



VNDIRECT SECURITIES JOINT STOCK COMPANY
(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2018

M.S.C.

V.

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VNDIRECT SECURITIES JOINT STOCK COMPANY

01 Nguyen Thuong Hien Street, Hai Ba Trung District
Hanoi, S.R. Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of VNDIRECT Securities Joint Stock Company (the "Company") presents this report together with the consolidated financial statements of the Company and its subsidiaries ("VNDIRECT") for the year ended 31 December 2018.

THE BOARDS OF DIRECTORS AND MANAGEMENT

The members of the Boards of Directors and Management of the Company who held office during the year and to the date of this report are as follows:

Board of Directors

Ms. Pham Minh Huong	Chairwoman
Mr. Vu Hien	Member
Mr. Nguyen Hoang Giang	Member
Mr. Pham Le Nhat Quang	Member
Mr. Christopher Bertram Brinkeborn Beselin	Member

Board of Management

Ms. Pham Minh Huong	Chief Executive Officer (Appointed on 21 April 2018)
Mr. Nguyen Hoang Giang	Chief Executive Officer (Resigned on 21 April 2018)
Mr. Tran Vu Thach	Managing Director
Mr. Hoang Minh Chau	Information Technology Director
Ms. Vu Nam Huong	Finance Director
Ms. Nguyen Thi Ha Ninh	Chief Accountant

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the VNDIRECT is responsible for preparing the consolidated financial statements, which give a true and fair view of the financial position of the VNDIRECT as at 31 December 2018, and of its financial performance, its cash flows and its statement of changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, the accounting regime applicable to securities companies issued by the Ministry of Finance attached to Circular No. 210/2014/TT-BTC ("Circular 210") dated 30 December 2014; Circular No. 334/2016/TT-BTC ("Circular 334") dated 27 December 2016 amending, supplementing and replacing Annexes 02 and 04 of Circular 210 and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures, disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the VNDIRECT will continue in business.

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VNDIRECT SECURITIES JOINT STOCK COMPANY

01 Nguyen Thuong Hien Street, Hai Ba Trung District
Hanoi, S.R. Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

- Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

The Board of Management is responsible for ensuring that the accounting records are properly recorded in a reasonable manner to properly reflect the financial position of the VNDIRECT at any time and to ensure that the consolidated financial statements comply with accounting standards and accounting regimes applicable to securities companies promulgated together with the Ministry of Finance's Circular No. 210/2014/TT-BTC of 30 December 2014; Circular No. 334/2016/TT-BTC dated 27 December 2016 amending and supplementing Annexes 02 and 04 of Circular 210 and other legal regulations relating to consolidated financial reporting. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management confirms that the VNDIRECT has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of Management,



Phạm Minh Hương
Chief Executive Officer

29 March 2019
Hanoi, S.R. Vietnam

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No.: 870 /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

**To: Shareholders
Board of Directors and Board of Management
VNDIRECT Securities Joint Stock Company**

We have audited the accompanying consolidated financial statements of VNDIRECT Securities Joint Stock Company (the "Company") and its subsidiaries (collectively referred to as "VNDIRECT"), prepared on 29 March 2019, as set out on from page 05 to page 63, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended and the explanatory notes to the consolidated financial statements.

Management's Responsibility

The Company's Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the accounting regime applicable to securities companies issued by the Ministry of Finance attached to Circular No. 210/2014/TT-BTC ("Circular 210") dated 30 December 2014; Circular No. 334/2016 / TT-BTC ("Circular 334") dated 27 December 2016 amending, supplementing and replacing Annexes 02 and 04 of Circular 210 and legal regulations relating to consolidated financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements of VNDIRECT are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control of VNDIRECT relevant to the Company's preparation and fair presentation of the consolidated 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 Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

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



INDEPENDENT AUDITORS' REPORT (Continued)

Conclusion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance, its cash flows and its changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, the accounting regime applicable to securities companies issued by the Ministry of Finance attached to Circular No. 210/2014/TT-BTC ("Circular 210") dated 30 December 2014; Circular No. 334/2016/TT-BTC ("Circular 334") dated 27 December 2016 amending, supplementing and replacing Annexes 02 and 04 of Circular 210 and legal regulations relating to consolidated financial reporting.

Other matters

The consolidated financial statements of the Company for the year ended 31 December 2017 were audited by another independent auditing company with the auditors' report dated 30 March 2018 giving an unmodified opinion.



Tran Thi Thuy Ngoc
Deputy General Director
Audit Practising Registration Certificate
No. 0031-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

29 March 2019
Hanoi, S.R. Vietnam

Pham Tuan Linh
Auditor
Audit Practising Registration Certificate
No. 3001-2019-001-1



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance (Adjusted)
ASSETS				
A. CURRENT ASSETS (100=110+130)	100		10,231,031,388,656	7,175,866,857,101
I. Financial assets	110		10,214,489,951,731	7,163,117,754,376
1. Cash and cash equivalents	111	6	915,397,756,735	342,470,238,293
1.1 Cash	111.1		507,397,756,735	241,470,238,293
1.2 Cash equivalents	111.2		408,000,000,000	101,000,000,000
2. Financial assets at fair value through profit or loss (FVTPL)	112	8(a)	1,089,324,365,595	734,946,831,356
3. Held-to-maturity investments (HTM)	113	8(b)	5,371,330,000,000	2,258,215,032,772
4. Loans receivable	114	8(c)	2,582,474,306,127	3,130,859,448,293
5. Available-for-sale investments (AFS)	115	8(d)	387,030,902,241	748,022,000,000
6. Provision for impairment of financial assets and collaterals	116	10	(288,925,602,948)	(194,922,005,231)
7. Receivables from financial assets	117		149,044,009,181	74,449,101,616
7.1 Receivables from sales of financial assets	117.1		70,296,321,189	21,516,495,100
7.2.1 Dividend and interest receivable not yet due	117.4	11	78,747,687,992	52,932,606,516
8. Prepayment to suppliers	118		2,424,693,340	60,779,142,897
9. Other receivables	122	12	11,052,735,889	12,961,178,809
10. Provision for impairment of receivables	129	13	(4,663,214,429)	(4,663,214,429)
II. Other current assets	130		16,541,436,925	12,749,102,725
1. Advances	131		3,420,828,003	2,799,726,146
2. Short-term prepaid expenses	133	14	6,623,025,546	7,756,485,234
3. Short-term deposits, collaterals and pledges	134		2,500,563,283	1,692,896,845
4. Other current assets	137		3,997,020,093	499,994,500

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2018

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance (Adjusted)
B. NON-CURRENT ASSETS (200=210+220+240+250)	200		303,609,931,346	892,826,843,591
I. Non-current financial assets	210		100,000,000,000	721,715,161,007
1. Investments	212		100,000,000,000	721,715,161,007
1.1 Held-to-maturity investments	212.1	8(b)	100,000,000,000	300,000,000,000
1.2 Investments in associates and joint-ventures	212.3	15	-	421,715,161,007
II. Fixed assets	220		72,912,546,977	59,106,424,602
1. Tangible fixed assets	221	16	54,009,140,204	34,002,092,098
- Cost	222		107,783,001,986	94,208,450,947
- Accumulated depreciation	223a		(53,773,861,782)	(60,206,358,849)
2. Intangible fixed assets	227	17	18,903,406,773	25,104,332,504
- Cost	228		83,084,078,207	78,230,908,391
- Accumulated depreciation	229a		(64,180,671,434)	(53,126,575,887)
III. Construction in progress	240		500,000,000	500,000,000
IV. Other non-current assets	250		130,197,384,369	111,505,257,982
1. Long-term deposits, collaterals and pledges	251		-	76,697,125
2. Long-term prepaid expenses	252	14	7,473,184,996	4,614,344,843
3. Deffered income tax assets	253	28	15,301,984,520	-
4. Deposits at Payment Support Fund	254	18	20,000,000,000	20,000,000,000
5. Other long-term assets	255	19	68,046,721,049	65,019,271,222
6. Goodwill	256	20	19,375,493,804	21,794,944,792
TOTAL ASSETS (270=100+200)	270		10,534,641,320,002	8,068,693,700,692

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2018

Unit: VND

ITEMS	Code	Note	Closing balance	Opening balance (Adjusted)
RESOURCES				
C. LIABILITIES (300=310+340)	300		7,551,711,467,349	5,552,979,994,000
I. Current liabilities	310		7,050,210,912,528	5,217,818,566,753
1. Short-term borrowings and finance lease liabilities	311		6,012,344,898,307	4,351,896,422,610
1.1 Short-term borrowings	312	21	6,012,344,898,307	4,351,896,422,610
2. Short-term bonds issued	316	22	726,562,200,000	-
3. Accounts payable for securities trading activities	318	23	152,425,291,772	763,730,233,228
4. Accounts payable to suppliers	320	24	2,382,421,715	2,554,536,055
5. Advances from customers	321		2,535,120,090	1,713,205,704
6. Taxes and other obligations to the State budget	322	25	36,049,127,774	43,413,068,362
7. Payables to employees	323		6,996,117,562	28,913,624,165
8. Employees' benefits payable	324		3,028,864,974	1,659,830,206
9. Short-term accrued expenses	325	26	92,417,509,353	15,530,988,149
10. Other short-term payables	329		607,578,976	2,100,216,713
11. Bonus and welfare funds	331	27	14,861,782,005	6,306,441,561
II. Non-current liabilities	340		501,500,554,821	335,161,427,247
1. Long-term bonds issued	346	22	500,000,000,000	320,000,000,000
2. Deferred tax liabilities	356	28	1,500,554,821	15,161,427,247

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2018

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance (Adjusted)
D. EQUITY (400=410+420)	400		2,982,929,852,653	2,515,713,706,692
I. Owners' equity	410		2,982,929,852,653	2,515,713,706,692
1. Owners' contributed capital	411		2,124,680,195,027	1,621,127,781,027
1.1 Share capital	411.1		2,204,301,690,000	1,549,981,650,000
a. Ordinary shares with voting rights	411.1a	29	2,204,301,690,000	1,549,981,650,000
1.2 Share premium	411.2		121,224,048,620	120,708,515,572
1.3 Treasury shares	411.5		(200,845,543,593)	(49,562,384,545)
2. Reserve to supplement charter capital	414		90,351,911,844	69,472,492,286
3. Financial and operational risk reserve	415		61,050,184,841	40,170,765,283
4. Undistributed profits	417	30	706,847,560,941	784,942,668,096
4.1 Realised profits	417.1		794,851,251,780	757,921,397,031
4.2 Unrealised (losses)/profits	417.2		(88,003,690,839)	27,021,271,065
TOTAL LIABILITIES AND OWNERS' EQUITY (440=200+300)	440		10,534,641,320,002	8,068,693,700,692

OFF-BALANCE SHEET ITEMS

ITEMS	Codes	Closing balance	Opening balance
A. ASSETS OF THE COMPANY AND ASSETS MANAGED UNDER COMMITMENTS			
1. Bad debts written off	004	101,986,716,060	26,178,472,147
2. Shares in circulation (share)	006	208,565,480	150,997,774
3. Treasury shares (share)	007	11,864,689	4,000,391
4. Listed/registered financial assets at VSD of the Company	008	269,117,370,000	330,135,030,000
5. Custodied financial assets at VSD but not yet traded of the VNDIRECT	009	5,770,000	32,476,120,000
6. Financial assets in transit of the VNDIRECT	010	148,490,500,000	704,500,100,000
7. Financial assets of securities company but not yet custodied at VSD	012	556,924,410,000	232,711,280,000
8. Receivables of trust investors		-	1,801,200,000
9. Payables of trust investors		-	442,226,093

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2018

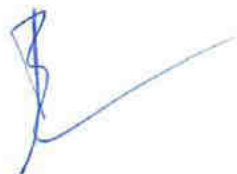
Unit: VND

OFF-BALANCE SHEET ITEMS (Continued)

ITEMS	Codes	Closing balance	Opening balance
B. ASSETS AND PAYABLES RELATING TO ASSETS MANAGED BY THE VNDIRECT			
1. Listed/registered financial assets at VSD of the investors/customers	021	28,943,992,430,000	22,814,799,840,000
a. Freely traded financial assets	021.1	26,629,255,570,000	21,268,039,160,000
c. Financial assets under pledged transactions	021.3	1,942,609,490,000	1,119,436,710,000
d. Blocked financial assets	021.4	54,631,610,000	54,631,610,000
e. Financial assets awaiting settlement	021.5	317,495,760,000	372,692,360,000
2. Financial assets custodied at VSD but not yet traded	022	1,010,283,560,000	439,683,520,000
a. Freely traded financial assets custodied at VSD but not yet traded	022.1	263,545,560,000	395,545,920,000
b. Financial assets custodied at VSD but not yet traded and restricted for transfer	022.2	708,951,950,000	6,351,550,000
c. Financial assets custodied at VSD but not yet traded and under pledged transactions	022.3	37,786,050,000	37,786,050,000
3. Financial assets in transit of investors/customers	023	324,074,460,000	375,990,610,000
4. Customers' deposits	026	1,993,122,252,442	2,167,977,438,501
4.1. Customers' cash deposits for securities transactions managed by the VNDIRECT	027	1,524,410,851,943	1,295,267,199,378
4.2. Customers' cash deposits for securities transactions	028	468,569,564,560	872,053,173,200
4.3. Cash deposits for clearing and settlement of securities transactions	029	91,855,939	33,435,738
a. Cash deposits for securities transaction clearing and settlement of domestic customers	029.1	17,809,964	30,234,653
b. Cash deposits for securities transaction clearing and settlement of foreign customers	029.2	74,045,975	3,201,085
4.4. Deposits from securities issuers	030	49,980,000	623,630,185

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December 2018**Unit: VND***OFF-BALANCE SHEET ITEMS (Continued)**

ITEMS	Codes	Closing balance	Opening balance
5. Payables to customers for cash deposits for securities transactions managed by VNDIRECT	031	1,991,753,674,247	2,172,648,568,194
5.1. Payables to domestic customers for cash deposits for securities transactions managed by VNDIRECT	031.1	1,859,790,878,722	2,132,201,442,287
5.2. Payables to foreign customers for cash deposits for securities transactions managed by VNDIRECT	031.2	131,962,795,525	40,447,125,907
6. Payables to securities issuers	032	49,980,000	28,300,000
7. Dividend, bond principal and interest payable	035	1,318,598,196	595,330,185
8. Margin deposits from investors at VSD	036	443,921,851,802	69,006,751,008



Ms. Vu Thi Thanh Van
Preparer



Ms. Nguyen Thi Ha Ninh
Chief Accountant



Ms. Phạm Minh Hương
Chief Executive Officer

29 March 2019
Hanoi, S.R.Vietnam

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year (Adjusted)
I. OPERATING REVENUE				
1.1. Gains from financial assets at fair value through profit or loss ("FVTPL")	01		250,194,815,933	282,709,442,976
a. Gains from sales of financial assets at FVTPL	01.1	31(a)	262,812,853,506	223,244,609,776
b. Gains from revaluation of financial assets at FVTPL	01.2	31(b)	(26,273,814,727)	33,776,588,832
c. Dividends and interest income from financial assets at FVTPL	01.3	34	13,655,777,154	25,688,244,368
1.2. Interest income from held-to-maturity investments	02	34	289,295,366,105	180,440,950,763
1.3. Interest income from loans and receivables	03	34	434,877,326,930	343,826,028,615
1.4. Gains from available-for-sale financial assets	04	34	4,811,965,659	29,141,692,539
1.5. Revenue from securities brokerage	06	35	520,182,829,564	344,073,430,661
1.7. Revenue from underwriting and issuance agency services	07	35	17,870,966,190	10,617,046,488
1.8. Revenue from securities investment advisory services	08	35	3,707,799,209	2,123,113,998
1.9. Revenue from securities custody services	09	35	11,198,531,803	7,814,459,101
1.10. Financial advisory income	10	35	-	17,594,724,284
1.11. Other operating income	11	35	6,349,245,274	1,985,262,269
Total operating income (20=01+02+03+04+06+07+08+09+10+11)	20		1,538,488,846,667	1,220,326,151,694
II. OPERATING EXPENSES				
2.1. Losses from financial assets at fair value through profit or loss ("FVTPL")	21		382,465,198,184	65,094,516,013
a. Losses from sales of financial assets at FVTPL	21.1	32(a)	207,207,628,275	68,627,047,479
b. (Reversal of)/Allowance for impairment loss of financial assets at FVTPL	21.2	32(b)	173,280,823,688	(3,603,767,777)
c. Costs of purchase and sales transactions of financial assets at FVTPL	21.3		1,976,746,221	71,236,311
2.2. (Reversal of)/Allowance for financial assets, write-off of doubtful debts and impairment loss of financial assets	24	33	(3,539,230,029)	9,821,150,741
2.3. Expenses for securities brokerage services	27		216,277,272,321	167,382,705,905
2.4. Expenses for securities investment advisory services	29		136,409,943	279,299,660
2.5. Expenses for securities custody services	30		14,759,679,422	11,310,015,100
2.6. Financial advisory expense	31		124,000,000	2,226,875,400
Total operating expenses (40=21+24+27+29+30+31)	40		610,223,329,841	256,114,562,819

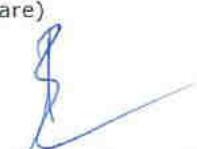
The accompanying notes are an integral part of these consolidated financial statements


CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year (Adjusted)
III. FINANCIAL INCOME				
3.1. Foreign exchange gain arising from translating foreign currency items	41	36	826,465,877	-
3.2. Dividends and interest income from demand deposits at banks	42	36	5,908,714,023	3,768,871,084
3.3. Profit from sale, disposal of investment in subsidiaries, joint ventures and associates	43	36	88,662,183,838	-
Total financial income (50=41+42+43)	50		95,397,363,738	3,768,871,084
IV. FINANCIAL EXPENSES				
4.1. Interest expense	52	37	286,523,253,543	191,174,998,663
4.2. The share of profit generated by investment in associate	56	15	(5,465,614,355)	(29,446,034,409)
Total financial expenses (60=52+56)	60		281,057,639,188	161,728,964,254
V. GENERAL AND ADMINISTRATION EXPENSES	62	38	305,130,942,810	260,580,494,633
VI. OPERATING PROFIT (70=20+50-40-60-62)	70		437,474,298,566	545,671,001,072
VII. OTHER INCOME AND EXPENSES				
7.1. Other income	71		745,047,906	34,719,392,600
7.2. Other expenses	72		220,307,437	21,795,628
Profit from other activities (80=71-72)	80		524,740,469	34,697,596,972
VIII. ACCOUNTING PROFIT BEFORE TAX (90=70+80)	90		437,999,039,035	580,368,598,044
8.1. Realised profit before tax	91		581,986,857,885	546,592,009,212
8.2. Unrealised loss/profit before tax	92		(143,987,818,850)	33,776,588,832
IX. CORPORATE INCOME TAX ("CIT") EXPENSES	100		64,862,737,763	99,359,689,708
9.1. Current CIT expense	100.1	39	93,825,594,709	92,612,392,844
9.2. Deferred CIT (income)/expense	100.2	39	(28,962,856,946)	6,747,296,864
X. NET PROFIT AFTER CIT EXPENSES (200 = 90 - 100)	200		373,136,301,272	481,008,908,336
XI. OTHER COMPREHENSIVE INCOME (LOSSES) AFTER CIT EXPENSES	300		-	-
TOTAL COMPREHENSIVE INCOME	400		373,136,301,272	481,008,908,336
Comprehensive income allocated to the owners	401		373,136,301,272	481,008,908,336
XII. NET INCOME ON COMMON STOCKS	500			
13.1. Basic earnings per share (VND/share)	501	40		2,257


Ms. Vu Thi Thanh Van
Preparer


Ms. Nguyen Thi Ha Ninh
Chief Accountant


Ms. Phạm Minh Hoàng
Chief Executive Officer

29 March 2019
Hanoi, S.R.Vietnam

CONSOLIDATED CASH FLOW STATEMENT*(Indirect method)**For the year ended 31 December 2018**Unit: VND*

ITEMS	Codes	Current year	Prior year (Adjusted)
I. Cash flows from operating activities			
1. Accounting profit before tax	01	437,999,039,035	580,368,598,044
2. Adjustment for:	02	479,816,514,046	218,929,549,717
- Depreciation and amortisation of fixed assets	03	21,958,681,733	19,137,603,000
- Allowance and provisions	04	169,741,593,659	6,217,382,964
- Foreign exchange (gain)/loss arising from translating foreign currency items	05	(826,465,877)	-
- Interest expense	06	286,523,253,543	191,174,998,663
- Allocated goodwill	09	2,419,450,988	2,399,565,090
3. Increase for non-cash expense	10	26,273,814,727	-
- Loss from revaluation of financial assets at FVTPL	11	26,273,814,727	-
4. Adjustment for non-cash income	18	(88,662,183,838)	(67,821,625,748)
- Gains from revaluation of financial assets at FVTPL	19	-	(33,776,588,832)
- Other income	21	(88,662,183,838)	(34,045,036,916)
5. Profit from operating activities before changes in working capital	30	855,427,183,970	731,476,522,013
- Decrease/(Increase) in financial assets at FVTPL	31	77,705,135,034	(407,082,267,117)
- (Increases) in held-to-maturity investments	32	(2,913,114,967,228)	(847,715,032,772)
- Decrease/(Increase) in loans receivable	33	472,647,146,224	(1,219,060,983,166)
- Decrease/(Increase) in available-for-sale investments ("AFS")	34	360,991,097,759	(217,053,783,139)
- (Increases) in receivables from sales of financial assets	35	(48,779,826,089)	(3,407,011,400)
- (Increases) in dividends and interest receivable from financial assets	36	(25,815,081,476)	(14,741,743,825)
- Decrease in receivables from services rendered	37	-	7,317,124,296
- Decrease/(Increase) in other receivables	39	60,339,589,602	(7,393,346,535)
- Decrease/(Increase) in other assets	40	7,707,617,130	(12,974,369,144)
- (Decreased)/Increase in payables (excluding loan interest expenses)	41	(45,450,406)	4,896,907,658
- (Increase)/Decrease in prepaid expenses	42	(1,725,380,465)	865,705,133
- Corporate income tax paid	43	(100,042,353,412)	(79,244,516,114)
- Interest paid	44	(209,589,816,056)	(189,041,036,055)
- (Decrease)/Increase in payables to suppliers	45	(611,477,055,796)	1,966,511,362
- Increases in employees' benefits payable	46	1,369,034,768	970,139,892
- (Decrease)/Increase in taxes and other obligations to the State budget (excluding CIT paid)	47	(1,147,181,885)	10,908,493,230
- (Decrease)/Increase in payables to employees	48	(21,917,506,603)	15,528,174,856
- (Decrease)/Increase in other payables	50	(33,974,228,168)	284,447,882,267
Net cash flow (used) in operating activities	60	(2,131,442,043,097)	(1,939,336,628,560)

CONSOLIDATED CASH FLOW STATEMENT (Continued)*(Indirect method)**For the year ended 31 December 2018**Unit: VND*

ITEMS	Codes	Current year	Previous year
II. Cash flow from investing activities			(Adjusted)
1. Payments for acquisition and construction of fixed assets, investment properties and other assets	61	(35,764,804,108)	(12,071,766,012)
2. Payments for investment in subsidiaries, joint ventures, associates and other investments	63	-	(22,863,273,905)
3. Proceed from investments in subsidiaries, joint ventures, associates and other investments	64	36,360,000,000	-
Net cash flow generated by/(used in) investing activities	70	595,195,892	(34,935,039,917)
III. Cash flow from financing activities			
1. Proceeds from share issue, capital contributed by shareholders	71	504,584,770,000	129,611,184,000
2. Capital withdrawals and buy-back of issued shares	72	(152,026,526,000)	(33,617,514,400)
3. Proceeds from borrowings	73	98,249,324,343,698	55,291,361,622,210
3.2. <i>Other borrowings</i>	73.2	98,249,324,343,698	55,291,361,622,210
4. Payments to settle loan principals	74	(95,681,488,668,001)	(53,327,572,176,314)
4.1. <i>Payments to settle other loan principals</i>	74.3	(95,681,488,668,001)	(53,327,572,176,314)
5. Dividends, profits paid to shareholders	76	(216,619,554,050)	-
Net cash flow generated from financial activities	80	2,703,774,365,647	2,059,783,115,496
IV. Net cash flows during the year	90	572,927,518,442	85,511,447,019
V. Cash and cash equivalents at the beginning of the year	101	342,470,238,293	256,958,791,274
- Cash	101.1	241,470,238,293	173,958,791,274
- Cash equivalents	101.2	101,000,000,000	83,000,000,000
VI. Cash and cash equivalents at the end of the year	103	915,397,756,735	342,470,238,293
- Cash	103.1	507,397,756,735	241,470,238,293
- Cash equivalents	103.2	408,000,000,000	101,000,000,000

CONSOLIDATED CASH FLOW STATEMENT (Continued)*(Direct method)**For the year ended 31 December 2018**Unit: VND***CASH FLOWS OF CUSTOMERS FOR BROKERAGE AND ENTRUSTMENT ACTIVITIES**

ITEMS	Codes	Current year	Prior year (Adjusted)
I. Cash flows of customers for brokerage and entrustment activities			
1. Proceeds from sales of securities brokered by the Company	01	131,010,682,468,151	101,504,435,325,525
2. Payments for purchases of securities brokered by the Company	02	(131,010,624,047,950)	(101,504,542,473,259)
3. Deposits received to settle securities transactions of customers	07	(175,658,554,271)	981,482,525,577
4. Receipts from securities issuers	14	2,327,225,993,952	1,907,230,582,875
5. Payments to securities issuers	15	(2,326,481,045,941)	(1,913,578,038,440)
Net cash flow during the year	20	(174,855,186,059)	975,027,922,278
II. Cash and cash equivalents of customers at the beginning of the year			
Cash at banks at the beginning of the year	30	2,167,977,438,501	1,192,949,516,223
- Deposits of customers for securities transactions managed by the Company	31	2,167,977,438,501	1,192,949,516,223
- Deposits of customers for securities transactions managed by the Company	32	1,295,267,199,378	828,810,828,201
- Deposits for securities transactions for customers	33	872,053,173,200	357,027,018,800
- Deposits for clearing and settlement of securities transactions	34	33,435,738	140,583,472
- Deposits from securities issuers	35	623,630,185	6,971,085,750

CONSOLIDATED CASH FLOW STATEMENT (Continued)*(Direct method)**For the year ended 31 December 2018**Unit: VND***CASH FLOWS OF CUSTOMERS FOR BROKERAGE AND ENTRUSTMENT ACTIVITIES
(Continued)**

ITEMS	Codes	Current year	Prior year
III. Cash and cash equivalents of customers at the end of the year (40=20+30)	40	1,993,122,252,442	2,167,977,438,501
Cash at banks at the end of the year:	41	1,993,122,252,442	2,167,977,438,501
- Deposits of customers for securities transactions managed by the VNDIRECT	42	1,523,092,253,747	1,295,267,199,378
- Deposits for securities transactions for customers	43	468,569,564,560	872,053,173,200
- Deposits for clearing and settlement of securities transactions	44	91,855,939	33,435,738
- Deposits from securities issuers	45	1,368,578,196	623,630,185



Ms. Vu Thi Thanh Van
Preparer



Ms. Nguyen Thi Ha Ninh
Chief Accountant



Ms. Phạm Minh Huong
Chief Executive Officer

29 March 2019
Hanoi, S.R.Vietnam

VNDIRECT SECURITIES JOINT STOCK COMPANYNo.1 Nguyen Thuong Hien Street
Hai Ba Trung District, Hanoi, S.R.Vietnam**FORM B04 - CTCK**
Issued under Circular No.334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2018

Unit: VND

ITEMS	Note	Opening balance		Movement			Closing balance		
		Prior year	Current year	Prior year	Current year	Prior year	Current year		
			(Adjusted)	Increase	Decrease	Increase	Decrease	(Adjusted)	
I. Changes in owners' equity		1,948,263,501,243	2,515,713,706,692	543,971,259,276	23,478,946,173	1,032,729,149,340	(565,513,003,379)	2,515,713,706,692	2,982,929,852,653
1. The owners' contributed capital	29	1,525,134,111,427	1,621,127,781,027	21,657,476,320	74,336,193,280	502,809,047,048	743,366,952	1,621,127,781,027	2,124,680,195,027
1.1. Share capital		1,549,981,650,000	1,549,981,650,000	-	-	654,320,040,000	-	1,549,981,650,000	2,204,301,690,000
1.2. Share premium		65,433,524,852	120,708,515,572	55,274,990,720	-	515,533,048	-	120,708,515,572	121,224,048,620
1.3. Treasury shares		(90,281,063,425)	(49,562,384,545)	(33,617,514,400)	74,336,193,280	(152,026,526,000)	743,366,952	(49,562,384,545)	(200,845,543,593)
2. Reserve to supplement to charter capital	30	48,820,054,976	69,472,492,286	20,652,437,310	-	20,879,419,558	-	69,472,492,286	90,351,911,844
3. Financial and operation risk reserves	30	19,518,327,973	40,170,765,283	20,652,437,310	-	20,879,419,558	-	40,170,765,283	61,050,184,841
4. Undistributed profits	30	354,791,006,867	784,942,668,096	481,008,908,336	(50,857,247,107)	488,161,263,176	(566,256,370,331)	784,942,668,096	706,847,560,941
4.1. Realised profits		354,791,006,867	757,921,397,031	453,987,637,271	(50,857,247,107)	488,161,263,176	(451,231,408,427)	757,921,397,031	794,851,251,780
4.2. Unrealised profits		-	27,021,271,065	27,021,271,065	-	(115,024,961,904)	(115,024,961,904)	27,021,271,065	(88,003,690,839)
		1,948,263,501,243	2,515,713,706,692	543,971,259,276	23,478,946,173	1,032,729,149,340	(565,513,003,379)	2,515,713,706,692	2,982,929,852,653


Ms. Vu Thi Thanh Van
Preparer

Ms. Nguyen Thi Ha Ninh
Chief AccountantChief Executive Officer
29 March 2019
Hanoi, S.R.Vietnam

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

VNDIRECT Securities Joint Stock Company (the "Company") is incorporated as a joint stock company in Vietnam under Business Registration Certificate No. 0103014521 dated 7 November 2006. The Company's Securities Operating License No. 101/UBCK-GP dated 31 December 2007 was issued by the State Securities Commission of Vietnam and the amended license for establishment and operation of securities company No. 38/GPDC-UBCK dated 01 June 2018. The Company's Head Office is located at No. 1 Nguyen Thuong Hien Street, Hai Ba Trung District, Hanoi, Vietnam. The Company's Charter was issued on 25 September 2006 with the latest amendment dated 20 April 2018.

Charter capital

As at 31 December 2018, the Company's charter capital is VND 2,204,301,690,000 (at 31 December 2017 is VND 1,549,981,650,000).

Principal activities

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

Investment restrictions of securities companies

The Company follows Article 44 of Circular No. 210/2012/TT-BTC issued by the Ministry of Finance on 30 November 2012 and Circular No. 07/2016/TT-BTC dated 18 January 2016 amending and supplementing several articles of Circular 210, accordingly:

Securities companies must not purchase or contribute capital for purchase of real estate, except for cases where they are used as head offices, branches or transaction offices in direct service of professional operations of securities companies.

Securities companies purchase or invest in real estate under the provisions of Clause 1 of this Article and fixed assets on the principle that the residual value of fixed assets and real estate shall not exceed fifty percent (50%) of the total assets of the securities companies.

The total value of investments in corporate bonds of securities companies must not exceed seventy percent (70%) of equity. Securities companies licensed to conduct securities proprietary trading activities may sell and repurchase listed bonds in accordance with relevant regulations on bond repurchase transactions.

Securities companies must not directly or entrust other entities or individuals to:

- a) Invest in shares or capital contributions of companies owning more than fifty percent (50%) of the charter capital of such securities companies, except for cases of purchase of odd lots of shares at the request of customers;
- b) Together with related persons, invest from five percent (5%) or more in the charter capital of other securities companies;
- c) Invest in more than twenty per cent (20%) of the total number of outstanding stocks and fund units of a listed entity;
- d) Invest more than fifteen per cent (15%) of the total outstanding stocks and fund units of an unlisted entity. This provision shall not apply to member fund units, exchange traded

- e) Invest or contribute more than ten percent (10%) of the total capital contributed by a limited liability company or business project;
- f) Invest or contribute more than fifteen percent (15%) of equity to an entity or business project;
- g) Invest in more than seventy percent (70%) of equity capital in shares, capital contributions and business projects, of which no more than twenty per cent (20%) of equity may be invested in unlisted shares, capital contributions and business projects.

A securities company can establish, acquire a fund management company as a subsidiary. In this case, the securities company shall not have to comply with the provisions at Points c, d and e, Clause 4 of this Article. A securities company which plans to establish or acquire a fund management company as a subsidiary must meet the following conditions:

- a) The owner's equity after the capital contribution is established or acquired by the fund management company must be at least equal to the legal capital for the business operations being performed by the company;
- b) Liquid capital ratio after the capital contribution to the establishment or acquisition of the fund management company must be at least one hundred and eighty percent (180%);
- c) Securities companies, after making capital contribution to the establishment and acquisition of a fund management company, must comply with the debt limit prescribed in Article 42 of this Circular and investment limit prescribed in Clause 3 of this Article and Point f of Clause 4 of this Article.

In cases where the securities company exceeds the limit prescribed due to its underwriting under the form of firm commitment, due to consolidation or merger, or due to changes in assets or owner's equity of the securities company or capital contributing entities, securities companies must apply necessary measures to comply with the investment limits prescribed in Clauses 2, 3 and 4 of this Article for a maximum of one (01) year.

Disclosure of information comparability in the consolidated financial statements

The comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2017 which have been audited by another auditing firm. Some figures have been restated to be suitable for comparison with current year's figures (Note 43).

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months.

Number of employees

As at 31 December 2018, the Company has 947 employees (as at 31 December 2017: 757 employees).

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Subsidiaries

As at 31 December 2018, the Company has one (01) directly owned subsidiary as follows:

<u>Name</u>	<u>Establishment and Operation</u>	<u>Principal activities</u>	<u>Charter capital</u>	<u>% ownership interest</u>
I.P.A Securities Investment Fund Management Limited Company	License of Establishment and Operation No.30/UBCK-GP dated 4/3/2008, 02/GPDC-UBCK dated 8/3/2017	Securities investment fund management and securities investment portfolio management	VND 50 billion	100%

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL YEAR

Basis of preparation of consolidated financial statements

The accompany consolidated financial statements are prepared in accordance with Vietnamese Accounting Standards, Accounting regime applicable to securities companies issued by Ministry of Finance attached to, Circular No. 210/2014/TT-BTC 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 legal regulations relating to consolidated financial reporting.

The accompanying consolidated financial statements are not intended to present the financial position, results of operations, cash flows of VNDIRECT, in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The use of these consolidated financial statements are not intended for use by those who are not aware of Vietnam's accounting principles, procedures and practices applicable to securities companies.

Adoption of new accounting guidance

On 12 March 2018, the Minister of Finance issued Circular No. 23/2018/TT-BTC ("Circular 23") guiding accounting for covered warrants for securities companies being issuers. Circular 23 takes effect on 27 April 2018. The Company has applied Circular 23 in preparation and presentation of the consolidated financial statements for the year ended 31 December 2018 of VNDIRECT.

Measurement basis

The consolidated financial statements, except for the consolidated cash flow statement, are prepared on an accrual basis using the historical cost method, except for financial assets at FVTPL and available-for-sale financial assets to be disclosed in Note 3. The consolidated cash flow statement is prepared using the indirect method.

Financial year

The financial year of VNDIRECT begins from 01 January to 31 December. These consolidated financial statements are prepared for the financial year from 01 January 2018 to 31 December 2018.

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Accounting and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the VNDIRECT in the preparation of these consolidated financial statements, are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the enterprise controlled by the Company (its subsidiary) for the year ended 31 December 2018. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiary to bring the accounting policies used in line with those used by the Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiary are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combination

Assets, liabilities and contingent liabilities of the subsidiaries are determined under the fair value at the date of acquisition. Any premiums between purchase price and the total fair value of assets acquired is recorded as goodwill. Any shortfall between the total purchase price and the fair value of assets acquired is recognized in the results of operations of the accounting period incurred acquisition activities.

The interests of minority shareholders at the date of business combination are initially determined based on the ratio of minority shareholders the total fair value of assets, liabilities and contingent liabilities are recognized.

Goodwill

Goodwill on the consolidated financial statements is the premium between the cost of business combination compared with the interests of the Company in the total fair value of assets, liabilities and contingent liabilities of the subsidiary at the date of investment operations. The excess is negative (profit from cheap purchases) are recognized immediately in the consolidated income statement.

Business advantage from the purchase of subsidiaries are shown separately as other assets on the consolidated statement of financial position, and amortized on the straight-line basis over 10 years. The carrying value of goodwill arising when the acquisition is reduced to the value that can be recovered when the Board of Management determined the goodwill account is irrevocable in whole.

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When selling a subsidiary, the carrying value of goodwill amounts not yet allocated all be charged to profit/loss on sale of company operations, respectively.

Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when VNDIRECT becomes a party to the contractual provisions of the financial assets and liabilities.

Derecognition

VNDIRECT 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 VNDIRECT neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, VNDIRECT 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.

Cash and cash equivalents

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

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

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

- A financial asset is considered by management as held for trading. A financial asset is considered as held for trading if:
 - Assets are 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 VNDIRECT as at FVTPL.

Financial assets at fair value through profit or loss are initially recognized at cost which is the purchase prices of the financial assets (for unlisted securities) or at order matching prices on the Stock Exchanges (for listed securities).

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Financial assets at fair value through profit or loss are stated at fair value and the gain or loss arising from the change in fair value is recognised in profit or loss in the consolidated income statement.

For the securities listed on the Stock Exchanges, fair value is the closing price of the nearest trading date prior to the reporting date.

For the securities already registered for trading (shares registered in the Upcom), fair value is the closing price of the nearest trading date prior to the reporting date.

For the securities which are unlisted and not yet registered for trading on the Upcom, fair value is the average public quoted price of at least three securities companies having securities transactions on the nearest date prior to the reporting date, but not more than one month to the reporting date. In the case that the securities are not actually traded during such period, VNDIRECT shall recognise them at cost.

For those listed securities that are cancelled, suspended or discontinued for trading from the 6th trading day onwards, fair value shall be the book value as at the most recent balance sheet date.

Investments in equity instruments, including derivatives to be settled by equity instruments are stated at cost if there are no quoted prices and their fair values cannot be determined reliably.

Held-to-maturity investments

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

- those that VNDIRECT, on initial recognition, designates as at fair value through profit or loss;
- those that VNDIRECT designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Held-to-maturity investments are recognized initially at cost which includes purchase prices plus (+) transaction costs which are directly attributable to the purchase of such investments such as brokerage fee, transaction fee, communication fee. After initial recognition, held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate less allowance for diminution in the value of financial assets (if any).

Financial assets will be no longer classified as held-to-maturity investments if in the current year or during the most recent financial years or sold a significant number of held-to-maturity financial assets are reclassified, unless the sales and reclassification meets either of the following conditions:

- Close to the maturity date, changes in the market interest rates do not cause material effect to the value of financial assets;
- Such sales or reclassification is performed after VNDIRECT has recovered a significant portion of the principal value of these financial assets by or before the contractual payment date; or
- Such sales or reclassification is related to a special event beyond VNDIRECT's control and such event is unforeseeable.

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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 investments are recognized initially at cost which includes purchase prices plus (+) transaction costs which are directly attributable to the purchase such as brokerage fee, transaction fee, communication fee.

Available-for-sale financial assets are stated at fair value and gain or loss arising from the change in fair value is recognised in equity (other comprehensive income).

The fair value of available-for-sale financial assets is determined using the method described in financial assets at FVTPL of this Note.

Loans receivable

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

Loans receivable are initially stated at cost and subsequently measured at amortised cost using the effective interest rate method, less allowance for doubtful debts in accordance with the accounting policy described in section Receivables of this Note. In addition, VNDIRECT also makes general allowance for loans receivable at the rate of 0.75% on the total outstanding loans.

For overdue loans that are irrecoverable, the Company write-off overdue loan in accordance with current regulations.

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 entity is bankrupted or liquidated; or debtor is missing, running away, being prosecuted, under arrest, under a trial or pending execution of sentences or deceased.

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:

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

For overdue debts, the Board of Management also assesses the expected recoverability of the debts to determine the allowance.

Allowance for doubtful debts based on the expected losses of undue debts is determined by the Board of Management after taking the recovery of these debts into account.

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Tangible fixed assets

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 and cost of dismantling, removing items and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul cost, is charged to the income statement for the period 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.

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:

	<u>Current years</u>
Buildings and structures	10
Office equipment	3 - 10

Intangible 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.

Construction in progress

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

Investments in associates

Associate is a company which VNDIRECT has significant influence but not a subsidiary or joint venture of VNDIRECT. Significant influence in the right to participate in making the decisions on the financial and operating policies of the investee but not control or joint control over those policy.

Income statement, assets and liabilities of associates are consolidated in the financial statements under the equity method. Interests in associates are presented in statement of financial position at cost adjusted for the changes in the capital contribution of VNDIRECT to the net assets of associates after the date of acquisition. The losses of associates in excess of the capital of VNDIRECT in such companies (including any contributions in the long term but in essence forming net investment of VNDIRECT in these associates) are not recognized.

VNDIRECT stopped recording investments in associates at the time that VNDIRECT no longer had a significant impact on the investee company. If the remaining investment in an associate becomes a normal financial asset, the investment is recognized at fair value and is considered a fair value (original price) at the time of initial recognition. VNDIRECT recognizes financial income / expenses on the consolidated income statement on the difference of the fair value of the remaining investment plus the proceeds from the sale of capital in the joint venture and the book value of the investment at the time of stopping the use of equity method.

In the event a member company of VNDIRECT conducts a transaction with an associate of VNDIRECT, unrealized profit/loss corresponding to capital contribution of the Company to such an associate are excluded from the consolidated financial statements.

Trade and other payables

Trade and other payables are stated at cost.

Provisions

A provision is recognised if, as a result of a past event, VNDIRECT 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.

Bonds issued

At initial recognition, bonds issued are measured at cost which is the proceed from issuance, net of issuance costs.

Share capital

Ordinary shares

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

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.

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.

Statutory reserves

The Company allocates realised profit to statutory reserves on an annual basis in accordance with Circular No. 146/2014/TT-BTC dated 6 October 2014 of the Ministry of Finance as follows:

110/CTST/14/11

	Annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	10% of charter capital
Financial and operational risk reserve	5% of profit after tax	10% of charter capital

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

The purpose of the financial reserve is to cover the remaining losses/damages incurred during the normal course of business after such losses/damages have been covered by the compensation paid by the individual or entities.

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

Revenue and other income

Gains/losses from sales of financial assets

Gains/losses from sales of financial assets is recognised in the consolidate income statement upon receipt of the notice for payment of securities trading transactions from Vietnam Securities Depository ("VSD") (for listed securities) and completion of the agreement on transfer of assets (for unlisted securities).

Dividend and interest income from financial assets

Dividend income recognised in the consolidated income statement 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 shares and no revenue thereof is recognised.

Interest income is recognised in the consolidated income statement on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

Revenue from securities brokerage

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

Revenue from securities investment advisory and financial advisory

Revenue from securities investment advisory and financial advisory activities is recognised in the consolidated income statement in proportion to the stage of completion of the transaction at the end of the annual accounting period. The stage of completion is assessed by reference to work performed.

Revenue from securities custody

Revenue from securities custody service is recognised in the consolidated income statement when services are rendered.



Operating lease payment

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

Interest expense

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

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement 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.

Segment reporting

A segment is a distinguishable component of the VNDIRECT 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 primary format for segment reporting of VNDIRECT is based on business segments.

Related parties

Parties are considered to be related to VNDIRECT 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 VNDIRECT 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.

Nil balances

Items or balances required by Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance that are not shown in these consolidated financial statements indicate nil balances.

4. FINANCIAL RISK MANAGEMENT

Overview

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

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

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

VNDIRECT's Supervisory Board oversees how Board of Management monitors compliance with VNDIRECT's risk management policies and procedures, and reviews the adequacy of the risk management policies in relation to the risks exposed to VNDIRECT.

Risk management framework

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

VNDIRECT's risk management policies are established to identify and analyse the risks faced by VNDIRECT, 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.

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, held-to-maturity investments and available-for-sale 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 creditworthiness 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 the proceeds from selling securities 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:

	Note	Closing balance	Opening balance
		VND	VND
Cash and cash equivalents	(i)	915,397,756,735	342,470,238,293
Held-to-maturity investments	(i)	5,471,330,000,000	2,558,215,032,772
Loans receivable	(ii)	2,582,474,306,127	3,130,859,448,293
Available-for-sale debt securities	(iii)	379,530,902,241	740,522,000,000
Accounts receivable	(ii)	160,096,745,070	87,410,280,425
Other financial assets		37,547,099,707	36,778,865,192
		9,546,376,809,880	6,896,255,864,975

(i) Cash and cash equivalents and held-to-maturity investments

The cash and cash equivalents of VNDIRECT are mainly held with well-known financial institutions. The Board of 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 VNDIRECT.

(ii) Loans receivable and accounts receivables

VNDIRECT's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, management of VNDIRECT has established a credit policy under which each new customer is analysed individually for creditworthiness before VNDIRECT's standard payment and delivery terms and conditions are offered. Credit limit is established for each customer, which represents the maximum receivable amount without requiring approval from the Board of Management. The limit is annually reviewed. 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 of whom there was no recent history of default. The Board of Management believes that those receivables are of high credit quality.

(iii) Available-for-sale debt securities

VNDIRECT limits credit risk by only investing in government bonds or debt bonds issued by economic entities with low credit risk.

Liquidity risk

Liquidity risk is the risk that VNDIRECT will not be able to meet its financial obligations as they fall due. VNDIRECT'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 VNDIRECT'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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Closing balance	Net book value	Cash flow under contract	Within 1 year	From 1 to 2 years
	VND	VND	VND	VND
Current accounts payable				
Short-term borrowings	6,012,344,898,307	6,027,011,882,617	6,027,011,882,617	-
Short-term bonds issued	726,562,200,000	794,639,432,858	794,639,432,858	-
Accounts payable for securities trading activities	152,425,291,772	152,425,291,772	152,425,291,772	-
Accounts payable to suppliers	2,382,421,715	2,382,421,715	2,382,421,715	-
Advances from customers	2,535,120,090	2,535,120,090	2,535,120,090	-
Short-term accrued expenses	92,417,509,353	92,417,509,353	92,417,509,353	-
Other financial liabilities	607,578,976	607,578,976	607,578,976	-
Non-current accounts payable				
Long-term bonds issued	500,000,000,000	589,222,222,222	44,611,111,111	544,611,111,111
	7,489,275,020,213	7,661,241,459,603	7,116,630,348,492	544,611,111,111

Opening balance	Net book value	Cash flow under contract	Within 1 year	From 1 to 2 years
	VND	VND	VND	VND
Current accounts payable				
Short-term borrowings	4,351,896,422,610	4,373,501,780,476	4,373,501,780,476	-
Accounts payable for securities trading activities	763,730,233,228	763,730,233,228	763,730,233,228	-
Accounts payable to suppliers	2,554,536,055	2,554,536,055	2,554,536,055	-
Advances from customers	1,713,205,704	1,713,205,704	1,713,205,704	-
Short-term accrued expenses	15,530,988,149	15,530,988,149	15,530,988,149	-
Other financial liabilities	2,062,571,267	2,062,571,267	2,062,571,267	-
Non-current accounts payable				
Long-term bonds issued	320,000,000,000	378,880,000,000	29,440,000,000	349,440,000,000
	5,457,487,957,013	5,537,973,314,879	5,188,533,314,879	349,440,000,000

VNDIRECT 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.

Market risk

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

Interest rate risk

As at the reporting date, the interest rate profile of VNDIRECT's interest-bearing financial instruments was:

	Closing balance	Opening balance
	VND	VND
Financial instruments with fixed interest rates		
Financial Assets	9,383,779,501,527	6,807,075,990,580
Cash and cash equivalents	915,397,756,735	342,470,238,293
Held-to-maturity investments	5,471,330,000,000	2,558,215,032,772
Loans receivable	2,582,474,306,127	3,130,859,448,293
Available-for-sale debt instruments	379,530,902,241	740,522,000,000
Payments to Clearing Fund for derivative transactions	15,046,536,424	15,009,271,222
Deposits at Payment Support Fund	20,000,000,000	20,000,000,000
Financial liabilities	7,238,907,098,307	4,671,896,422,610
Short-term loan	6,012,344,898,307	4,351,896,422,610
Short-term bond	726,562,200,000	-
Long-term bond	500,000,000,000	320,000,000,000

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 VNDIRECT's financial assets at fair value through profit or loss.

Financial assets at FVTPL of VNDIRECT 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 2018, market value of listed equity shares of VNDIRECT was VND 820.1 billion (31 December 2017: VND 639.0 billion). Had the market value of these securities increased or decreased by 10% as at 31 December 2018 assuming that all other variables remained constant, profit after tax of VNDIRECT would have increased or decreased by VND 65.6 billion (31 December 2017: 10%, increased or decreased VND 51.1 billion).

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 2018, the Company has prevented exchange rate risks by signing USD forward contracts with Vietnam Maritime Commercial Joint Stock Bank under Contract No. 27122018/MSB-VNDIRECT signed on 27 December 2018 (with the amount of USD 5,013,131.94 at the forward rate of VND/USD 23,269) and Vietnam Technological and Commercial Joint Stock Bank under contract No. 01-2712/TCB-VND signed on 27 December 2018 (with the amount of USD 5,024,993.06 and USD 5,013,556.56 at the forward rate of VND/USD 23,284 and VND/USD 23,285 respectively).

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5. SEGMENT REPORTING

Segment reporting by geographical area

All of VNDIRECT's business activities are performed in Vietnam.

Segment reporting by business segments

VNDIRECT comprises the following main business segments:

- Brokerage: Securities brokerage activities for investors, advisory and custody services.
- Proprietary trading: Securities trading activities of the VNDIRECT on the market.
- Treasury activities: Granting margin loans and advances to customers for the proceeds from selling securities, bank deposits.

	Brokerage services		Proprietary trading		Treasury activities		Total	
	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance
Segment assets	VND 7,500,000,000	VND 7,500,000,000	VND 1,068,525,736,593	VND 1,401,011,264,511	VND 9,028,277,334,639	VND 5,985,314,382,588	VND 10,104,303,071,232	VND 7,393,825,647,099
Unallocated assets	-	-	-	-	-	-	430,338,248,770	674,868,053,593
Total assets	7,500,000,000	7,500,000,000	1,068,525,736,593	1,401,011,264,511	9,028,277,334,639	5,985,314,382,588	10,534,641,320,002	8,068,693,700,692
Segment liabilities	-	-	152,425,291,772	763,730,233,228	7,399,286,175,577	4,789,249,760,772	7,551,711,467,349	5,552,979,994,000
Total liabilities	-	-	152,425,291,772	763,730,233,228	7,399,286,175,577	4,789,249,760,772	7,551,711,467,349	5,552,979,994,000

**VNINDIRECT SECURITIES JOINT STOCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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	Brokerage services		Proprietary trading		Treasury activities		Total	
	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
	VND	VND	VND	VND	VND	VND	VND	VND
Revenue from operation								
Gains from financial assets at FVTPL and derivatives	-	-	250,194,815,933	282,709,442,976	-	-	250,194,815,933	282,709,442,976
Interest income from held-to-maturity investments ("HTM")	-	-	-	-	289,295,366,105	180,440,950,763	289,295,366,105	180,440,950,763
Interest income from loans and receivables	-	-	-	-	434,877,326,930	343,826,028,615	434,877,326,930	343,826,028,615
Gains from available-for-sale financial assets	-	-	4,811,965,659	29,141,692,539	-	-	4,811,965,659	29,141,692,539
Revenue from brokerage services	520,182,829,564	344,073,430,661	-	-	-	-	520,182,829,564	344,073,430,661
Revenue from underwriting and issuance agency services	17,870,966,190	10,617,046,488	-	-	-	-	17,870,966,190	10,617,046,488
Revenue from securities investment advisory services	3,707,799,209	2,123,113,998	-	-	-	-	3,707,799,209	2,123,113,998
Revenue from securities custody services	11,198,531,803	7,814,459,101	-	-	-	-	11,198,531,803	7,814,459,101
Revenue from financial advisory activities	-	17,594,724,284	-	-	-	-	-	17,594,724,284
Other operating income	3,238,791,819	726,443,996	-	-	3,110,453,455	1,258,818,273	6,349,245,274	1,985,262,269
Dividends and interest income from demand deposits at banks	-	-	88,662,183,838	-	6,735,179,900	3,768,871,084	95,397,363,738	3,768,871,084
Total revenue	556,198,918,585	382,949,218,528	343,668,965,430	311,851,135,515	734,018,326,390	529,294,668,735	1,633,886,210,405	1,224,095,022,778

**VNDIRECT SECURITIES JOINT STOCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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	Brokerage services		Proprietary trading		Treasury activities		Total	
	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
Direct expenses								
Losses from financial assets at FVTPL and derivatives	-	-	(382,465,198,184)	(65,094,516,013)	-	-	(382,465,198,184)	(65,094,516,013)
(Reversal of)/Allowance for financial assets, write-off of doubtful debts and impairment loss on financial assets	-	-	-	-	3,539,230,029	(9,821,150,741)	3,539,230,029	(9,821,150,741)
Expenses for securities brokerage	(216,277,272,321)	(167,382,705,905)	-	-	-	-	(216,277,272,321)	(167,382,705,905)
Expenses for securities investment advisory services	(136,409,943)	(279,299,660)	-	-	-	-	(136,409,943)	(279,299,660)
Expenses for securities custody services	(14,759,679,422)	(11,310,015,100)	-	-	-	-	(14,759,679,422)	(11,310,015,100)
Financial advisory expense	(124,000,000)	(2,226,875,400)	-	-	-	-	(124,000,000)	(2,226,875,400)
Interest expenses	-	-	-	-	(286,523,253,543)	(191,174,998,663)	(286,523,253,543)	(191,174,998,663)
Profit sharing generated by investment in associates	-	-	-	-	-	-	-	-
Profit sharing in associates	-	-	-	-	-	-	-	-
Total expenses	(231,297,361,686)	(181,198,896,065)	(376,999,583,829)	(35,648,481,604)	(282,984,023,514)	(200,996,149,404)	(891,280,969,029)	(417,843,527,073)
Segment operating results	324,901,556,899	201,750,322,463	(33,330,618,399)	276,202,653,911	451,034,302,876	328,298,519,331	742,605,241,376	806,251,495,705
Unallocated expenses							(305,130,942,810)	(260,580,494,633)
Results from operating activities							437,474,298,566	545,671,001,072
Other income							745,047,906	34,719,392,600
Other expenses							(220,307,437)	(21,795,628)
Corporate income tax expenses							(64,862,737,763)	(99,359,689,708)

6. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND	VND
Cash at banks for VNDIRECT's activities	507,385,277,118	241,434,033,474
Deposits for clearing and settlement of securities transactions	12,479,617	36,204,819
Cash equivalents (*)	408,000,000,000	101,000,000,000
	915,397,756,735	342,470,238,293

(*) These are bank deposits with original term less than 3 months.

7. VOLUME AND VALUE OF TRANSACTIONS DURING THE YEAR

	Current year		Prior year	
	Transaction volume	Transaction value	Transaction volume	Transaction value
		VND		VND
Of VNDIRECT	654,986,850	147,518,454,839,600	556,954,505	76,679,791,326,500
Shares	224,614,319	15,912,661,976,290	212,093,013	4,926,244,326,500
Bonds	430,372,531	131,605,792,863,310	344,861,492	71,753,547,000,000
Of Investors	11,459,183,027	1,131,149,677,529,212	10,801,688,214	189,142,333,358,730
Shares	11,407,470,083	247,163,738,702,302	10,462,163,452	183,303,156,987,788
Bonds	7,413,891	762,965,762,210	338,246,702	5,820,478,981,042
Other securities	44,299,053	883,222,973,064,700	1,278,060	18,697,389,900
Total	12,114,169,877	1,278,668,132,368,812	11,358,642,719	265,822,124,685,230

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8. FINANCIAL ASSETS

a) Financial assets at fair value through profit or loss

	Closing balance		Opening balance	
	Cost	Fair value (*)	Cost	Fair value (*)
	VND	VND	VND	VND
Financial assets at FVTPL				
Shares and fund units (i)	1,081,821,591,490	1,089,324,365,595	701,170,242,524	734,946,831,356
Total	1,081,821,591,490	1,089,324,365,595	701,170,242,524	734,946,831,356

(*) The fair value of financial assets at FVTPL represents the historical cost and the upward difference of financial assets at FVTPL. The downward difference of financial assets at FVTPL is recognised in the allowance for impairment of financial assets in Note 10.

(i) As at 31 December 2018, 15,761,118 ABB shares, 494,700 VGG shares and 700,000 LTG shares with the total fair value of VND 139,264 million (31 December 2017: 964,481 HOT shares with the total fair value of VND 17,264 million) were pledged at banks as security for loans granted to the VNDIRECT (Note 21).

b) Held-to-maturity investments

	Closing balance		Opening balance	
	Cost	Fair value	Cost	Fair value
	VND	VND	VND	VND
Held-to-maturity investments				
Term deposits with remaining term to maturity:				
- From over 3 months to under 1 year	5,371,330,000,000	Not applicable	2,258,215,032,772	Not applicable
- Over 1 year	100,000,000,000	Not applicable	300,000,000,000	Not applicable
Total	5,471,330,000,000		2,558,215,032,772	

As at 31 December 2018, included in these term deposits was VND 5,218,000 million which was pledged with banks as security for loans granted to the VNDIRECT (31 December 2017: VND 515,200 million) (Note 21).

	Opening balance	
	Closing balance	Opening balance
	VND	
Loan receivables		
Margin loans	2,456,280,458,266	2,995,455,825,850
Advances to customers for the proceeds of selling securities	126,193,847,861	135,403,622,443
Total	2,582,474,306,127	3,130,859,448,293

d) Available-for-sale financial assets

	Closing balance		Opening balance	
	Cost	Fair value	Cost	Fair value
	VND		VND	
Available-for-sale financial assets				
Equity securities	7,500,000,000	(**)	7,500,000,000	(**)
Government bonds (ii)	148,490,500,000	148,490,500,000	738,522,000,000	738,522,000,000
Corporate bonds	29,669,435,442	29,669,435,442	2,000,000,000	2,000,000,000
Certificates of Deposit	201,370,966,799	201,370,966,799	-	-
Total	387,030,902,241		748,022,000,000	

(ii) As at 31 December 2018, there was no government bonds pledged at banks as security for loans granted to the Company (as at 31 December 2017, total government bonds) (Note 21).

(**) VNDIRECT has not reliably determined fair values of these financial instruments 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, the accounting regime for enterprises and accounting guidance applicable to securities companies. The fair values of these financial instruments may differ from their carrying amounts.

VNDIRECT SECURITIES JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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9. MOVEMENTS IN FAIR VALUES OF FINANCIAL ASSETS MEASURED AT FAIR VALUE

	Quantity	Cost	Market value/ Fair value	Revaluation difference		Revaluation value
				Increase	Decrease	
		VND	VND	VND	VND	VND
I Financial assets at FVTPL						
Listed shares	17,830,681	510,613,268,584	383,064,454,680	830,628,520	128,379,442,424	383,064,454,680
PTI (*)	15,805,396	458,356,484,000	339,816,014,000	-	118,540,470,000	339,816,014,000
HOT	964,481	27,005,468,000	20,929,237,700	-	6,076,230,300	20,929,237,700
BMI	385,252	10,747,183,160	7,974,716,400	-	2,772,466,760	7,974,716,400
POW	500,000	7,331,840,000	8,000,000,000	668,160,000	-	8,000,000,000
CRE	50,000	2,580,000,000	2,100,000,000	-	480,000,000	2,100,000,000
REE	43,540	1,574,928,328	1,341,032,000	-	233,896,328	1,341,032,000
CTD	7,031	1,113,833,420	1,124,960,000	11,126,580	-	1,124,960,000
NLG	14,701	393,115,100	379,285,800	-	13,829,300	379,285,800
DRC	13,931	385,168,065	299,516,500	-	85,651,565	299,516,500
FPT	3,719	151,611,562	156,941,800	5,330,238	-	156,941,800
Others	42,630	973,636,949	942,750,480	146,011,702	176,898,171	942,750,480
Listed fund units	200,000	2,445,279,829	2,656,000,000	305,300,000	94,579,829	2,656,000,000
E1SSH30	100,000	919,700,000	1,225,000,000	305,300,000	-	1,225,000,000
E1VFN30	100,000	1,525,579,829	1,431,000,000	-	94,579,829	1,431,000,000
Unlisted fund units	5,000,000	50,500,000,000	48,224,400,000	-	2,275,600,000	48,224,400,000
VNDAF	5,000,000	50,500,000,000	48,224,400,000	-	2,275,600,000	48,224,400,000

(*) Reclassification from investment in associates to financial assets at FVTPL (Note 15).

**VNDIRECT SECURITIES JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FORM B05 – CTCK/HN

	Quantity	Cost VND	Market value/ Fair value VND	Revaluation difference		Revaluation value VND
				Increase VND	Decrease VND	
Unlisted shares	35,681,968	518,263,043,077	386,124,625,282	6,366,845,585	138,505,263,380	386,124,625,282
An Binh Commercial Joint Stock Bank	17,574,123	170,489,057,266	107,079,131,439	-	63,409,925,827	107,079,131,439
Phuong Dong Commercial Joint Stock Bank	9,418,668	103,174,976,250	103,174,976,250	-	-	103,174,976,250
CIENCO4 Group Joint Stock Company	4,800,000	62,400,000,000	47,520,000,000	-	14,880,000,000	47,520,000,000
Loc Troi Group Joint Stock Company	2,277,160	111,458,304,300	59,206,160,000	-	52,252,144,300	59,206,160,000
Viet Tien Garment Joint Stock Corporation	494,700	31,140,960,000	25,031,820,000	-	6,109,140,000	25,031,820,000
Vietnam National Apiculture Joint Stock Company	412,500	24,750,000,000	24,750,000,000	-	-	24,750,000,000
PetroVietnam Oil Corporation	322,000	6,691,058,000	4,862,200,000	-	1,828,858,000	4,862,200,000
Vietnam Engine and Agricultural Machinery Corporation	259,000	3,896,667,000	10,101,000,000	6,204,333,000	-	10,101,000,000
RICON Construction Joint Stock Company	101,950	4,078,000,000	4,078,000,000	-	-	4,078,000,000
I.P.A Group Investment Joint Stock Company	20,250	151,450,000	311,850,000	160,400,000	-	311,850,000
Others	1,617	32,570,261	9,487,593	2,112,585	25,195,253	9,487,593
	58,712,649	1,081,821,591,490	820,069,479,962	7,502,774,105	269,254,885,633	820,069,479,962

II Available-for-sale financial assets

Government bonds	1,500,000	148,490,500,000	148,490,500,000	-	-	148,490,500,000
Corporate bonds	268,520	29,669,435,442	29,669,435,442	-	-	29,669,435,442
Certificates of Deposit	200	201,370,966,799	201,370,966,799	-	-	201,370,966,799
Unlisted shares	750,000	7,500,000,000	(*)	(*)	(*)	(*)
	2,518,720	387,030,902,241				

(*) See Note 8.

VNDIRECT SECURITIES JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B05 – CTCK/HN

10. ALLOWANCE FOR IMPAIRMENT OF FINANCIAL ASSETS

	Quantity	Closing balance		Opening balance		Allowance made/ (reserved) during the period VND
		Cost VND	Recoverable amount VND	Allowance VND	Allowance VND	
I Financial assets at FVTPL						
Listed shares	17,308,275	501,729,818,674	373,350,376,250	128,379,442,424	11,160,536,000	117,218,906,424
PTI	15,805,396	458,356,484,000	339,816,014,000	118,540,470,000	-	118,540,470,000
HOT	964,481	27,005,468,000	20,929,237,700	6,076,230,300	9,741,258,100	(3,665,027,800)
BMI	385,252	10,747,183,160	7,974,716,400	2,772,466,760	-	2,772,466,760
CRE	50,000	2,580,000,000	2,100,000,000	480,000,000	-	480,000,000
REE	43,540	1,574,928,328	1,341,032,000	233,896,328	-	233,896,328
DRC	13,931	385,168,065	299,516,500	85,651,565	12,772,615	72,878,950
VNM	794	111,930,284	95,280,000	16,650,284	-	16,650,284
CVT	804	31,024,257	15,356,400	15,667,857	-	15,667,857
Others	44,077	937,632,580	779,223,250	158,409,330	1,406,505,285	(1,248,095,955)
Listed fund certificate	100,000	1,525,579,829	1,431,000,000	94,579,829	-	94,579,829
ELSSH30	100,000	1,525,579,829	1,431,000,000	94,579,829	-	94,579,829
Unlisted fund certificate	5,000,000	50,500,000,000	48,224,400,000	2,275,600,000	-	2,275,600,000
VNDAF	5,000,000	50,500,000,000	48,224,400,000	2,275,600,000	-	2,275,600,000
Unlisted shares	25,469,367	382,208,806,719	243,703,543,339	138,505,263,380	84,813,525,945	53,691,737,435
An Binh Commercial Joint Stock Bank	17,574,123	170,489,057,266	107,079,131,439	63,409,925,827	53,621,139,316	9,788,786,511
Loc Troi Group Joint Stock Company	2,277,160	111,458,304,300	59,206,160,000	52,252,144,300	28,001,181,000	24,250,963,300
CIENCO4 Group Joint Stock Company	4,800,000	62,400,000,000	47,520,000,000	14,880,000,000	-	14,880,000,000
Viet Tien Garment Joint Stock Corporation	494,700	31,140,960,000	25,031,820,000	6,109,140,000	2,629,070,000	3,480,070,000
PetroVietnam Oil Corporation	322,000	6,691,058,000	4,862,200,000	1,828,858,000	-	1,828,858,000
Others	1,384	29,427,153	4,231,900	25,195,253	562,135,629	(536,940,376)
47,877,642	935,964,205,222	666,709,319,589	269,254,885,633	95,974,061,945	173,280,823,688	(3,539,230,029)
II Loans receivable (*)	2,582,474,306,127	2,562,803,588,812	19,670,717,315	98,947,943,286	169,741,593,659	169,741,593,659
Total	3,518,438,511,349	3,229,512,908,401	288,925,602,948	194,922,005,231	169,741,593,659	169,741,593,659

(*) In 2018, the VNDIRECT carried out using of provision against credit risk of irrecoverable loans with the amount of VND75,737,995,942 according to the Minutes No. 510/2018/BB-HDQT dated 28 September 2018 of the Board of Directors.

11. DIVIDENDS AND INTEREST RECEIVABLE FROM FINANCIAL ASSETS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Dividends receivable	1,698,900	215,000,000
Interest receivable from term deposits	36,229,493,376	13,099,842,464
Interest receivable from loans	42,516,495,716	39,617,764,052
	<u>78,747,687,992</u>	<u>52,932,606,516</u>

12. OTHER RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Receivables from ex-employees	1,963,775,333	1,963,775,333
Other receivables	9,088,960,556	10,997,403,476
	<u>11,052,735,889</u>	<u>12,961,178,809</u>

13. ALLOWANCE FOR DOUBTFUL DEBTS

	Doubtful debts		Allowance for doubtful debts		Allowance made/ (reversed) during the period VND
	Closing balance VND	Opening balance VND	Closing balance VND	Opening balance VND	
Current year					
Receivables from ex-employees	1,963,775,333	1,963,775,333	1,963,775,333	1,963,775,333	-
Other receivables	2,699,439,096	2,699,439,096	2,699,439,096	2,699,439,096	-
	4,663,214,429	4,663,214,429	4,663,214,429	4,663,214,429	-
Prior year					
Receivables from ex-employees	1,963,775,333	1,963,775,333	1,963,775,333	1,963,775,333	-
Other receivables	2,699,439,096	2,108,527,096	2,699,439,096	2,108,527,096	590,912,000
	4,663,214,429	4,072,302,429	4,663,214,429	4,072,302,429	590,912,000

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14. PREPAID EXPENSES

Short-term prepaid expenses

	Closing balance	Opening balance
	VND	VND
Office rental	2,682,298,307	2,003,364,574
Software expenses	3,318,926,931	4,292,595,132
Others	621,800,308	1,460,525,528
	6,623,025,546	7,756,485,234

Long-term prepaid expenses

	Closing balance	Opening balance
	VND	VND
Office repair and renovation expenses	1,372,836,233	1,008,185,565
Other expenses	6,100,348,763	3,606,159,278
	7,473,184,996	4,614,344,843

15. INVESTMENT IN ASSOCIATES

	Closing balance			Opening balance (Restated)		
	Ownership interest	Cost	Book value under equity method	Ownership interest	Cost	Book value under equity method
	%	VND	VND	%	VND	VND
Post and Telecommunication Joint Stock Insurance Corporation (PTI)	-	-	-	21,9%	412,374,845,798	421,715,161,007

Movement of investment in associates during the year:

	Current year	Prior year
	VND	VND
		(Adjusted)
Opening balance	421,715,161,007	-
Reclassification from financial assets as FVTPL	-	282,229,913,982
Fair value of PTI shares held by subsidiaries at the date of control	-	75,090,889,000
Purchase during the year	-	21,009,005,900
Negative goodwill	-	34,045,036,916
Sharing of profit generated by associates	5,465,614,355	29,446,034,409
Dividend received during the year	(21,126,475,200)	(20,105,719,200)
Profit from stopping equity method (Note 36) (**)	88,662,183,838	-
Proceed from sale (*)	(36,360,000,000)	-
Reclassification to financial assets as FVTPL (Note 9) (*)	(458,356,484,000)	-
Closing balance	-	421,715,161,007

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(*) In 2018, the company sold out PTI shares, making the direct and indirect ownership ratio at PTI lower than 20%. The Board of Management assessed that the Company no longer had a significant influence on PTI since the time of selling off shares, therefore, reclassified the remaining investment in PTI shares into financial assets recorded as at FVTPL. At the time of cessation of the equity method, the fair value of PTI shares is considered to be the original price at the time of initial recognition of this stock in the consolidated financial statements (Note 9).

VNDIRECT recorded VND 88,662 million in financial income in the consolidated income statement as the difference between the total fair value of the remaining investment (VND 458,356 million) and the proceeds from selling capital in associates (VND 36,360 million) with the carrying amount of the investment at the time of the termination of the equity method (VND 406,054 million).

As at 31 December 2018, there was no PTI stocks pledged at banks to secure the Company's loans (as at 31 December 2017: 15,016,055 shares of PTI shares at prices. The book value of equity method is 359,691 million VND (Note 21).

16. TANGIBLE FIXED ASSETS

	Buildings and structures	Office equipment	Total
	VND	VND	VND
COST			
Opening balance	24,184,557,012	70,023,893,935	94,208,450,947
Additions	-	30,911,634,292	30,911,634,292
Disposals	-	(17,337,083,253)	(17,337,083,253)
Closing balance	24,184,557,012	83,598,444,974	107,783,001,986
ACCUMULATED DEPRECIATION			
Opening balance	8,899,517,810	51,306,841,039	60,206,358,849
Charge for the period	2,466,732,354	8,437,853,832	10,904,586,186
Disposals	-	(17,337,083,253)	(17,337,083,253)
Closing balance	11,366,250,164	42,407,611,618	53,773,861,782
NET BOOK VALUE			
Closing balance	12,818,306,848	41,190,833,356	54,009,140,204
Opening balance	15,285,039,202	18,717,052,896	34,002,092,098

As at 31 December 2018, the cost of tangible assets includes VND 20.6 billion which have been fully depreciated but are still in use (as at 31 December 2017: VND 27.4 billion).

17. INTANGIBLE ASSETS

	Computer software	
	Current year	Prior year
	VND	VND
COST		
Opening balance	78,230,908,391	66,725,200,461
Additions	4,853,169,816	4,696,348,930
Transfer from construction in progress	-	6,809,359,000
Closing balance	83,084,078,207	78,230,908,391
ACCUMULATED AMORTISATION		
Opening balance	53,126,575,887	43,411,922,925
Charge for the year	11,054,095,547	9,714,652,962
Closing balance	64,180,671,434	53,126,575,887
NET BOOK VALUE		
Closing balance	18,903,406,773	25,104,332,504
Opening balance	25,104,332,504	23,313,277,536

As at 31 December 2018, the cost of intangible assets includes VND 43.1 billion of assets which have been fully amortised but are still in use (as at 31 December 2018: VND 10.5 billion).

18. 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 VND 120 million at the Vietnam Securities Depository and an annual contribution of 0.01% of the total value of brokered securities, which are listed at the Stock Exchanges in the previous year with the maximum annual contribution of VND 2.5 billion to the Payment Support Fund and the maximum of balance of deposit is VND 20 billion.

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

	Current year	Prior year
	VND	VND
Opening balance	20,000,000,000	18,257,761,747
Interest during the year	1,149,954,036	1,036,480,070
Additional contribution during the year	-	705,758,183
Interest earned during the year	(1,149,954,036)	-
Closing balance	20,000,000,000	20,000,000,000



19. OTHER LONG-TERM ASSETS

	Closing balance VND	Opening balance VND
Deposits for purchases of real estates	50,000,000,000	50,000,000,000
Other deposits	3,000,184,625	10,000,000
Payment to Clearing Fund for derivative transactions	15,046,536,424	15,009,271,222
- Amount paid	15,000,000,000	15,000,000,000
- Interest allocated	46,536,424	9,271,222
	68,046,721,049	65,019,271,222

20. GOODWILL

	Current year VND	Prior year VND (Adjusted)
COST		
Opening balance	24,194,509,882	-
Increase during the year	-	24,194,509,882
Closing balance	24,194,509,882	24,194,509,882
ACCUMULATED AMORTISATION		
Opening balance	2,399,565,090	-
Charge for the year (See note 38)	2,419,450,988	2,399,565,090
Closing balance	4,819,016,078	2,399,565,090
NET BOOK VALUE		
Opening balance	21,794,944,792	-
Closing balance	19,375,493,804	21,794,944,792

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23. ACCOUNTS PAYABLE FOR SECURITIES TRADING ACTIVITIES

	Closing balance	Opening balance
	VND	VND
Payable to Stock Exchange	3,934,791,772	6,306,339,228
Payable for purchases of financial assets (i)	148,490,500,000	757,423,894,000
	152,425,291,772	763,730,233,228

(i) Account payables are paid on date T+2.

24. ACCOUNTS PAYABLE TO SUPPLIERS

	Closing balance	Opening balance
	VND	VND
Financial Software Solutions Joint Stock Company	1,711,800,000	2,361,200,000
Mrs. Nhu Thi Hai Van	602,700,000	-
AWA Waterproofing Company Limited	46,496,182	46,496,182
TD Trading and Advertising Company Limited	5,593,933	5,593,933
Thai Duong Construction Consultancy and Trading Joint Stock Company	5,000,000	5,000,000
ONEP Trading and Online Services Joint Stock Company	10,000,000	-
Vietnam Academy of Forest Sciences	501,600	501,600
Thang Tam Construction and Interior Decoration Company Limited	-	20,744,340
Duong Dong Company Limited	-	115,000,000
Others	330,000	-
	2,382,421,715	2,554,536,055

25. TAXES AND OTHER OBLIGATIONS TO THE STATE BUDGET

	Closing balance	Opening balance
	VND	VND
Corporate income tax	19,547,932,530	25,764,691,233
Personal income tax	16,335,075,295	17,301,390,698
Value added tax	166,119,949	346,986,431
	36,049,127,774	43,413,068,362

26. SHOR-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Interest expenses on borrowings from credit institutions	15,306,486,479	8,272,328,656
Interest expenses on issued bonds	76,389,270,638	6,489,990,974
Others	721,752,236	768,668,519
	92,417,509,353	15,530,988,149

27. BONUS AND WELFARE FUNDS

This fund is established by appropriating profit after tax as approved by shareholders in the General Meeting of Shareholders. This fund is used to pay bonus and welfare to employees in accordance with VNDIRECT's policies. Movements of bonus and welfare funds during the year were as follows:

	Current period VND	Prior period VND
Opening balance	6,306,441,561	1,752,381,129
Appropriation during the year (Note 30)	41,858,845,261	9,552,372,487
Utilisation during the year	(33,303,504,817)	(4,998,312,055)
Closing balance	14,861,782,005	6,306,441,561

28. DEFERRED TAX LIABILITIES

	Closing balance		Opening balance	
	Tax rate	Amount VND	Tax rate	Amount VND
Deferred tax assets				
Revaluation reverse of subsidiaries' assets at acquisition date	20%	15,301,984,520	20%	-
		15,301,984,520		-
Deferred tax liabilities				
Gains from revaluation of financial assets at FVTPL	20%	1,500,554,821	20%	6,755,317,767
Revaluation surplus of subsidiaries' assets at acquisition date	20%	-	20%	8,406,109,480
		1,500,554,821		15,161,427,247

29. OWNER SHARE CAPITAL

VNDIRECT has authorised and issued share capital is as follows:

	Closing balance		Opening balance	
	Number of share	Par value VND	Number of share	Par value VND
Authorised and issued share capital	220,430,169	2,204,301,690,000	154,998,165	1,549,981,650,000
Treasury shares				
Ordinary share	(11,864,689)	(118,646,890,000)	(4,000,391)	(40,003,910,000)
Shares in circulation				
Ordinary share	208,565,480	2,085,654,800,000	150,997,774	1,509,977,740,000

Each ordinary share has a par value of VND 10,000 and is entitled to one vote at shareholders' meetings of VNDIRECT. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to VNDIRECT's residual assets. In respect of shares bought back by VNDIRECT, all rights are suspended until those shares are reissued.

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30. UNDISTRIBUTED PROFITS

	Closing balance	Opening balance
	VND	VND
		(Adjusted)
Undistributed realised profit	488,161,263,176	453,987,637,271
Unrealised profit	(115,024,961,904)	27,021,271,065
- Revaluation exchange rate differences	826,465,877	-
- Revaluation financial assets	(115,851,427,781)	27,021,271,065
	373,136,301,272	481,008,908,336

The distribution of income to shareholders in the year

	Current year	Prior year
	VND	VND
		(Adjusted)
Opening balance	784,942,668,096	354,791,006,867
Total comprehensive income for the period	373,136,301,272	481,008,908,336
Charter capital supplementary reserve (i)	(20,879,419,558)	(20,652,437,310)
Financial and operational risk reserve (i)	(20,879,419,558)	(20,652,437,310)
Business bonus fund (Note 27) (ii)	(41,858,845,261)	(9,552,372,487)
Cash dividend for the year 2018 (iii)	(216,619,554,050)	-
Share dividend for the year 2016 (iv)	(150,994,170,000)	-
Closing balance	706,847,560,941	784,942,668,096

- (i) Temporarily appropriate for 2018 according to the Charter;
- (ii) Appropriate 2017 business bonus fund according to the Decision of the Chairman of the Board of Directors No. 89/2018/QD-VNDS dated 1 May 2018;
- (iii) Dividend payment in cash at the rate of 10%/share according to the Resolution of the 2018 Annual General Meeting of Shareholders No. 200-4/2018/NQ-DHDCD dated 20 April 2018; and
- (iv) Issuance of shares to pay dividends in 2016 according to the Resolution of the 2017 Annual General Meeting of Shareholders No. 198/2017/NQ-DHDCD dated 29 May 2017 and Certificate of Registration of public offering of shares of State Securities Commission No. 08/GCN-UB dated 5 February 2018.

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31. GAINS FROM SALES OF FINANCIAL ASSETS

a) Gains from sales of financial assets at FVTPL

Current year	Number of securities sold	Total sale proceeds	Average cost of securities sold up to last transaction date	Gains from sales of securities during the year
		VND	VND	VND
Listed shares	44,839,688	1,389,105,570,657	1,232,435,151,180	156,670,419,477
Unlisted shares	8,694,075	198,270,045,344	181,282,147,476	16,987,897,868
Listed bonds	86,908,050	9,413,231,365,222	9,398,821,687,770	14,409,677,452
Unlisted bonds	44,260,010	36,286,108,550,826	36,211,363,692,117	74,744,858,709
	184,701,823	47,286,715,532,049	47,023,902,678,543	262,812,853,506

Prior year	Number of securities sold	Total sale proceeds	Average cost of securities sold up to last transaction date	Gains from sales of securities during the year
		VND	VND	VND
Listed shares	73,530,630	1,519,553,101,586	1,368,261,620,001	151,291,481,585
Unlisted shares	534,513	3,188,766,092	3,041,469,710	147,296,382
Listed bonds	66,530,000	7,046,838,700,000	7,041,696,710,000	5,141,990,000
Unlisted bonds	22,331,759	6,379,113,237,933	6,312,449,396,124	66,663,841,809
	162,926,902	14,948,693,805,611	14,725,449,195,835	223,244,609,776

b) Premiums from revaluation of financial assets at FVTPL

Financial assets	Closing amount			
	Cost	Fair value	Revaluation difference at the end of the year	Revaluation difference at the beginning of the year
	VND	VND	VND	VND
Listed shares	510,613,268,584	383,064,454,680	830,628,520	29,270,727,096
Listed fund units	2,445,279,829	2,656,000,000	305,300,000	-
Unlisted fund certificates	50,500,000,000	48,224,400,000	-	-
Unlisted shares	518,263,043,077	386,124,625,282	6,366,845,585	4,505,861,736
	1,081,821,591,490	820,069,479,962	7,502,774,105	33,776,588,832
				(26,273,814,727)

VNINDIRECT SECURITIES JOINT STOCK COMPANY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. LOSSES FROM SALES OF FINANCIAL ASSETS

a) Losses from sales of financial assets at FVTPL

Current year	Number of securities sold	Total sale proceeds VND	Average cost of securities sold up to last transaction date VND	Losses from sales of securities during the year VND
Listed shares	49,086,079	1,173,540,217,356	1,317,122,790,656	143,582,573,300
Unlisted shares	3,757,221	48,515,485,000	51,133,227,000	2,617,742,000
Listed bonds	90,620,000	9,504,456,890,000	9,508,886,037,500	4,429,147,500
Unlisted bonds	8,605,627	18,604,773,280,460	18,661,351,445,935	56,578,165,475
	152,068,927	29,331,285,872,816	29,538,493,501,091	207,207,628,275

Prior year	Number of securities sold	Total sale proceeds VND	Average cost of securities sold up to last transaction date VND	Losses from sales of securities during the year VND
Listed shares	27,746,398	626,274,149,700	659,383,620,676	33,109,470,976
Unlisted shares	554,000	3,871,900,000	4,569,000,000	697,100,000
Listed bonds	37,610,000	4,048,424,690,000	4,051,718,190,000	3,293,500,000
Unlisted bonds	42,448,875	18,545,421,211,454	18,576,948,187,957	31,526,976,503
	108,359,273	23,223,991,951,154	23,292,618,998,633	68,627,047,479

b) (Reversal of) Allowance for impairment of financial assets at FVTPL

	Current year VND	Prior year VND
(Reversal of) allowance for impairment of financial assets at FVTPL (Note 10)	173,280,823,688	(3,603,767,777)
33. (REVERSAL OF) ALLOWANCE FOR FINANCIAL ASSETS, WRITE-OFF OF DOUBTFUL DEBTS AND IMPAIRMENT LOSS ON FINANCIAL ASSETS		
	Current year VND	Prior year VND
(Reversal of) Allowance for financial assets, write-off of doubtful debts and impairment loss of financial assets (See note 10)	(3,539,230,029)	9,821,150,741
34. DIVIDENDS AND INTEREST INCOME FROM FINANCIAL ASSETS, LIABILITIES AND LOANS		
	Current year VND	Prior year VND (Adjusted)
From financial assets at FVTPL	13,655,777,154	25,688,244,368
Dividend received	13,655,777,154	25,688,244,368
From held-to-maturity financial assets	289,295,366,105	180,440,950,763
Interest income from term deposits at banks	289,295,366,105	180,440,950,763
From loans and receivables	434,877,326,930	343,826,028,615
Interest income from margin loans	414,741,255,517	335,689,475,181
Interest income from advances to customers for the proceeds from sales of securities	20,136,071,413	8,136,553,434
From available-for-sale financial assets	4,811,965,659	29,141,692,539
Bond interest	2,583,472,508	29,141,692,539
Deposit certificate interest	2,228,493,151	-

35. REVENUE FROM SECURITIES BUSINESS ACTIVITIES

	Current year	Prior year
	VND	VND
Revenue from securities brokerage	520,182,829,564	344,073,430,661
- Revenue from listed securities brokerage	450,726,041,108	340,460,631,230
- Revenue from fees related to derivatives	69,263,839,075	3,503,080,000
- Other revenue from brokerage	192,949,381	109,719,431
Revenue from underwriting and issuance agency services	17,870,966,190	10,617,046,488
Revenue from securities investment advisory services	3,707,799,209	2,123,113,998
Revenue from securities custody services	11,198,531,803	7,814,459,101
Revenue from financial advisory services	-	17,594,724,284
Others	6,349,245,274	1,985,262,269
- Revenue from fund management and portfolio securities investment	3,238,791,819	726,443,996
- Others	3,110,453,455	1,258,818,273
	559,309,372,040	384,208,036,801

36. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Unrealized exchange rate difference	826,465,877	-
Interest income from demand deposits	5,908,714,023	3,768,871,084
Interest when terminating equity method (Note 15)	88,662,183,838	-
	95,397,363,738	3,768,871,084

37. FINANCIAL EXPENSES

	Current year	Prior year
	VND	VND
Interest expenses from borrowings and bonds issued	281,091,753,676	182,807,797,659
Interest expenses from customers' deposits	5,431,499,867	8,359,555,145
Others	-	7,645,859
	286,523,253,543	191,174,998,663

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38. GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND (Adjusted)
Salaries and related expenses	197,222,239,137	173,358,585,494
Stationary expenses	858,237,187	936,620,038
Tools and supplies expenses	3,931,150,070	3,122,912,113
Depreciation and amortisation expenses of fixed assets	21,958,681,733	19,137,603,000
Taxes and fees expenses	450,143,216	122,754,484
Out-sourced services	78,291,040,479	61,502,454,414
Amortisation of goodwill (see note 20)	2,419,450,988	2,399,565,090
	305,130,942,810	260,580,494,633

39. CORPORATE INCOME TAX

	Current year VND	Prior year VND (Adjusted)
Current corporate income tax		
Current year	93,825,594,709	92,612,392,844
Deferred corporate tax (income)/expense		
Arising and reversal of temporary differences	(28,962,856,946)	6,747,296,864
	64,862,737,763	99,359,689,708

	Current year VND	Prior year VND
Profit before tax	437,999,039,035	580,368,598,044
Adjustments for taxable profit		
Less: non-taxable income		
- Dividend	13,655,777,154	25,688,244,368
- Revaluation surplus/reverse from FVTPL financial assets	(26,273,814,727)	33,776,588,832
- Income on bonus shares	5,283,699,980	6,035,450,000
- Share interest from affiliates	5,465,614,355	29,446,034,409
- Negative goodwill	-	34,045,036,916
- Interest when terminating equity method	88,662,183,838	-
- Others	(9,000,000)	535,995,130
Add back: non-deductible expenses		
- Gain from revaluation of financial assets at FVTPL	118,540,470,000	-
- Allowance general provision for margin loan	(3,539,230,029)	-
- Goodwill amortization	2,419,450,988	9,821,150,741
- Others	12,930	2,399,565,090
Taxable income	468,635,282,324	463,061,964,220
- Company's taxable income	469,127,973,547	460,777,237,520
- Subsidiaries' taxable income	(492,691,223)	2,284,726,700
Tax rate	20%	20%
Current corporate income tax	93,825,594,709	92,612,392,844

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	Current year VND	Prior year VND (Adjusted)
Temporary differences taxable	(144,814,284,727)	33,736,484,318
- Gains from revaluation of financial assets at FVTPL	(26,273,814,727)	33,776,588,832
- Allowance for impairment of financial assets at FVTPL	(118,540,470,000)	-
- Realised gains from revaluation of SMC shares	-	(40,104,514)
Tax rate	20%	20%
Deferred corporate tax (income)/expense from temporary differences taxable	(28,962,856,946)	6,747,296,864
Deferred corporate tax (income)/expense	(28,962,856,946)	6,747,296,864

40. BASIC EARNINGS PER SHARE

Net profit attributable to ordinary shareholders

	Current year VND	Prior year (Adjusted) VND	Prior year (Reported) VND
Earnings for the purpose of calculating basis earnings per share (VND)	373,136,301,272	481,008,908,336	472,106,549,387
Allocation to bonus and welfare funds (*)	-	(51,411,217,748)	-
Net profit attributable to ordinary shareholders	373,136,301,272	429,597,690,588	472,106,549,387

(*) At the issue date of these financial statements, VNDIRECT had not estimated in a reliable manner the profits that may be allocated to the bonus and welfare funds for the six-month period ended 31 December 2018 because the General Meeting of Shareholders has not decided allocation percentage to the funds for the year 2018. If the Company made allocation to these funds, net profit attributable to ordinary shareholders would decrease.

Number of weighted average ordinary shares

	Current year Share	Previous year Share (Adjusted)	Previous year Share (Reported)
Common shares issued previously carried forward	150,997,774	147,539,485	147,539,485
Effect of the number of shares the company purchased and reissued	(630,107)	(702,449)	(702,449)
Effect of the number of shares issued to pay dividends to shareholders	15,099,417	15,099,417	15,099,778
Effect of the number of shares offered to existing shareholders at preferential rates	-	28,389,280	28,389,280
Effect of the number of common shares additionally issued	44,138,207	-	-
The average number of common shares	209,605,291	190,325,733	190,326,094

Basic earnings per share

	Current year	Prior year (Adjusted)	Prior year (Reported)
	VND/share	VND/share	VND/share
Earnings per share	1,780	2,257	2,481

41. SIGNIFICANT BALANCES AND TRANSACTIONS WITH RELATED PARTIES

List of related parties with significant transaction and balances for the year

<u>Related parties</u>	<u>Relationship</u>
Ms. Pham Minh Huong	Chairwoman of Board of Directors of the Company
Mr. Vu Hien	A member of Board of Directors of the Company
Post and Telecommunication Joint Stock Insurance Corporation (PTI)	Chairman of Board of Directors of the Company is a member of Board of Directors of the related party
Vietnam National Apiculture Joint Stock Company	Chairman of Board of Directors of the Company is a member of Board of Directors of the related party
H&H Investment Management Company Limited	Chairman of Board of Directors of the Company is Chairman of Members' Council of the related party
I.P.A Investment Group Joint Stock Company	A member of Board of Directors of the Company is Chairman of Board of Directors of the related party
IPA Finance Co., Ltd.	A member of Board of Directors of the Company is Chairman of Board of Directors, major shareholder
Tra Vinh Rural Electricity Joint Stock Company	A member of Board of Directors of the Company is a member of Board of Directors of the related party
Bac Ha Energy Joint Stock Company	A member of Board of Directors of the Company is Chairman of Board of Directors of the related party
Asian Pearl Joint Stock Company	A member of Board of Directors of the Company is Chairman of Board of Directors of the related party
ANVIE Real Estate Company Limited	A member of Board of Directors of the Company is Chairman of Members' Council of the related party
HOMEFOOD Joint Stock Company	A member of Board of Directors of the Company is Chairman of Board of Directors of the related party
HOMEDIRECT Joint Stock Company	A member of Board of Directors of the Company is Chairman of Board of Directors of the related party
IPA Cuu Long Trading and Investment Joint Stock Company	A member of Board of Directors of the Company is Chairman of Board of Directors of the related party
Printing Mechanical Joint Stock Company	A member of Board of Directors of the Company is Chairman of Board of Directors of the related party
Hoi An Tourist Service Joint Stock Company	A member of Board of Directors of the Company is a member of Board of Directors of the related party

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In the year, VNDIRECT has significant transactions with its related parties are as follows:

	Current year VND	Prior year VND
Board of Management, Board of Directors, Supervisory Board		
Salaries and bonus	14,913,000,000	4,749,440,000
IPA Investment Group Joint Stock Company		
Costs of hiring / managing office	10,581,277,422	6,057,004,963
Transfer of shares	-	22,000,000,000
HOMEDIRECT Services Joint Stock Company		
Bond investment	-	200,000,000,000
Bond issuance costs	2,900,000,000	2,900,000,000
Bond interest	6,999,439	33,612,203,720
Interest expenses on demand deposits	12,239,320	163,600,262
Other expenses	120,000,000	-
IPA Finance One Member Limited Liability Company		
Dividends received from VNDIRECT	56,188,354,000	-
Securities trading account	571,295,213,980	1,272,319,199
Fee income	28,736,553	1,169,588
Interest expenses on demand deposits	1,523,447	9,460,869
Post and Telecommunication Joint Stock Insurance Corporation (PTI)		
Dividends received	21,126,475,200	20,105,719,200
Fee income	1,563,621,633	1,330,706,536
Interest expenses on demand deposits	19,742,135	53,372,005
Bac Ha Energy Joint Stock Company		
Securities trading account	120,718,918,424	385,450,641,226
Interest expenses on demand deposits	1,308,348	7,856,635
Asian Pearl Joint Stock Company		
Securities trading account	12,068,478,051	4,111,581,944
Interest expenses on demand deposits	210,451	1,068,277

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	Current year VND	Prior year VND
ANVIE Real Estate Limited Liability Company		
Securities trading account	172,586,932	193,614,583,373
Interest expenses on demand deposits	115,381	3,615,040
Fee income	271,551	-
HOMEFOOD Joint Stock Company		
Interest expenses on demand deposits	1,638	4,207
Food purchase	150,455,468	496,699,038
Other expenses	18,039,481	-
Printing Mechanical Joint Stock Company		
Land renting expense	2,612,074,205	1,811,827,200
Interest expenses on demand deposits	1,400,508	545,065
Fee income	1,699,976	-
Ms. Pham Minh Huong		
Securities trading account	210,891,278,870	4,262,502,577
Remuneration of Board of Management	84,000,000	84,000,000
Interest expenses on demand deposits	790,592	295,274
Fee income	166,141,845	4,851,019
Dividends received from VNDIRECT	1,343,736,050	-
Mr. Vu Hien		
Securities trading account	247,624,926,959	359,810,876,633
Remuneration of Board of Management	84,000,000	84,000,000
Coupon	2,603,978,120	3,635,451,554
Interest expenses on demand deposits	2,850,260	5,910,893
Fee income	6,415,077	4,547,617
Dividends received from VNDIRECT	171,000	-

As at 31 December 2018, VNDIRECT has significant balances with its related parties are as follows:

	Closing balance VND	Opening balance VND
HOMEDIRECT Services Joint Stock Company		
Equity investments	7,500,000,000	7,500,000,000
Securities trading account	130,916,841	2,350,414,027
IPA Finance One Member Limited Liability Company		
Capital contribution received	561,883,540,000	392,011,780,000
Securities trading account	23,580,113	-
Post and Telecommunication Joint Stock Insurance Corporation (PTI)		
Investments in shares (par value)	158,053,960,000	176,053,960,000
Securities trading account	4,917,741,997	2,362,773,075
Hoi An Tourist Service Joint Stock Company (HOT)		
Investments in shares	9,644,810,000	9,644,810,000

	Closing balance VND	Opening balance VND
Bac Ha Energy Joint Stock Company		
Securities trading account	12,144,691,908	255,392,318
Asian Pearl Joint Stock Company		
Securities trading account	322,843	3,879,992
ANVIE Real Estate Limited Liability Company		
Securities trading account	14,041,599	186,397,769
HOMEFOOD Joint Stock Company		
Securities trading account	524,235	522,597
Printing Mechanical Joint Stock Company		
Land lease deposit	500,000,000	500,000,000
Securities trading account	508,731,597	-
Ms. Pham Minh Huong		
Shares owned (par value)	64,144,590,000	9,868,320,000
Securities trading account	355,986,415	41,181,215
Mr. Vu Hien		
Shares owned (par value)	1,800,000	1,640,000
Securities trading account	620,055,766	1,179,360,579
VNDIRECT Bonds	6,293,800,000	53,293,800,000

42. SUBSEQUENT EVENTS

I.P.A Securities Investment Management Company Limited (a subsidiary of the Company) will contribute VND 20,000,000 to establish IVND Limited Company with a 100% capital contribution ratio under Decision No. 01/2019/QD-IPAAM of the Board of Directors on 15 January 2019.

43. COMPARATIVE FIGURES

Comparative figures for the financial year ended at 31 December 2017 related to the recognition of goodwill from the purchase I.P.A Securities Investment Management Company Limited Company at 04 January 2017 and recognition of PTI as associate company under the equity method have been restated to facilitate comparability with figures of current year, as follows:

Consolidated statement of financial position	Code	Opening balance		
		Reported VND	Adjustment VND	Adjusted VND
Investments in joint ventures, associates	212.3	411,986,325,646	9,728,835,361	421,715,161,007
Goodwill	256	14,215,311,724	7,579,633,068	21,794,944,792
Deferred tax liabilities	356	6,755,317,767	8,406,109,480	15,161,427,247
Undistributed profits	417	776,040,309,147	8,902,358,949	784,942,668,096

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Consolidated income statement	Code	Prior year		
		Reported	Adjustment	Adjusted
		VND	VND	VND
Gains from financial assets at FVTPL	01	302,815,162,176	(20,105,719,200)	282,709,442,976
Dividends and interest income from financial assets at FVTPL	01.3	45,793,963,568	(20,105,719,200)	25,688,244,368
Share of profit generated by associates	56	(33,656,516,764)	4,210,482,355	(29,446,034,409)
General and administration expenses	62	259,745,997,318	834,497,315	260,580,494,633
Other income	71	674,355,684	34,045,036,916	34,719,392,600
Realised profit	91	537,697,671,166	8,894,338,046	546,592,009,212
Deferred corporate income tax expense	100.2	6,755,317,767	(8,020,903)	6,747,296,864
Total profit after tax	200	472,106,549,387	8,902,358,949	481,008,908,336

Consolidated cash flow statement	Code	Prior year		
		Reported	Adjustment	Adjusted
		VND	VND	VND
Profit before tax	01	571,474,259,998	8,894,338,046	580,368,598,044
Allowances of goodwill	09	-	2,399,565,090	2,399,565,090
Other gains	21	-	(34,045,036,916)	(34,045,036,916)
Decrease in other assets	40	(56,734,508,824)	43,760,139,680	(12,974,369,144)
Investment to subsidiaries, associates and other investments	63	(1,854,268,005)	(21,009,005,900)	(22,863,273,905)

Ms. Vu Thi Thanh Van
Preparer

Ms. Nguyen Thi Ha Ninh
Chief Accountant



Ms. Phạm Minh Huong
Chief Executive Officer

29 March 2019
 Hanoi, S.R.Vietnam

S.Đ. K. K. D. 0103014521 - C.T.C.P

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