<b>1,935,431,563,239</b>
1 Capital	411		1,525,134,111,427	1,615,410,841,427
1.1 Share capital	411.1	27(a)	1,549,981,650,000	1,549,981,650,000
a Ordinary shares with voting rights	411.1a		1,549,981,650,000	1,549,981,650,000
1.2 Share premium	411.2		65,433,524,852	65,433,524,852
1.5 Treasury shares	411.5	27(a)	(90,281,063,425)	(4,333,425)
4 Reserve to supplement charter capital	414		48,820,054,976	39,505,678,545
5 Financial and operational risk reserve	415		19,518,327,973	10,203,951,542
7 Retained profits	417	27(b)	354,791,006,867	270,311,091,725
7.1 Realised profits	417.1		354,791,006,867	270,311,091,725
<b>TOTAL LIABILITIES AND EQUITY (440 = 300 + 400)</b>	<b>440</b>		<b>5,174,092,842,859</b>	<b>4,663,790,645,862</b>

The accompanying notes are an integral part of these financial statements



**VNDIRECT Securities Joint Stock Company**  
**Statement of financial position as at 31 December 2016**  
**(continued)**

**Form B01 - CTCK**  
*(Issued under Circular No.334/2016/TT-BTC*  
*dated 27 December 2016 of the Ministry of Finance)*

**OFF-BALANCE SHEET ITEMS**

	Code	31/12/2016 VND	31/12/2015 VND (Reclassified)
<b>A ASSETS OF THE COMPANY AND ASSETS MANAGED UNDER COMMITMENTS</b>			
4	004	26,178,472,147	26,178,472,147
6	006	147,539,485	154,997,785
7	007	7,458,680	380
8	008	292,606,200,000	168,055,380,000
9	009	11,400,000	-
10	010	455,660,500,000	3,088,000,000
12	012	236,223,080,000	281,713,590,000
<b>B ASSETS AND PAYABLES RELATING TO ASSETS MANAGED BY THE COMPANY</b>			
1	021	17,925,136,390,000	13,682,092,480,000
<i>a</i>	<i>021.1</i>	<i>17,109,551,430,000</i>	<i>12,883,886,250,000</i>
<i>c</i>	<i>021.3</i>	<i>616,662,860,000</i>	<i>387,976,260,000</i>
<i>d</i>	<i>021.4</i>	<i>9,879,300,000</i>	<i>4,000,000,000</i>
<i>e</i>	<i>021.5</i>	<i>189,042,800,000</i>	<i>406,229,970,000</i>
2	022	852,004,880,000	308,461,620,000
<i>a</i>	<i>022.1</i>	<i>780,592,100,000</i>	<i>215,439,610,000</i>
<i>b</i>	<i>022.2</i>	<i>33,626,730,000</i>	<i>93,022,010,000</i>
<i>c</i>	<i>022.3</i>	<i>37,786,050,000</i>	-
3	023	177,866,250,000	406,229,970,000
7	026	1,192,949,516,223	1,093,853,504,988
7.1	027	828,810,828,201	625,999,593,790
7.2	028	357,027,018,800	466,763,327,000
7.3	029	140,583,472	142,142,273
<i>a</i>	<i>029.1</i>	<i>78,858,245</i>	<i>12,300,059</i>
<i>b</i>	<i>029.2</i>	<i>61,725,227</i>	<i>129,842,214</i>

*The accompanying notes are an integral part of these financial statements*

**VNDIRECT Securities Joint Stock Company**  
**Statement of financial position as at 31 December 2016**  
**(continued)**

**Form B01 - CTCK**  
*(Issued under Circular No.334/2016/TT-BTC*  
*dated 27 December 2016 of the Ministry of Finance)*

	<b>Code</b>	<b>31/12/2016 VND</b>	<b>31/12/2015 VND (Reclassified)</b>
7.4 Deposits from securities issuance entities	030	6,971,085,750	948,441,925
8 Payables to customers for cash deposits for securities transactions managed by the Company	031	1,185,978,430,473	1,092,905,063,063
8.1 Payables to domestic customers for cash deposits for securities transactions managed by the Company	031.1	1,148,612,947,376	1,066,690,736,074
8.2 Payables to foreign customers for cash deposits for securities transactions managed by the Company	031.2	37,365,483,097	26,214,326,989
9 Payables to securities issuance entities	032	6,550,385,000	61,100,000
10 Receivables from customers for transaction errors relating to financial assets	033	1,939,769,390,924	1,770,831,253,230
12 Dividends, bond principal and interest payables	035	420,700,750	887,341,925

30 March 2017

Prepared by

Reviewed by

Approved by

Ms. Vu Thi Thanh Van  
*General Accountant*

Ms. Nguyen Ha Ninh  
*Chief Accountant*

Mr. Nguyen Hoang Giang  
*General Director*

*The accompanying notes are an integral part of these financial statements*

**VNDIRECT Securities Joint Stock Company**  
**Statement of income for the year ended**  
**31 December 2016**

**Form B02 - CTCK**  
*(Issued under Circular No.334/2016/TT-BTC*  
*dated 27 December 2016 of the Ministry of Finance)*

	Code	Note	2016 VND	2015 VND (Reclassified)
<b>I OPERATING INCOME</b>				
1.1	01		219,870,540,214	100,654,349,522
<i>a</i>				
	01.1	28(a)	54,255,247,317	41,044,093,544
<i>c</i>				
	01.3	28(b)	165,615,292,897	59,610,255,978
1.3	03	28(c)	208,501,530,085	161,668,351,476
1.4	04	28(d)	84,230,199,113	26,688,005,292
1.6	06		188,635,635,565	171,307,276,365
1.8	08		20,423,547,733	9,662,894,352
1.9	09		6,108,873,358	4,433,958,959
1.11	11		3,621,908,771	1,057,256,654
	<b>20</b>		<b>731,392,234,839</b>	<b>475,472,092,620</b>
<b>II OPERATING EXPENSES</b>				
2.1	21		54,019,840,869	33,180,456,614
<i>a</i>				
	21.1	29(a)	99,741,249,977	83,623,328,151
<i>b</i>				
	21.2	0	(48,169,905,754)	(54,087,777,278)
<i>c</i>				
	21.3		2,448,496,646	3,644,905,741
2.3	23		4,080,122,969	840,500,000
2.4	24	30	14,529,708,603	(26,178,472,149)
2.7	27		112,546,304,711	72,470,404,239
2.9	29		2,267,315,000	829,500,000
2.10	30		8,531,903,602	6,017,233,763
	<b>40</b>		<b>195,975,195,754</b>	<b>87,159,622,467</b>
<b>III FINANCIAL INCOME</b>				
3.2	42	31	15,154,168,846	58,651,285,463
	<b>50</b>		<b>15,154,168,846</b>	<b>58,651,285,463</b>

*The accompanying notes are an integral part of these financial statements*

**VNDIRECT Securities Joint Stock Company**  
**Statement of income for the year ended**  
**31 December 2016 (continued)**

**Form B02 - CTCK**  
*(Issued under Circular No.334/2016/TT-BTC*  
*dated 27 December 2016 of the Ministry of Finance)*

		Code	Note	2016 VND	2015 VND (Reclassified)
<b>IV</b>	<b>FINANCIAL EXPENSES</b>				
4.2	Interest expense	52	32	119,137,279,540	56,294,852,406
	<b>Total financial expenses</b>	<b>60</b>		<b>119,137,279,540</b>	<b>56,294,852,406</b>
<b>VI</b>	<b>GENERAL AND ADMINISTRATION EXPENSES</b>	<b>62</b>	<b>33</b>	<b>204,690,920,372</b>	<b>167,599,772,328</b>
<b>VII</b>	<b>RESULTS FROM OPERATING ACTIVITIES</b> (70 = 20 + 50 - 40 - 60 - 62)	<b>70</b>		<b>226,743,008,019</b>	<b>223,069,130,882</b>
<b>VIII</b>	<b>OTHER INCOME AND OTHER EXPENSES</b>				
8.1	Other income	71		3,542,376,976	3,983,979,200
8.2	Other expenses	72	34	3,115,747,643	1,277,812
	<b>Results from other activities</b> (80 = 71 - 72)	<b>80</b>		<b>426,629,333</b>	<b>3,982,701,388</b>
<b>IX</b>	<b>ACCOUNTING PROFIT BEFORE TAX (90 = 70 + 80)</b>	<b>90</b>		<b>227,169,637,352</b>	<b>227,051,832,270</b>
<b>X</b>	<b>INCOME TAX EXPENSES</b>	<b>100</b>		<b>40,882,108,731</b>	<b>45,274,761,889</b>
10.1	Income tax expense – current	100.1	35	40,882,108,731	45,274,761,889
<b>XI</b>	<b>NET PROFIT AFTER TAX</b> (200 = 90 - 100)	<b>200</b>		<b>186,287,528,621</b>	<b>181,777,070,381</b>
<b>XII</b>	<b>COMPREHENSIVE INCOME</b>	<b>300</b>		-	-
<b>XIII</b>	<b>EARNINGS PER SHARE</b>	<b>500</b>			(As restated)
13.1	Basic earnings per share (VND/share)	501	36	1,232	1,120

30 March 2017

Prepared by

Reviewed by

Approved by

Ms. Vu Thi Thanh Van  
*General Accountant*

Ms. Nguyen Ha Ninh  
*Chief Accountant*

Mr. Nguyen Hoang Giang  
*General Director*

*The accompanying notes are an integral part of these financial statements*

**VNDIRECT Securities Joint Stock Company**  
**Statement of cash flows for the year ended**  
**31 December 2016 (Indirect method)**

**Form B03b – CTCK**  
*(Issued under Circular No.334/2016/TT-BTC*  
*dated 27 December 2016 of the Ministry of Finance)*

	Code	2016 VND	2015 VND (Reclassified)
<b>I</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1</b>	<b>01</b>	<b>227,169,637,352</b>	<b>227,051,832,270</b>
<b>2</b>	<b>02</b>	<b>(15,286,793,461)</b>	<b>(63,615,202,325)</b>
Depreciation and amortisation of fixed assets	03	18,353,403,690	16,651,047,102
Allowances and provisions	04	(33,640,197,151)	(80,266,249,427)
<b>5</b>	<b>30</b>	<b>211,882,843,891</b>	<b>163,436,629,945</b>
<b>Operating profit before changes in working capital</b>			
Increase in financial assets at FVTPL	31	(953,088,587,067)	(788,929,669,098)
Increase in loans receivable	33	(166,895,676,959)	(899,193,072,813)
Increase in AFS financial assets	34	(505,217,416,861)	(21,800,800,000)
Increase in receivables from sales of financial assets	35	(9,320,078,700)	(4,394,628,000)
Increase in dividends and interests receivable from financial assets	36	(7,936,656,345)	(26,922,138,470)
Increase in receivables from services rendered	37	(6,086,112,168)	(1,231,012,128)
(Increase)/decrease in other receivables	39	(488,963,626)	438,232,026
Increase in other assets	40	(129,944,871,984)	(29,080,246,122)
Increase in accrued expenses (excluding loan interest expense)	41	120,591,723,456	54,313,068,025
Decrease/(increase) in prepaid expenses	42	1,428,234,970	(5,833,508,116)
Corporate income tax paid	43	(32,499,867,391)	(65,284,738,592)
Interest paid	44	(115,335,380,724)	(59,167,207,198)
Increase in accounts payable for securities trading activities		450,841,864,540	19,580,222,430
Decrease in accounts payable	45	(1,674,076,569)	(26,641,189,713)
Increase in employees' benefits payable	46	689,690,314	-
Increase in taxes payable to State Treasury (excluding corporate income tax paid)	47	2,229,563,571	89,923,007,133
Increase/(decrease) payables to employees	48	10,748,018,568	(5,648,973,558)
(Decrease)/increase in other payables	50	(994,633,905,245)	847,425,538,672
<b>Net cash flows from operating activities</b>	<b>60</b>	<b>(2,124,709,654,329)</b>	<b>(759,010,485,577)</b>

*The accompanying notes are an integral part of these financial statements*

**VNDIRECT Securities Joint Stock Company**  
**Statement of cash flows for the year ended**  
**31 December 2016 (Indirect method - continued)**

**Form B03b – CTCK**  
*(Issued under Circular No.334/2016/TT-BTC*  
*dated 27 December 2016 of the Ministry of Finance)*

	Code	2016 VND	2015 VND (Reclassified)
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1	61	(13,172,576,002)	(10,608,504,003)
		<hr/>	
	<b>70</b>	<b>(13,172,576,002)</b>	<b>(10,608,504,003)</b>
<hr/>			
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
2	72	(90,276,730,000)	(1,795,500)
		-	100,000,000,000
3	73	32,539,803,994,558	17,278,587,005,127
3.1	73.2	32,539,803,994,558	17,278,587,005,127
4	74	(31,526,653,442,983)	(15,782,875,856,882)
4.1	74.3	(31,526,653,442,983)	(15,782,875,856,882)
		(5,700,000,000)	-
6	76	(74,998,892,450)	(77,498,900,000)
		<hr/>	
	<b>80</b>	<b>842,174,929,125</b>	<b>1,518,210,452,745</b>
<hr/>			
<b>IV</b>	<b>90</b>	<b>(1,295,707,301,206)</b>	<b>748,591,463,165</b>
<hr/>			
<b>V</b>	<b>101</b>	<b>1,552,666,092,480</b>	<b>804,074,629,315</b>
	102.1	199,231,759,147	9,474,629,315
	102.2	1,353,434,333,333	794,600,000,000
<hr/>			
<b>VI</b>	<b>103</b>	<b>256,958,791,274</b>	<b>1,552,666,092,480</b>
	103.1	173,958,791,274	199,231,759,147
	103.2	83,000,000,000	1,353,434,333,333
<hr/>			

*The accompanying notes are an integral part of these financial statements*

**CASH FLOWS OF CUSTOMERS FOR BROKERAGE AND ENTRUSTMENT ACTIVITIES**

	ITEMS	Code	2016 VND	2015 VND (Reclassified)
<b>I</b>	<b>Cash flows of customers for brokerage and entrustment activities</b>			
1	Proceeds from sales of securities brokered by the Company	01	61,161,027,208,251	41,865,666,396,396
2	Payments for purchases of securities brokered by the Company	02	(61,159,801,317,052)	(41,866,610,457,511)
7	Deposits received to settle securities transactions of customers	07	91,847,476,211	218,293,269,097
14	Receipts from securities issuance entities	14	1,708,553,933,610	766,058,062,503
15	Payments to securities issuance entities	15	(1,702,531,289,785)	(767,233,960,529)
	<b>Net cash flows during the year</b>	<b>20</b>	<b>99,096,011,235</b>	<b>216,173,309,956</b>
<b>II</b>	<b>Cash and cash equivalents of customers at the beginning of the year</b>	<b>30</b>	<b>1,093,853,504,988</b>	<b>877,680,195,032</b>
	Cash at banks at the beginning of the year:	31	1,093,853,504,988	877,680,195,032
	▪ Deposits of customers for securities transactions managed by the Company	32	625,999,593,790	507,531,584,693
	▪ Deposits for securities transactions for customers	33	466,763,327,000	366,938,067,000
	▪ Deposits for clearance and settlement of securities transactions	34	142,142,273	1,086,203,388
	▪ Deposits from securities issuance entities	35	948,441,925	2,124,339,951

**VNDIRECT Securities Joint Stock Company**  
**Statement of cash flows for the year ended**  
**31 December 2016 (Indirect method - continued)**

**Form B03b – CTCK**  
*(Issued under Circular No.334/2016/TT-BTC*  
*dated 27 December 2016 of the Ministry of Finance)*

ITEMS	Code	2016 VND	2015 VND (Reclassified)
<b>III Cash and cash equivalents of customers at the end of the year (40 = 20 + 30)</b>	<b>40</b>	<b>1,192,949,516,223</b>	<b>1,093,853,504,988</b>
Cash at bank at the end of the year:	41	1,192,949,516,223	1,093,853,504,988
▪ Cash deposits for securities transactions of customers managed by the Company	42	828,810,828,201	625,999,593,790
▪ Customers' deposits for securities transactions	43	357,027,018,800	466,763,327,000
▪ Cash deposits for securities transactions clearing and settlement of customers	44	140,583,472	142,142,273
▪ Deposits from securities issuance entities	45	6,971,085,750	948,441,925

30 March 2017

Prepared by

Reviewed by

Approved by

Ms. Vu Thi Thanh Van  
*General Accountant*

Ms. Nguyen Ha Ninh  
*Chief Accountant*

Mr. Nguyen Hoang Giang  
*General Director*

*The accompanying notes are an integral part of these financial statements*



**VNDIRECT Securities Joint Stock Company**  
**Statement of changes in equity for the year ended 31 December 2016**

**Form B04 – CTCK**  
*(Issued under Circular No.334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)*

	Opening balance		Increase/(decrease) during the year				Closing balance	
	1/1/2015 VND	1/1/2016 VND	Increase VND	(Decrease) VND	Increase VND	(Decrease) VND	31/12/2015 VND	31/12/2016 VND
<b>I Changes in owners' equity</b>								
1 Share capital	1,615,415,174,852	1,615,415,174,852	-	-	-	-	1,615,415,174,852	1,615,415,174,852
1.1 Ordinary shares with voting rights	1,549,981,650,000	1,549,981,650,000	-	-	-	-	1,549,981,650,000	1,549,981,650,000
1.3 Share premium	65,433,524,852	65,433,524,852	-	-	-	-	65,433,524,852	65,433,524,852
2 Treasury shares	(2,537,925)	(4,333,425)	(1,795,500)	-	(90,276,730,000)	-	(4,333,425)	(90,281,063,425)
3 Reserve to supplement charter capital	30,416,825,026	39,505,678,545	9,088,853,519	-	9,314,376,431	-	39,505,678,545	48,820,054,976
4 Financial and operational risk reserve	1,115,098,023	10,203,951,542	9,088,853,519	-	9,314,376,431	-	10,203,951,542	19,518,327,973
8 Retained profits (Note 27(b))	188,344,810,626	270,311,091,725	181,777,070,381	(99,810,789,282)	186,287,528,621	(101,807,613,479)	270,311,091,725	354,791,006,867
8.1 Realised profits	188,344,810,626	270,311,091,725	181,777,070,381	(99,810,789,282)	186,287,528,621	(101,807,613,479)	270,311,091,725	354,791,006,867
<b>TOTAL</b>	<b>1,835,289,370,602</b>	<b>1,935,431,563,239</b>	<b>199,952,981,919</b>	<b>(99,810,789,282)</b>	<b>114,639,551,483</b>	<b>(101,807,613,479)</b>	<b>1,935,431,563,239</b>	<b>1,948,263,501,243</b>

30 March 2017

Prepared by

Reviewed by

Approved by

Ms. Vu Thi Thanh Van  
*General Accountant*

Ms. Nguyen Ha Ninh  
*Chief Accountant*

Mr. Nguyen Hoang Giang  
*General Director*

*The accompanying notes are an integral part of these financial statements*

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## **1. Reporting entity**

### **(a) Establishment**

VNDIRECT Securities Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam under the Business Registration Certificate No. 0103014521 dated 7 November 2006. The Company’s Securities Operating Licence No. 101/UBCK-GP dated 31 December 2007 was issued by the State Securities Commission of Vietnam.

The Company’s Head office is located at No. 1 Nguyen Thuong Hien, Hai Ba Trung District, Hanoi, Vietnam.

### **(b) Charter capital**

As at 31 December 2016, the Company’s charter capital is VND1,525,134,111,427.

### **(c) Principal activities**

The principal activities of the Company are to conduct securities brokerage activities, securities trading activities, and to provide securities investment and finance advisory, margin trading, securities custody and securities underwriting services.

### **(d) Normal operating cycle**

The normal operating cycle of the Company is generally within 12 months.

### **(e) Company structure**

As at 31 December 2016, the Company had 657 employees (31/12/2015: 605 employees).

## **2. Basis of preparation**

### **(a) Statement of compliance**

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 (“Circular 210”) issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to financial reporting. These accounting standards and statutory requirements may differ in some material respects from the International Financial Reporting Standards and the generally accepted accounting principles and standards of other countries. Therefore, the accompanying financial statements are not intended to present the financial position of the Company as at 31 December 2016, its results of operations and its cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. In addition, the financial statement and its utilisation are not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices applied for securities companies.

### **(b) Basis of measurement**

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect method.

**(c) Annual accounting period**

The annual accounting period of the Company is from 1 January to 31 December.

**(d) Accounting and presentation currency**

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.

**3. Adoption of new accounting guidance**

On 30 December 2014, the Ministry of Finance issued Circular No. 210/2014/TT-BTC ("Circular 210") on the promulgation of accounting guidance for securities companies. Circular 210 is effective from 1 January 2016 and replaces Circular No. 95/2008/TT-BTC dated 24 October 2008 ("Circular 95") issued by the Ministry of Finance on promulgation of accounting guidance for securities companies and Circular No. 162/2010/TT-BTC dated 20 October 2010 amending and supplementing certain articles of Circular 95.

On 27 December 2016, the Ministry of Finance issued Circular No. 334/2016/TT-BTC ("Circular 334") amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210. Circular 334 is effective from 27 December 2016 and applicable for fiscal year 2016.

Accordingly, the financial statements of the Company for the year ended 31 December 2016 are prepared based on the new template provided in Circular 334. Besides, the corresponding figures of the prior year are reclassified to confirm with the current year's presentation (Note 40 - Corresponding figures).

In accordance with Circular 210, effective from 1 January 2017, the Company will be required to adopt the fair value accounting for certain financial instruments and disclose the basis of determining fair value of these items. The Company has not determined the impact of adopting fair value accounting for certain financial instruments on the Company's financial statements from 2017 onwards.

**4. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Company in the preparation of these financial statements.

**(a) Financial assets and financial liabilities**

**(i) Recognition**

Financial assets and financial liabilities are recognised in the Statement of financial position when the Company becomes a party to the contractual provisions of the financial assets and liabilities.

**(ii) Classification and measurement**

- Financial assets at fair value through profit or loss: Note 4(c);
- Available-for-sale financial assets: Note 4(d);
- Loans receivable: Note 4(e);

**(iii) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

**(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(b) Cash and cash equivalents**

Cash comprises cash in banks for the Company's activities, deposits in respect of sales of underwritten securities and deposits for clearance and settlement of securities transactions of the Company. Cash deposits for securities transactions, securities transactions clearing and settlement of the customers are separated from the Company's accounts.

Cash equivalents are short-term investments with recovery or maturity of not more than three months, which are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value from the acquisition date at reporting date .

**(c) Financial assets at fair value through profit or loss**

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

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

Listed securities held-for-trading are stated at cost less allowance for diminution in value by reference to closing prices of securities from the Ho Chi Minh City Stock Exchange and Hanoi Stock Exchange at the latest trading date prior to the reporting date.

Securities held-for-trading registered for trading in UPCOM are stated at cost less allowance for diminution in value by reference to closing prices of securities from UPCOM at the latest trading date prior to the reporting date.

Unlisted securities held-for-trading which are actively traded on over-the-counter market ("OTC market") are stated at cost less allowance for diminution in value by reference to the average transaction price of the latest transaction prices from three securities companies within one month prior to the reporting date.

Unlisted securities held-for-trading which are not actively traded on the OTC market are stated at cost, less any allowance for diminution in value considered necessary by the management. The management determines the allowance for diminution in value after giving consideration to cost, market conditions, current and projected operating performance and expected cash flows.

The allowance for diminution in the value of securities held-for-trading as mentioned above is reversed if the recoverable amount increases after the allowance being recognised. An allowance is reversed only to the extent that the investment's carrying amounts does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Cost of securities held-for-trading is determined using the weighted average basis.

**(d) Available-for-sale financial assets**

Available-for-sale financial assets are debt securities and equity instruments of other entities that are designated as available-for-sale or as remaining financial assets.

Available-for-sale debt securities are initially recognised at cost of acquisition which includes transaction costs and other directly attributable costs. Subsequently, debt securities are subject to impairment review. Allowance for diminution in the value of debt securities is made when the carrying value is higher than market value determined in accordance with the policy described in Note 4(c).

Available-for-sale equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Company's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

**(e) Loans receivable**

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans receivable of the Company comprise margin loans and advances to customers for the proceeds from selling securities.

Loans receivable are recognised in the statement of financial position when the Company becomes a party to the effective contractual provisions of the financial instruments.

Margin loans and advances to customers for the proceeds of selling securities are recognised as receivables, stated at cost less allowance for doubtful debts in accordance with accounting policy described in Note 4(f).

**(f) Accounts receivable**

Receivables from sales of financial assets and services rendered and other receivables are stated at cost less allowance for doubtful debts.

Allowance for doubtful debts is made based on the overdue status of debts or expected losses on undue debts which may occur when an economic organisation is bankrupted or liquidated; or debtor is missing, running away, being prosecuted, in prison, under a trial or pending execution of sentences or deceased.

**VNDIRECT Securities Joint Stock Company**  
**Notes to the financial statements**  
**for the year ended 31 December 2016 (continued)**

**Form B09 – CTCK**  
(Issued under Circular No.334/2016/TT-BTC  
dated 27 December 2016 of the Ministry of Finance)

Allowance for doubtful debts based on overdue status is made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by Ministry of Finance as follows:

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

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For overdue debts, the Company's Management also assesses the expected recovery of the debts in determining the allowance.

Allowance for doubtful debts based on the expected losses of undue debts is determined by the Company's Management after giving consideration to the recovery of these debts.

**(g) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul cost, is charged to the statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ Buildings and structures	10 years
▪ Office equipment	3 – 10 years

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**(h) Intangible fixed assets**

*Software*

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 3 to 10 years.

**(i) Construction in progress**

Construction in progress represents the cost of construction and software development which has not been completed. No depreciation is provided for construction in progress during the period of construction.

**(j) Trade and other payables**

Trade and other payables are stated at their cost.

**(k) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(l) Bonds issued**

*Straight bonds*

At initial recognition, straight bonds are measured at cost which comprises proceed from issuance net of issuance costs. Any discount, premium or issuance costs are amortised on a straight-line basis over the term of the bond.

**(m) Share capital**

**(i) Ordinary shares**

Ordinary shares are stated at par value. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

**(ii) Share premium**

When share capital is contributed by shareholders, the difference between the issuing price and the par value of shares is recognised in the share premium account under equity section.

**(iii) Repurchase and reissue of ordinary shares (treasury shares)**

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

**(n) Statutory reserves**

The Company allocates profit after tax to statutory reserves annually in accordance with Circular No. 146/2014/TT-BTC dated 6 October 2014 of the Ministry of Finance as follows:

	<b>Annual allocation</b>	<b>Maximum balance</b>
Reserve to supplement charter capital	5% of profit after tax	10% share capital
Financial reserve	5% of profit after tax	10% share capital

The reserve to supplement charter capital is used to supplement share capital as determined by the Shareholders.

The purpose of the financial reserve is to cover losses incurred during the normal course of business.

These statutory reserves are non-distributable and are recognised as part of owners' equity.

**(o) Revenue and other income**

**(i) *Gains/losses from sales of financial assets***

Gains/losses from sales of financial assets is recognised in the statement of income upon receipt of the matching order reports of securities trading transactions from Vietnam Securities Depository (“VSD”) (for listed securities) and completion of the agreement on transfer of assets (for unlisted securities).

**(ii) *Dividend and interest income from financial assets***

Dividend income recognised in the statement of income when the Company’s right to receive dividends is established. Dividend is not recognised in respect of the shares traded from the ex-rights date.

In respect of share dividends, the Company only recognises the number of the shares and no revenue is recognised.

Interest income is recognised in the statement of income on a time proportion basis with reference to the principal outstanding and the applicable interest rate. Interest income also includes amortisation of discounts, premiums, interest received in advance or differences between the value at initial recognition and par value at maturity date.

**(iii) *Revenue from securities brokerage***

Revenue from securities brokerage activities is recognised in the statement of income when the securities transactions of the customer have been processed.

**(iv) *Revenue from securities investment advisory***

Revenue from securities investment advisory activities is recognised in the statement of income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to work performed.

**(v) *Revenue from securities custody***

Revenue from securities custodian service is recognized in the statement of income when services are rendered.

**(p) Operating lease payments**

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease.

**(q) Interest expense**

Interest expense is recognised in the statement of income on accrual basis.

**(r) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.



A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(s) Earnings per share**

The Company presents basic earnings per share for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Profit attributable to the ordinary shareholders of the Company is determined after deducting any amounts appropriated to bonus and welfare funds.

**(t) Segment reporting**

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on business segments.

**(u) Related parties**

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

**(v) Nil balances**

Items or balances required by Circular 334 that are not shown in these financial statements indicate nil balances.

## **5. Financial risk management**

**(a) Overview**

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk;

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The Company's Supervisory Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management policies in relation to the risks faced by the Company.

**(b) Risk management framework**

The Board of Management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Management on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Supervisory Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Supervisory Board.

**(c) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and receivables from customers and debt securities.

To manage the level of credit risk, the Company attempts to deal with counterparties of good credit standing, and when appropriate, obtains collaterals for other receivables. The management has established a credit policy under which each new customer is analysed individually for credit worthiness before the standard terms and conditions are offered.

Concentrations of credit risk that arise from groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The major concentrations of credit risk arise from type of customer in relation to the Company's advances to customers for securities trading activities and margin loans.

***Exposure to credit risk***

The total carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	<b>Note</b>	<b>31/12/2016</b> <b>VND</b>	<b>31/12/2015</b> <b>VND</b>
Cash and cash equivalents	(i)	256,958,791,274	1,552,666,092,480
Financial assets at fair value through profit or loss		1,710,500,000,000	855,105,000,000
Loans receivable	(ii)	1,911,798,465,127	1,744,902,788,168
Available-for-sale debt securities	(iii)	523,468,216,861	18,250,800,000
Accounts receivable	(ii)	67,716,816,730	43,885,005,891
Other financial assets		58,156,514,417	16,782,382,117
		<hr/>	<hr/>
		4,528,598,804,409	4,231,592,068,656

**(i) Cash and cash equivalents and financial assets at fair value through profit or loss**

The cash and cash equivalents of the Company are mainly held with well-known financial institutions. Management does not foresee any significant credit risk from these deposits and does not expect that these financial institutions may default and cause losses to the Company.

**(ii) Loans receivable and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, management of the Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Credit purchase limit is established for each customer, which represents the maximum open amount without requiring approval from the General Director. The limit is reviewed annually. Debtors with overdue balances are requested to settle the balances before further credit is granted. The Board of Management also requests collaterals based on its assessment of credit risk for each customer. Collaterals generally accepted are deposits and securities. The Board of Management monitors the market value of collaterals and requests more collaterals on the basis of agreements, and monitors the market value of collaterals when considering the adequacy of allowance for doubtful debts.

Loans receivable and other receivables that are neither past due nor impaired mainly relate to a wide range of customers for whom there was no recent history of default. Management believes that those receivables are of high credit quality.

The aging of financial assets that were impaired is as follows:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>VND</b>	<b>VND</b>
Loans receivable that are overdue for 3 years or more	75,808,243,913	75,813,280,812
Receivables that are overdue for 3 years or more	4,072,302,429	3,522,302,429
	<hr/>	<hr/>
	<b>79,880,546,342</b>	<b>79,335,583,241</b>
	<hr/> <hr/>	<hr/> <hr/>

**(iii) Available-for-sale debt securities**

The Company limits credit risk by only investing in government bonds or bonds issued by economic entities with high credit rating.

**(d) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

**VNDIRECT Securities Joint Stock Company**  
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*As at 31 December 2016*

	<b>Carrying amount VND</b>	<b>Contractual cash flows VND</b>	<b>Within one year VND</b>	<b>From 1 to 2 years VND</b>
<b>Current liabilities</b>				
Short-term borrowings	2,613,806,976,714	2,622,972,998,042	2,622,972,998,042	-
Accounts payable for securities trading activities	472,546,426,921	472,546,426,921	472,546,426,921	-
Accounts payable to suppliers	588,024,693	588,024,693	588,024,693	-
Accrued expenses	8,440,117,883	8,440,117,883	8,440,117,883	-
Other financial liabilities	964,505,522	964,505,522	964,505,522	-
<b>Long-term liabilities</b>				
Long-term bonds issued	94,300,000,000	99,162,200,000	99,162,200,000	-
	<b>3,190,646,051,733</b>	<b>3,204,674,273,061</b>	<b>3,204,674,273,061</b>	<b>-</b>

*As at 31 December 2015*

	<b>Carrying amount VND</b>	<b>Contractual cash flows VND</b>	<b>Within one year VND</b>	<b>From 1 to 2 years VND</b>
<b>Current liabilities</b>				
Short-term borrowings	1,600,656,425,139	1,611,690,278,073	1,611,690,278,073	-
Accounts payable for securities trading activities	21,704,562,381	21,704,562,381	21,704,562,381	-
Accounts payable to suppliers	2,262,101,262	2,262,101,262	2,262,101,262	-
Advances from customers	417,400,000	417,400,000	417,400,000	-
Accrued expenses	3,183,775,151	3,183,775,151	3,183,775,151	-
Other financial liabilities	989,272,407,001	989,272,407,001	989,272,407,001	-
<b>Long-term liabilities</b>				
Long-term bonds issued	100,000,000,000	109,200,000,000	4,600,000,000	104,600,000,000
	<b>2,717,496,670,934</b>	<b>2,737,730,523,868</b>	<b>2,633,130,523,868</b>	<b>104,600,000,000</b>

The Company manages its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in short-term investments and maintaining several bank facilities.

**(e) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**(i) Interest rate risk**

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	<b>31/12/2016</b>	<b>Cost</b>	<b>31/12/2015</b>
	<b>VND</b>		<b>VND</b>
<b>Fixed rate instruments</b>			
<i>Financial assets</i>			
Cash in banks and cash equivalents	256,958,791,274		1,552,666,092,480
Financial assets at fair value through profit or loss	1,710,500,000,000		855,105,000,000
Loans receivable	1,911,798,465,127		1,744,902,788,168
Available-for-sale financial assets	523,468,216,861		18,250,800,000
Deposits at Payment Support Fund	18,257,761,747		15,757,761,747
<i>Financial liabilities</i>			
Short-term borrowings	(2,613,806,976,714)		(1,600,656,425,139)
Long-term bonds issued	(94,300,000,000)		(100,000,000,000)

**(ii) Equity price risk**

Equity price risk is the risk that the market values of equities decrease as a result of changes in the values of individual securities. The equity price risk exposure arises from the Company's financial assets at fair value through profit or loss.

Financial assets at FVTPL of the Company are affected by market price risk arising from the uncertainty in the fluctuation of the future market value of these securities. Market price risk is managed by diversifying the investment portfolio and careful selection of securities within specified limits.

As at 31 December 2016, market value of listed equity shares of the Company was VND510 billion. Had the market value of these securities increased or decreased by 8% as at 31 December 2016, assuming that all other variables remained constant, profit after tax of the Company would have increased by VND5.4 billion or decreased by VND10.4 billion (31/12/2015: 13%, increased by VND8.6 billion or decreased by VND3.4 billion).

**(iii) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at 31 December 2016 and 2015, the Company was not exposed to any currency risk because the Company did not have any exposures to currencies other than VND, the Company's accounting currency.

## **6. Segment reporting**

### **(a) Business segment**

The Company comprises the following main business segments:

- Brokerage: Securities brokerage activities for customers, securities investment, advisory and custodian services.
- Securities trading: Securities trading activities of the Company.
- Treasury: Granting margin loans and advances to customers for the proceeds from selling securities.

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	Brokerage		Securities trading		Treasury activities		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	VND	VND	VND	VND	VND	VND	VND	VND
Operating revenue								
- Gains from financial assets at FVTPL	-	-	91,830,686,468	55,437,580,398	128,039,853,746	45,216,769,124	219,870,540,214	100,654,349,522
- Interest income from loans and receivables	-	-	-	-	208,501,530,085	161,668,351,476	208,501,530,085	161,668,351,476
- Gains from available-for-sale financial assets	-	-	84,230,199,113	26,688,005,292	-	-	84,230,199,113	26,688,005,292
- Revenue from securities brokerage	188,635,635,565	171,307,276,365	-	-	-	-	188,635,635,565	171,307,276,365
- Revenue from investment advisory services	20,423,547,733	9,662,894,352	-	-	-	-	20,423,547,733	9,662,894,352
- Revenue from securities custody	6,108,873,358	4,433,958,959	-	-	-	-	6,108,873,358	4,433,958,959
- Other operating income	-	-	-	-	3,621,908,771	1,057,256,654	3,621,908,771	1,057,256,654
- Financial income	-	-	-	-	15,154,168,846	58,651,285,463	15,154,168,846	58,651,285,463
<b>Total segment revenue</b>	<b>215,168,056,656</b>	<b>185,404,129,676</b>	<b>176,060,885,581</b>	<b>82,125,585,690</b>	<b>355,317,461,448</b>	<b>266,593,662,717</b>	<b>746,546,403,685</b>	<b>534,123,378,083</b>

**VNDIRECT Securities Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2016 (continued)**

**Form B09 – CTCK**  
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	Brokerage		Securities trading		Treasury activities		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	VND	VND	VND	VND	VND	VND	VND	VND
Direct expenses								
- Losses from financial assets at FVTPL	-	-	54,019,840,869	33,180,456,614	-	-	54,019,840,869	33,180,456,614
- Allowance made/(reversed) for financial assets, write-off of doubtful debts and impairment loss on financial assets	-	-	-	-	14,529,708,603	(26,178,472,149)	14,529,708,603	(26,178,472,149)
- Losses and revaluation losses of available-for-sale financial assets	-	-	4,080,122,969	840,500,000	-	-	4,080,122,969	840,500,000
- Expenses for securities brokerage	112,546,304,711	72,470,404,239	-	-	-	-	112,546,304,711	72,470,404,239
- Expenses for investment advisory services	2,267,315,000	829,500,000	-	-	-	-	2,267,315,000	829,500,000
- Expenses for securities custody	8,531,903,602	6,017,233,763	-	-	-	-	8,531,903,602	6,017,233,763
- Interest expense	-	-	-	-	119,137,279,540	56,294,852,406	119,137,279,540	56,294,852,406
<b>Total expenses</b>	<b>123,345,523,313</b>	<b>79,317,138,002</b>	<b>58,099,963,838</b>	<b>34,020,956,614</b>	<b>133,666,988,143</b>	<b>30,116,380,257</b>	<b>315,112,475,294</b>	<b>143,454,474,873</b>
<b>Segment results</b>	<b>91,822,533,343</b>	<b>106,086,991,674</b>	<b>117,960,921,743</b>	<b>48,104,629,076</b>	<b>221,650,473,305</b>	<b>236,477,282,460</b>	<b>431,433,928,391</b>	<b>390,668,903,210</b>
Unallocated expenses							204,690,920,372	167,599,772,328
<b>Results from operating activities</b>							<b>226,743,008,019</b>	<b>223,069,130,882</b>



**VNDIRECT Securities Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2016 (continued)**

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	Brokerage		Securities trading		Treasury activities		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	VND	VND	VND	VND	VND	VND	VND	VND
Other income							3,542,376,976	3,983,979,200
Other expenses							3,115,747,643	1,277,812
Income tax expenses							40,882,108,731	45,274,761,889
Net profit after tax							186,287,528,621	181,777,070,381
	Brokerage		Securities trading		Treasury activities		Total	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	VND	VND	VND	VND	VND	VND	VND	VND
Segment assets	7,500,000,000	7,500,000,000	1,170,952,362,614	558,721,279,986	3,889,313,466,348	2,600,007,788,168	5,067,765,828,962	3,166,229,068,154
Unallocated assets							106,327,013,897	1,497,561,577,708
Total assets							5,174,092,842,859	4,663,790,645,862
Segment liabilities	-	-	472,546,426,921	21,704,562,381	2,753,282,914,695	2,706,654,520,242	3,225,829,341,616	2,728,359,082,623
Unallocated liabilities							-	-
Total liabilities							3,225,829,341,616	2,728,359,082,623

**(b) Geographical segment**

All business activities of the Company are carried out in Vietnam.

## 7. Cash and cash equivalents

	<b>31/12/2016</b> <b>VND</b>	<b>31/12/2015</b> <b>VND</b> <b>(reclassified)</b>
Cash in banks for the Company's activities	173,902,030,786	193,774,940,357
Deposits for clearance and settlement of securities transactions	56,760,488	5,456,818,790
Cash equivalents (*)	83,000,000,000	1,353,434,333,333
	<hr/>	<hr/>
	256,958,791,274	1,552,666,092,480
	<hr/>	<hr/>

(\*) These balances represent deposits at bank with original terms to maturities ranging from 1 to 3 months and earning annual interest rates from 5% to 5.5% (31/12/2015: from 4% to 5.5%).

## 8. Volume and value of transactions during the year

	<b>2016</b>		<b>2015</b>	
	<b>Volume of transactions</b>	<b>Value of transactions VND</b>	<b>Volume of transactions</b>	<b>Value of transactions VND</b>
Of the Company				
Shares	76,426,574	1,695,597,552,909	99,551,693	2,355,049,749,999
Bonds	235,793,864	44,052,861,214,872	106,979,400	20,511,056,728,000
Of investors/customers				
Shares	3,349,325,078	55,672,391,601,092	5,378,909,510	77,405,454,000,000
Bonds	118,009	12,694,041,000	25,720	39,924,000,000
Other securities	21,620	220,096,600	-	-
		<hr/>		<hr/>
		101,433,764,506,473		100,311,484,477,999
		<hr/>		<hr/>

## 9. Financial assets

### (a) Financial assets at fair value through profit or loss

	<b>31/12/2016</b>		<b>31/12/2015</b>	
	<b>Cost VND</b>	<b>Fair value VND</b>	<b>Cost VND</b> <b>(reclassified)</b>	<b>Fair value VND</b>
Shares (*)	629,374,662,053	659,293,766,570	531,681,074,986	468,067,162,191
Term deposits at banks with term to maturity of more than 3 months (**)	1,710,500,000,000	1,710,500,000,000	855,105,000,000	855,105,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
	2,339,874,662,053	2,369,793,766,570	1,386,786,074,986	1,323,172,162,191
	<hr/>	<hr/>	<hr/>	<hr/>

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(\*) At 31 December 2016, 14,164,595 PTI shares and 964,481 HOT shares with a total carrying amount of VND309,218,845,180 (31/12/2015: 6,112,371 PTI shares, 964,481 HOT shares and 15,761,118 ABB shares with a total carrying amount of VND261,699,896,668) were pledged with banks as security for loans granted to the Company (Note 20).

(\*\*) These balances represent bank deposits with original terms to maturities ranging from over 3 months to 6 months and earning annual interest rates ranging from 5.5% to 7.3% (31/12/2015: from 5.3% to 8.83%). These term deposits include VND241 billion (31/12/2015: VND277 billion) pledged with banks as security for loans granted to the Company (Note 20).

**(b) Loans receivable**

	31/12/2016		31/12/2015	
	Cost VND	Fair value VND	Cost VND (reclassified)	Fair value VND
Margin loans	1,851,910,000,000	(*)	1,664,771,576,489	(*)
Advances to customers for the proceeds from selling securities	59,888,465,127	(*)	80,131,211,679	(*)
	1,911,798,465,127	(*)	1,744,902,788,168	(*)

**(c) Available-for-sale financial assets**

	31/12/2016		31/12/2015	
	Cost VND	Fair value VND	Cost VND (reclassified)	Fair value VND
Equity securities	7,500,000,000	(*)	7,500,000,000	(*)
Debt securities	523,468,216,861	(*)	18,250,800,000	(*)
In which:				
- Government bonds	456,075,000,000	(*)	16,250,800,000	(*)
- Corporate bonds	67,393,216,861	(*)	2,000,000,000	(*)
	530,968,216,861	(*)	25,750,800,000	(*)

(\*) The Company has not determined fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these financial instruments may differ from their carrying amounts.

10. Allowance for diminution in value of financial assets

	Cost	31/12/2016 Market value	Allowance	31/12/2015 Allowance	Allowance made/(reversed) during the year
	VND	VND	VND	VND	VND
<b>I Financial assets at FVPTL</b>					
<i>Listed shares</i>					
APC	4,032,453,000	3,874,684,500	157,768,500	288,280,000	(130,511,500)
BCC	11,061,733,227	10,847,130,000	214,603,227	18,666,227	195,937,000
BMI	11,828,951,060	11,068,358,800	760,592,260	7,908,000	752,684,260
HAG	42,495,658,340	39,768,213,850	2,727,444,490	60,129,570	2,667,314,920
HNG	3,571,719,300	3,215,754,000	355,965,300	-	355,965,300
HOT	27,005,468,000	28,934,430,000	-	1,928,962,000	(1,928,962,000)
MBB	23,361,206,230	23,069,284,000	291,922,230	-	291,922,230
PTI	282,229,913,982	406,547,697,500	-	-	-
SD9	9,817,006,877	5,820,760,000	3,996,246,877	1,371,699,877	2,624,547,000
VNM	8,032,566,504	5,057,535,200	2,975,031,304	3,092,749,184	(117,717,880)
Others	32,276,853,102	35,299,340,620	197,401,203	6,080,777,868	(5,883,376,665)
	455,713,529,622	573,503,188,470	11,676,975,391	12,849,172,726	(1,172,197,335)
<i>Unlisted shares</i>					
ABB	170,489,057,266	82,598,378,100	87,890,679,166	75,922,349,266	11,968,329,900
Others	2,252,375,165	2,242,200,000	10,175,165	58,976,213,484	(58,966,038,319)
	172,741,432,431	84,840,578,100	87,900,854,331	134,898,562,750	(46,997,708,419)
<b>II Loans receivable (*)</b>	1,911,798,465,127	-	89,717,704,545	75,737,995,942	13,979,708,603
			189,295,534,267	223,485,731,418	(34,190,197,151)

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**for the year ended 31 December 2016 (continued)**

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(\*) Movements of allowance for loans receivable during the year are as follows:

	<b>2016</b> <b>VND</b>	<b>2015</b> <b>VND</b>
Opening balance	75,737,995,942	101,916,468,091
Allowance made/(reversed) during the year (Note 30)	13,979,708,603	(26,178,472,149)
Closing balance	89,717,704,545	75,737,995,942

**11. Dividends and interest receivables from financial assets**

	<b>31/12/2016</b> <b>VND</b>	<b>31/12/2015</b> <b>VND</b> <b>(reclassified)</b>
Dividends receivable	77,775,700	-
Interest receivable from term deposits at banks	10,056,209,947	4,239,790,037
Interest receivable from loans receivable	27,970,925,797	25,928,465,062
	38,104,911,444	30,168,255,099

## 12. Allowance for doubtful debts

2016	Cost of doubtful debts 31/12/2016 VND	Cost of doubtful debts 31/12/2015 VND	Allowance 31/12/2016 VND	Allowance 31/12/2015 VND	Allowance made for the year VND
Allowance for doubtful debts					
▪ <i>Receivables from ex-employees</i>	1,963,775,333	1,963,775,333	1,963,775,333	1,963,775,333	-
▪ <i>Others</i>	2,108,527,096	1,558,527,096	2,108,527,096	1,558,527,096	550,000,000
	4,072,302,429	3,522,302,429	4,072,302,429	3,522,302,429	550,000,000
2015	Cost of doubtful debts 31/12/2015 VND	Cost of doubtful debts 31/12/2014 VND	Allowance 31/12/2015 VND	Allowance 31/12/2014 VND	Allowance made for the year VND
Allowance for doubtful debts					
▪ <i>Receivables from ex-employees</i>	1,963,775,333	1,963,775,333	1,963,775,333	1,963,775,333	-
▪ <i>Others</i>	1,558,527,096	1,558,527,096	1,558,527,096	1,558,527,096	-
	3,522,302,429	3,522,302,429	3,522,302,429	3,522,302,429	-

### 13. Prepaid expenses

#### (a) Short-term prepaid expenses

	<b>2016</b> <b>VND</b>	<b>2015</b> <b>VND</b>
Balance as at 1 January	6,801,431,430	7,619,642,928
Additions	26,488,787,674	15,855,889,582
Amortisation for the year	(27,454,440,504)	(16,674,101,080)
Balance at 31 December	<u>5,835,778,600</u>	<u>6,801,431,430</u>

#### (b) Long-term prepaid expenses

	<b>2016</b> <b>VND</b>	<b>2015</b> <b>VND</b>
Balance as at 1 January	7,606,814,449	955,094,835
Additions	4,398,213,447	7,933,169,205
Amortisation for the year	(4,860,795,587)	(1,281,449,591)
Balance at 31 December	<u>7,144,232,309</u>	<u>7,606,814,449</u>

### 14. Short-term deposits and collaterals

	<b>31/12/2016</b> <b>VND</b>	<b>31/12/2015</b> <b>VND</b> <b>(reclassified)</b>
Deposits for purchase of securities	38,583,000,000	-
Other deposits	1,315,752,670	1,024,620,370
	<u>39,898,752,670</u>	<u>1,024,620,370</u>

### 15. Other current assets

	<b>31/12/2016</b> <b>VND</b>	<b>31/12/2015</b> <b>VND</b> <b>(reclassified)</b>
Deposit for acquisition of a subsidiary (*)	87,757,922,975	-
Prepayments to suppliers	1,801,371,504	2,269,483,001
	<u>89,559,294,479</u>	<u>2,269,483,001</u>

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dated 27 December 2016 of the Ministry of Finance)*

(\*) In accordance with Resolution No. 110-3/2015/NQ-DHCD dated 23 April 2015 of the annual General Meeting of Shareholders in 2015, the plan to acquire a fund management company was approved. Under Principle Contract No. 01/2016/HDNT and Deposit Contract No. 01/2016/CNVG dated 1 June 2016, the Company made a deposit of VND87.8 billion to I.P.A Investments Group Joint Stock Company to acquire all capital of I.P.A Securities Investment Fund Management Limited Company (“IPAAM”).

On 26 December 2016, the State Securities Commission of Vietnam issued Official Letter No. 1436/QD-UBCK approving for the above-mentioned capital transfer.

On 31 December 2016, the Company signed Capital Transfer Contract No. 02/2016/HDCN with I.P.A Securities Investment Fund Management Limited Company to receive all of the contributed capital transferred from IPAAM at the transfer price of VND110 billion.

## 16. Tangible fixed assets

2016

	<b>Buildings and structures VND</b>	<b>Office equipment VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening balance	22,213,716,158	66,885,353,709	89,099,069,867
Additions	954,112,369	4,074,218,805	5,028,331,174
Disposals	-	(80,636,787)	(80,636,787)
Closing balance	23,167,828,527	70,878,935,727	94,046,764,254
<b>Accumulated depreciation</b>			
Opening balance	4,277,474,745	40,121,993,665	44,399,468,410
Additions	2,228,359,892	6,640,588,685	8,868,948,577
Disposals	-	(80,636,787)	(80,636,787)
Closing balance	6,505,834,637	46,681,945,563	53,187,780,200
<b>Net book value</b>			
Opening balance	17,936,241,413	26,763,360,044	44,699,601,457
Closing balance	16,661,993,890	24,196,990,164	40,858,984,054



**16. Tangible fixed assets (continued)**

*2015*

	<b>Buildings and structures VND</b>	<b>Office equipment VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening balance	19,960,198,034	61,737,249,659	81,697,447,693
Additions	1,880,530,520	5,148,104,050	7,028,634,570
Transfer from construction in progress (Note 18)	372,987,604	-	372,987,604
	<hr/>		
Closing balance	22,213,716,158	66,885,353,709	89,099,069,867
<hr/>			
<b>Accumulated depreciation</b>			
Opening balance	998,009,902	35,064,796,596	36,062,806,498
Charge for the year	3,279,464,843	5,057,197,069	8,336,661,912
	<hr/>		
Closing balance	4,277,474,745	40,121,993,665	44,399,468,410
<hr/>			
<b>Net book value</b>			
Opening balance	18,962,188,132	26,672,453,063	45,634,641,195
Closing balance	17,936,241,413	26,763,360,044	44,699,601,457
<hr/>			

Included in the tangible fixed assets were assets costing VND28.4 billion which were fully depreciated as at 31 December 2016 (31/12/2015: VND28.2 billion) but are still in active use.

## 17. Intangible fixed assets

	<b>Software</b>	
	<b>2016</b>	<b>2015</b>
	<b>VND</b>	<b>VND</b>
<b>Cost</b>		
Opening balance	60,537,955,633	50,614,324,491
Additions	3,441,325,472	3,328,245,699
Transfer from construction in progress (Note 18)	2,745,919,356	6,595,385,443
Closing balance	66,725,200,461	60,537,955,633
<b>Accumulated amortisation</b>		
Opening balance	33,927,467,812	25,613,082,622
Charge for the year	9,484,455,113	8,314,385,190
Closing balance	43,411,922,925	33,927,467,812
<b>Net book value</b>		
Opening balance	26,610,487,821	25,001,241,869
Closing balance	23,313,277,536	26,610,487,821

Included in the intangible fixed assets were assets costing VND9.7 billion which were fully amortised as at 31 December 2016 (31/12/2015: VND6.8 billion), but are still in use.

## 18. Construction in progress

	<b>2016</b>	<b>2015</b>
	<b>VND</b>	<b>VND</b>
Opening balance	543,000,000	7,259,749,313
Additions	4,702,919,356	251,623,734
Transfer to tangible fixed assets	-	(372,987,604)
Transfer to intangible fixed assets (Note 17)	(2,745,919,356)	(6,595,385,443)
Closing balance	2,500,000,000	543,000,000

## 19. Deposits at Payment Support Fund

According to Decision No. 45/QĐ-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 annual contribution of 0.01% of the total value of brokered securities, which are listed and registered for transactions in the Stock Exchanges in the previous year with the maximum of annual contribution of VND2.5 billion to the Payment Support Fund.

**VNDIRECT Securities Joint Stock Company**  
**Notes to the financial statements**  
**for the year ended 31 December 2016 (continued)**

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Movements of deposits at Payment Support Fund during the year were as follows:

	<b>2016</b> <b>VND</b>	<b>2015</b> <b>VND</b>
Opening balance	15,757,761,747	13,257,761,747
Additional contribution	2,500,000,000	2,500,000,000
Closing balance	<u>18,257,761,747</u>	<u>15,757,761,747</u>

**20. Short-term borrowings**

	<b>31/12/2016</b> <b>VND</b>	<b>31/12/2015</b> <b>VND</b>
Borrowings from banks	2,613,806,976,714	1,600,656,425,139

As at 31 December 2016, the borrowings were secured by term deposits at banks of the Company amounting to VND241 billion and listed shares amounting to VND309,218,845,180 (31/12/2015: VND261,699,896,668) (Note 9).

These borrowings bore annual interest rates ranging from 2% to 7.9% (31/12/2015: from 2.6% to 8.1%).

**21. Accounts payable for securities trading activities**

	<b>31/12/2016</b> <b>VND</b>	<b>31/12/2015</b> <b>VND</b> <b>(reclassified)</b>
Payables to the Stock Exchanges	2,786,010,521	1,981,784,381
Payables for purchase of financial assets at FVTPL (*)	469,760,416,400	19,722,778,000
	<u>472,546,426,921</u>	<u>21,704,562,381</u>

(\*) This amount was paid on T+2 date.

## 22. Taxes payable to State Treasury

2016

	<b>Opening balance VND</b>	<b>Incurred VND</b>	<b>Paid VND</b>	<b>Closing balance VND</b>
Corporate income tax	4,019,749,392	40,882,108,731	(32,499,867,391)	12,401,990,732
Personal income tax	4,311,856,158	62,786,318,316	(60,562,479,761)	6,535,694,713
Value added tax	117,667,469	726,399,427	(720,674,411)	123,392,485
Other taxes	-	3,114,786,849	(3,114,786,849)	-
	<b>8,449,273,019</b>	<b>107,509,613,323</b>	<b>(96,897,808,412)</b>	<b>19,061,077,930</b>

2015

	<b>Opening balance VND</b>	<b>Incurred VND</b>	<b>Paid VND</b>	<b>Closing balance VND</b>
Corporate income tax	24,075,671,224	45,274,761,889	(65,330,683,721)	4,019,749,392
Personal income tax	4,434,843,538	50,026,342,753	(50,149,330,133)	4,311,856,158
Value added tax	575,251,605	3,207,895,622	(3,665,479,758)	117,667,469
	<b>29,085,766,367</b>	<b>98,509,000,264</b>	<b>(119,145,493,612)</b>	<b>8,449,273,019</b>

## 23. Accrued expenses – short-term

	<b>31/12/2016 VND</b>	<b>31/12/2015 VND (reclassified)</b>
Accrued interest expense	6,064,752,333	2,262,853,517
Others	2,375,365,550	920,921,634
	<b>8,440,117,883</b>	<b>3,183,775,151</b>

## 24. Other short-term payables

	<b>31/12/2016</b> <b>VND</b>	<b>31/12/2015</b> <b>VND</b> <b>(reclassified)</b>
Short-term deposits and collaterals received	23,105,962	988,988,519,772
Others	941,399,560	609,595,158
	<hr/>	<hr/>
	964,505,522	989,598,114,930
	<hr/>	<hr/>

## 25. Bonus and welfare funds

This fund is established by appropriating from retained profits as approved by the Shareholders. This fund is used to pay bonus and welfare to employees in accordance with the Company's policies. Movements of bonus and welfare funds during the year were as follows:

	<b>2016</b> <b>VND</b>	<b>2015</b> <b>VND</b>
Opening balance	-	1,358,951,395
Appropriation during the year (Note 27(b))	8,179,968,167	4,134,182,244
Utilisation during the year	(6,427,587,038)	(5,493,133,639)
	<hr/>	<hr/>
Closing balance	1,752,381,129	-
	<hr/>	<hr/>

## 26. Long-term bonds issued

In 2015, the Company issued 100,000 unsecured non-convertible bonds which had a term of two years, a fixed annual interest rate of 9.2% and par value of VND1,000,000/bond to supplement capital for margin loans quantity, securities trading, securities underwriting, and mergers and acquisitions. During 2016, the Company early redeemed for 5,700 bonds with a par value of VND5,700,000,000.

## 27. Share capital

### (a) Share capital

The Company's authorised and issued share capital are:

	31/12/2016		31/12/2015	
	Number of shares	VND	Number of shares	VND
<b>Authorised and issued share capital</b>	154,998,165	1,549,981,650,000	154,998,165	1,549,981,650,000
<b>Treasury shares</b>				
Ordinary shares	(7,458,680)	(90,281,063,425)	(380)	(4,333,425)
<b>Shares in circulation</b>				
Ordinary shares	147,539,485	1,459,700,586,575	154,997,785	1,549,977,316,575

Each ordinary share has a par value of VND10,000 and is entitled to one vote at shareholders' 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. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

### (b) Retained profits

	2016	2015
Opening balance	270,311,091,725	188,344,810,626
Profit after tax for the year	186,287,528,621	181,777,070,381
Appropriation to reserve to supplement charter capital	(9,314,376,431)	(9,088,853,519)
Appropriation to financial and operational risk reserve	(9,314,376,431)	(9,088,853,519)
Appropriation to bonus and welfare funds (Note 25)	(8,179,968,167)	(4,134,182,244)
Dividends (Note 37)	(74,998,892,450)	(77,498,900,000)
Closing balance	354,791,006,867	270,311,091,725

**28. Gains from financial assets at FVTPL**

**(a) Gains from sales of financial assets at FVTPL**

<b>2016</b>	<b>Number of shares sold</b>	<b>Total sales proceeds</b>	<b>Total costs</b>	<b>Gains from sales of securities for the year</b>
		<b>VND</b>	<b>VND</b>	<b>VND</b>
Listed shares	31,130,058	879,133,860,044	826,055,457,559	53,078,402,485
Unlisted shares	8,815,000	36,985,920,000	35,809,075,168	1,176,844,832
	<b>39,945,058</b>	<b>916,119,780,044</b>	<b>861,864,532,727</b>	<b>54,255,247,317</b>

  

<b>2015 (reclassified)</b>	<b>Number of shares sold</b>	<b>Total sales proceeds</b>	<b>Total costs</b>	<b>Gains from sales of securities for the year</b>
		<b>VND</b>	<b>VND</b>	<b>VND</b>
Listed shares	28,069,997	728,136,504,434	687,293,866,196	40,842,638,238
Unlisted shares	2,904,302	227,204,583,501	227,003,128,195	201,455,306
	<b>30,974,299</b>	<b>955,341,087,935</b>	<b>914,296,994,391</b>	<b>41,044,093,544</b>

**(b) Dividends and interest income from financial assets at FVTPL**

	<b>2016 VND</b>	<b>2015 VND (reclassified)</b>
Dividend income	37,575,439,151	14,393,486,854
Interest income from term deposits at banks with original term to maturity of more than 3 months	128,039,853,746	45,216,769,124
	<b>165,615,292,897</b>	<b>59,610,255,978</b>

**(c) Interest income from loans and receivables**

	<b>2016 VND</b>	<b>2015 VND (reclassified)</b>
Interest income from margin loans	201,015,511,398	153,820,681,493
Interest income from advances to customers for the proceeds from selling securities	7,486,018,687	7,847,669,983
	<u>208,501,530,085</u>	<u>161,668,351,476</u>

**(d) Gains from available-for-sale financial assets**

	<b>2016 VND</b>	<b>2015 VND (reclassified)</b>
Gains from sales of bonds	77,563,799,598	24,542,121,958
Interest income from bonds	6,666,399,515	2,145,883,334
	<u>84,230,199,113</u>	<u>26,688,005,292</u>

**29. Losses from financial assets at FVTPL**

**(a) Losses from sales of financial assets at FVTPL**

<b>2016</b>	<b>Number of shares sold</b>	<b>Total sales proceeds VND</b>	<b>Total costs VND</b>	<b>Losses from sales of securities for the year VND</b>
Listed shares	29,239,511	710,893,270,400	751,014,688,135	(40,121,417,735)
Unlisted shares	7,242,005	68,584,480,909	128,204,313,151	(59,619,832,242)
	<u>36,481,516</u>	<u>779,477,751,309</u>	<u>879,219,001,286</u>	<u>(99,741,249,977)</u>
<b>2015</b>	<b>Number of shares sold</b>	<b>Total sales proceeds VND</b>	<b>Total costs VND</b>	<b>Losses from sales of securities for the year VND</b>
Listed shares	16,475,053	314,295,799,256	397,853,591,107	(83,557,791,851)
Unlisted shares	100,050	930,455,000	995,991,300	(65,536,300)
	<u>16,575,103</u>	<u>315,226,254,256</u>	<u>398,849,582,407</u>	<u>(83,623,328,151)</u>



(b) **Reversal of allowance for diminution in value of financial assets at FVTPL**

	<b>2016 VND</b>	<b>2015 VND (reclassified)</b>
Reversal of allowance for diminution in value of financial assets at FVTPL (Note 10)	48,169,905,754	54,087,777,278

**30. Allowance made/(reversed) for financial assets, write-off of doubtful debts and impairment loss on financial assets**

	<b>2016 VND</b>	<b>2015 VND (reclassified)</b>
Allowance made/(reversed) for loans receivable (Note 10)	13,979,708,603	(26,178,472,149)
Allowance made for doubtful debts (Note 12)	550,000,000	-
	<u>14,529,708,603</u>	<u>(26,178,472,149)</u>

**31. Dividends and interest income from bank deposits**

	<b>2016 VND</b>	<b>2015 VND (reclassified)</b>
Interest income from demand deposits and term deposits with original term to maturity of not more than 3 months	15,154,168,846	58,651,285,463

**32. Interest expense**

	<b>2016 VND</b>	<b>2015 VND (reclassified)</b>
Interest expense on borrowings	113,109,131,668	52,209,199,351
Interest expense on customers' deposits	6,028,147,872	4,085,653,055
	<u>119,137,279,540</u>	<u>56,294,852,406</u>

**33. General and administration expenses**

	<b>2016</b> <b>VND</b>	<b>2015</b> <b>VND</b>
Salary and related expenses	125,955,486,425	100,546,012,532
Depreciation and amortisation of fixed assets	18,353,403,690	16,651,047,102
Stationery expenses	806,781,131	685,647,556
Tools and supplies	5,033,938,814	6,148,279,820
Outside services	39,254,394,545	28,978,893,311
Office rental	15,109,769,767	14,452,326,007
Taxes and fees	177,146,000	137,566,000
	<hr/>	<hr/>
	204,690,920,372	167,599,772,328
	<hr/> <hr/>	<hr/> <hr/>

**34. Other expenses**

	<b>2016</b> <b>VND</b>	<b>2015</b> <b>VND</b>
Penalty for late payment of corporate income tax	3,114,786,849	-
Others	960,794	1,277,812
	<hr/>	<hr/>
	3,115,747,643	1,277,812
	<hr/> <hr/>	<hr/> <hr/>

### 35. Income tax

#### (a) Recognised in the statement of income

	<b>2016 VND</b>	<b>2015 VND</b>
<b>Current income tax expense</b>		
Current year	40,882,108,731	20,850,278,918
Adjustments according to tax inspection minute due to temporary differences	-	25,956,557,073
Adjustments for corporate income tax in prior years	-	(1,532,074,102)
	<u>40,882,108,731</u>	<u>45,274,761,889</u>

#### (b) Reconciliation of effective tax rate

	<b>2016 VND</b>	<b>2015 VND</b>
Accounting profit before tax	227,169,637,352	227,051,832,270
Tax at the Company's tax rate	45,433,927,470	49,951,403,099
Non-deductible expenses	3,528,899,091	22,000,000
Tax exempt income (*)	(8,080,717,830)	(3,166,567,108)
	<u>40,882,108,731</u>	<u>46,806,835,991</u>
Adjustments for corporate income tax in prior years	-	(1,532,074,102)
Income tax expense	<u>40,882,108,731</u>	<u>45,274,761,889</u>

(\*) Included in the tax exempt income is the dividend received during the year amounting to VND37,575,439,151 (2015: VND14,393,486,854) (Note 28(b)).

#### (c) Applicable tax rates

The Company's income tax rate is 20% (2015: 22%).

### 36. Basic earnings per share

(i) *Net profit attributable to ordinary shareholders*

	<b>2016</b>	<b>2015</b> <b>(as restated)</b>	<b>2015</b> <b>(as previously reported)</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>
Net profit for the year	186,287,528,621	181,777,070,381	181,777,070,381
Appropriation to bonus and welfare funds (*)	-	(8,179,968,167)	-
Net profit attributable to ordinary shareholders	<u>186,287,528,621</u>	<u>173,597,102,214</u>	<u>181,777,070,381</u>

(\*) In accordance with Resolution No. 136/2016/NQ-DHDCD dated 27 April 2016 of the annual General Meeting of Shareholders in 2016, the allocation to the bonus and welfare funds from retained profits of 2015 amounting to VND8,179,968,167 was approved.

At the date of these financial statements, the Company has not estimated reliably the amount of profit that may be appropriated to bonus and welfare funds for the year 2016 as the General Meeting of Shareholders has not yet decided the appropriation rate for the profit of 2016. Had the Company made appropriation to bonus and welfare funds, net profit attributable to ordinary shareholders would have decreased.

(ii) *Weighted average number of ordinary shares*

	<b>2016</b> <b>Shares</b>	<b>2015</b> <b>Shares</b>
Issued ordinary shares at the beginning of the year	154,997,785	154,977,965
Effect of treasury shares bought back by the Company	(3,730,213)	(50)
Weighted average number of ordinary shares for the year ended 31 December	<u>151,267,572</u>	<u>154,977,915</u>

(iii) *Basic earnings per share*

	<b>2016</b>	<b>2015</b> <b>(as restated)</b>	<b>2015</b> <b>(as previously reported)</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>
Basic earnings per share	<u>1,232</u>	<u>1,120</u>	<u>1,173</u>

### 37. Dividends

In accordance with Resolution No. 136/2016/NQ-DHDCD dated 27 April 2016 of the annual General Meeting of Shareholders in 2016 and Resolution No. 267/2016/NQ-VNDIRECT dated 28 July 2016, the Company distributed dividends for 2015 in the form of cash at the rate of 5% of par value, equivalent to VND500 per share with a total amount of VND74,998,892,450 on 22 August 2016 (2015: dividends in cash of VND77,498,900,000, 5% of par value, equivalent to VND500 per share) (Note 27(b)).

### 38. Significant transactions with related parties

	Transaction value		Balance outstanding as at	
	2016 VND	2015 VND	31/12/2016 VND	31/12/2015 VND
<b>Board of Directors, Board of Management and Supervisory Board</b>				
Remunerations	3,600,000,000	2,890,000,000	-	-
<b>I.P.A Investments Group Joint Stock Company - related company</b>				
Office rental fees	6,684,072,076	9,688,235,969	-	642,324,633
Car rental fees	-	271,305,581	-	-
Office rental payables	-	-	-	699,038,524
Deposits for acquisition of subsidiary	87,757,922,975	-	87,757,922,975	-
Other payables	-	-	-	540,380,515
<b>IPA Finance Co., Ltd. - related company</b>				
Investment portfolio management fees	2,138,709,867	2,997,372,578	146,329,084	-
Other payables	-	-	-	83,777,778
<b>IPA Finance Co., Ltd. - related company</b>				
Payment of dividends	19,600,589,000	12,645,541,500	-	-
<b>HOMEDIRECT Joint Stock Company - related company</b>				
Other long-term investments	-	-	7,500,000,000	7,500,000,000
Investment in bonds	600,000,000,000	-	65,393,216,861	-
Gains from sales of bonds	32,337,091,686	-	-	-
Losses from sales of bonds	(3,545,058,389)	-	-	-
Other receivables	-	-	-	2,152,000
Bonds issuing fee	2,850,000,000	-	-	-
Bonds interest	4,938,450,000	-	-	-
Software rental fee paid on behalf	120,000,000	-	-	-

### 39. Post balance sheet events

The Company paid the remaining amount of the Capital Transfer Contract No. 02/2016/HDCN signed with I.P.A Securities Investment Fund Management Limited Company to receive all of the contributed capital transferred from IPAAM (Note 15) with an amount of VND22 billion on 4 January 2017.

### 40. Corresponding figures

Certain corresponding figures for the year ended 31 December 2015 have been reclassified to conform with the financial statement presentation of the current year as stipulated in Circular 334. A comparison of the amounts previously reported and as reclassified is as follows:

**VNDIRECT Securities Joint Stock Company**  
**Notes to the financial statements**  
**for the year ended 31 December 2016 (continued)**

**Form B09 – CTCK**  
*(Issued under Circular No.334/2016/TT-BTC*  
*dated 27 December 2016 of the Ministry of Finance)*

**(a) Statement of financial position**

	<b>Code</b>	<b>31/12/2015</b> <b>VND</b> <b>(as reclassified)</b>	<b>31/12/2015</b> <b>VND</b> <b>(as previously reported)</b>
Short-term investments		-	549,931,874,986
Other short-term investments		-	855,105,000,000
Allowance for diminution in the value of short-term investments		-	(147,747,735,476)
Financial assets at FVTPL	112	1,386,786,074,986	-
Loans receivable	114	1,744,902,788,168	-
Available-for-sale financial assets	115	25,750,800,000	-
Receivables from securities trading activities		-	1,781,762,193,550
Other long-term investments		-	7,500,000,000
Allowance for diminution in value of financial assets	116	(223,485,731,418)	-
Receivables	117	38,957,660,099	-
Receivables from services rendered	119	1,231,012,128	-
Other receivables	122	3,696,333,664	7,025,600,509
Allowance for doubtful debts	129	(3,522,302,429)	(79,260,298,371)
Other current assets	137	2,269,483,001	-
Prepayments to suppliers		-	32,269,483,001
Other long-term assets	255	30,000,000,000	-

**(b) Statement of income**

	<b>Code</b>	<b>2015</b> <b>(as reclassified)</b> <b>VND</b>	<b>2015</b> <b>(as previously reported)</b> <b>VND</b>
Revenue from securities trading and equity investments		-	82,125,585,690
Gains from financial assets at FVTPL	01	100,654,349,522	-
Interest income from loans and receivables	03	161,668,351,476	-
Gains from available-for-sale financial assets	04	26,688,005,292	-
Revenue from securities brokerage	06	171,307,276,365	146,846,247,768
Other operating income	11	1,057,256,654	291,054,691,314
Operating expenses		-	143,454,474,873
Losses from financial assets at FVTPL	21	33,180,456,614	-
Losses and revaluation loss of AFS financial assets	23	840,500,000	-
Allowance made/(reversed) for financial assets, write-off of doubtful debts and impairment loss on financial assets	24	26,178,472,149	-
Expenses for securities brokerage	27	72,470,404,239	-
Expenses for investment advisory services	29	829,500,000	-
Expenses for securities custody	30	6,017,233,763	-
Dividends and interest income from bank deposits	42	58,651,285,463	-
Interest expense	52	56,294,852,406	-

**VNDIRECT Securities Joint Stock Company**  
**Notes to the financial statements**  
**for the year ended 31 December 2016 (continued)**

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*dated 27 December 2016 of the Ministry of Finance)*

**(c) Statement of cash flows**

	<b>Code</b>	<b>2015 (as reclassified)  VND</b>	<b>2015 (as previously reported) VND</b>
Net profits from investing activities		-	(85,179,246,375)
Interest expense		-	56,294,852,406
Increase in financial assets at FVTPL	31	(788,929,669,098)	-
Increase in loans receivable	33	(899,193,072,813)	-
Increase in AFS financial assets	34	(21,800,800,000)	-
Increase in receivables from sales of financial assets	35	(4,394,628,000)	-
Increase in dividends and interests receivable from financial assets	36	(26,922,138,470)	-
Increase in receivables from services rendered	37	(1,231,012,128)	-
(Increase)/decrease in other receivables	39	438,232,026	-
Increase in other assets	40	(29,080,246,122)	-
Change in receivables and other current assets		-	(1,678,526,775,086)
Increase in accrued expenses (excluding loan interest expense)	41	54,313,068,025	-
Decrease/(increase) in prepaid expenses	42	(5,833,508,116)	(4,433,923,130)
Increase/(decrease) in accounts payable for securities trading activities		19,580,222,430	-
Decrease in accounts payable	45	(26,641,189,713)	-
Increase in taxes payable to State Treasury (excluding corporate income tax paid)	47	89,923,007,133	-
Increase/(decrease) payables to employees	48	(5,648,973,558)	-
(Decrease)/increase in other payables	50	847,425,538,672	1,137,430,545,555
Payments for purchases of debt instruments of other entities		-	(10,314,797,664,000)
Proceeds from sales of debt instruments of other entities		-	10,298,546,864,000
Payments for investments in other entities		-	(5,550,000,000)
Receipts from interest, dividends and share of profits		-	14,393,486,854

**VNDIRECT Securities Joint Stock Company**  
**Notes to the financial statements**  
**for the year ended 31 December 2016 (continued)**

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dated 27 December 2016 of the Ministry of Finance)*

	Code	2015 (as reclassified)  VND	2015 (as previously reported) VND
Proceeds from sales of securities brokered by the Company	01	41,865,666,396,396	-
Payments for purchases of securities brokered by the Company	02	(41,866,610,457,511)	-
Deposits received to settle securities transactions of customers	07	218,293,269,097	-
Receipts from securities issuance entities	14	766,058,062,503	-
Payments to securities issuance entities	15	(767,233,960,529)	-

30 March 2017

Prepared by

Reviewed by

Approved by

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*Chief Accountant*

Mr. Nguyen Hoang Giang  
*General Director*