



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

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019



TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE BOARD OF MANAGEMENT	1 - 2
INDEPENDENT AUDITORS' REPORT	3 - 4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5 - 8
CONSOLIDATED STATEMENT OF OPERATIONS	9 - 10
CONSOLIDATED STATEMENT OF CASH FLOWS	11 - 13
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	14
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	15 - 54



STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of VNDIRECT Securities Joint Stock Company (the "Company") presents this report together with the Company's consolidated financial statements for the year ended 31 December 2019.

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. Pekka Mikeal Nastamo	Member (Appointed on 18 April 2019)
Mr. Christopher Bertram	Member (Resigned on 18 April 2019)
Brinkeborn Beselin	

Board of Management

Mr. Do Ngoc Quynh	Acting Chief Executive Officer (Appointed on 15 January 2020)
Ms. Pham Minh Huong	Chief Executive Officer
Mr. Tran Vu Thach	Managing Director (Resigned on 09 April 2019)
Mr. Hoang Minh Chau	IT Director (Resigned on 01 June 2019)
Ms. Vu Nam Huong	Chief Financial Officer
Ms. Nguyen Thi Ha Ninh	Chief Accountant

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the Company is responsible for preparing the consolidated financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance, its cash flows and its changes in equity for year then ended in accordance with Vietnamese Accounting Standards, 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 other 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 Company will continue in business; and
- 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.

VNDIRECT SECURITIES JOINT STOCK COMPANY

01 Nguyen Thuong Hien Street, Hai Ba Trung District
Ha Noi, S.R. Viet Nam

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and the consolidated financial statements comply with Vietnamese Accounting Standards and accounting regimes applicable to securities companies promulgated together with the Ministry of Finance's Circular No. 210/2014/TT-BTC dated 30 December 2014; Circular No. 334/2016/TT-BTC dated 27 December 2016 amending, supplementing and replacing Annexes 02 and 04 of Circular 210 and other legal regulations relating to 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 Company has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of Management,



Phạm Minh Huong
Chief Executive Officer

30 March 2020
Hanoi, S.R. Vietnam

Số: 0949 /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 30 March 2020, as set out on from page 05 to page 54, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of operations, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended and the explanatory notes to the consolidated financial statements.

Board of 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, 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 the other 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 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 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)

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, the financial position of the Company as at 31 December 2019, and its consolidated financial performance, consolidated cash flows and its consolidated changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to securities companies issued by the Ministry of Finance attached to Circular No. 210/2014/TT-BTC dated 30 December 2014, Circular No. 334/2016/TT-BTC dated 27 December 2016 amending, supplementing and replacing Annexes 02 and 04 of Circular 210 and legal regulations relating to consolidated financial reporting.



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

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

DELOITTE VIETNAM COMPANY LIMITED

30 March 2020
Hanoi, S.R. Vietnam

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
ASSETS				
A. CURRENT ASSETS	100		11,239,326,733,659	10,231,031,388,656
(100=110+130)				
I. Financial assets	110		11,222,436,388,453	10,214,489,951,731
1. Cash and cash equivalents	111	6	613,548,205,346	915,397,756,735
1.1 Cash	111.1		611,548,205,346	507,397,756,735
1.2 Cash equivalents	111.2		2,000,000,000	408,000,000,000
2. Financial assets at fair value through profit or loss (FVTPL)	112	8	1,494,861,717,504	1,089,324,365,595
3. Held-to-maturity investments (HTM)	113	8	5,547,838,125,244	5,371,330,000,000
4. Loans receivable	114	8	2,887,072,098,158	2,582,474,306,127
5. Available-for-sale financial assets (AFS)	115	8	783,059,553,715	387,030,902,241
6. Provision for impairment of financial assets and collaterals	116	10	(322,764,302,831)	(288,925,602,948)
7. Receivables from financial assets	117		208,216,106,861	149,044,009,181
7.1 Receivables from sales of financial assets	117.1		24,503,687,339	70,296,321,189
7.2 Dividends and interest receivables from financial assets	117.2	11	183,712,419,522	78,747,687,992
7.2.1 Dividend and interest receivable not yet due	117.4		183,712,419,522	78,747,687,992
8. Prepayment to suppliers	118		5,232,852,538	2,424,693,340
9. Other receivables	122	12	10,035,246,347	11,052,735,889
10. Allowance for doubtful debts	129	13	(4,663,214,429)	(4,663,214,429)
II. Other current assets	130		16,890,345,206	16,541,436,925
1. Advances	131		1,986,563,697	3,420,828,003
2. Short-term prepaid expenses	133	14	12,048,535,591	6,623,025,546
3. Short-term deposits, collaterals and pledges	134		2,838,830,443	2,500,563,283
4. Added value tax deductible	135		16,415,475	-
5. Other current assets	137		-	3,997,020,093
B. NON-CURRENT ASSETS	200		337,707,594,352	303,609,931,346
(200=210+220+240+250)				
I. Non-current financial assets	210		116,566,174,695	102,000,000,000
1. Investments	212		116,566,174,695	102,000,000,000
1.1 Held-to-maturity investments	212.1	8	105,075,141,095	100,000,000,000
1.2 Other long-term investments	212.4	8	11,491,033,600	2,000,000,000
II. Fixed assets	220		56,499,199,521	72,912,546,977
1. Tangible fixed assets	221	15	41,921,375,951	54,009,140,204
- Cost	222		108,480,518,260	107,783,001,986
- Accumulated depreciation	223a		(66,559,142,309)	(53,773,861,782)
2. Intangible assets	227	16	14,577,823,570	18,903,406,773
- Cost	228		86,631,691,707	83,084,078,207
- Accumulated amortisation	229a		(72,053,868,137)	(64,180,671,434)
III. Construction in progress	240		500,000,000	500,000,000
IV. Other non-current assets	250		164,142,220,136	128,197,384,369
1. Long-term prepaid expenses	252	14	10,526,417,793	7,473,184,996
2. Deferred income tax assets	253	27	19,788,798,902	15,301,984,520
3. Deposits at Payment Support Fund	254	17	20,000,000,000	20,000,000,000
4. Other long-term assets	255	18	96,870,960,625	66,046,721,049
5. Goodwill	256	19	16,956,042,816	19,375,493,804
TOTAL ASSETS	270		11,577,034,328,011	10,534,641,320,002
(270=100+200)				

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2019

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
LIABILITIES AND EQUITY				
C. LIABILITIES	300		8,328,523,064,489	7,551,711,467,349
(300=310+340)				
I. Current liabilities	310		7,923,006,634,070	7,050,210,912,528
1. Short-term borrowings and finance lease liabilities	311	20	6,553,608,086,436	6,012,344,898,307
1.1 Short-term borrowings	312		6,553,608,086,436	6,012,344,898,307
2. Short-term bonds issued	316	21	700,000,000,000	726,562,200,000
3. Accounts payable for securities trading activities	318	22	513,386,234,368	152,425,291,772
4. Short-term trade payables	320	23	563,459,180	2,382,421,715
5. Advances from customers	321		14,830,824,853	2,535,120,090
6. Taxes and other obligations to the State budget	322	24	53,298,209,248	36,049,127,774
7. Payables to employees	323		3,706,278,186	6,996,117,562
8. Employees' benefits payable	324		4,911,706,497	3,028,864,974
9. Short-term accrued expenses	325	25	62,924,952,518	92,417,509,353
10. Other short-term payables	329		1,334,572,791	607,578,976
11. Bonus and welfare funds	331	26	14,442,309,993	14,861,782,005
II. Non-current liabilities	340		405,516,430,419	501,500,554,821
1. Long-term bonds issued	346	21	403,641,000,000	500,000,000,000
2. Deferred tax liabilities	356	27	1,875,430,419	1,500,554,821
D. EQUITY(400=410)	400		3,248,511,263,522	2,982,929,852,653
I. Owners' equity	410		3,248,511,263,522	2,982,929,852,653
1. Owners' contributed capital	411		2,124,678,479,777	2,124,680,195,027
1.1 Share capital	411.1	28	2,204,301,690,000	2,204,301,690,000
a. Ordinary shares with voting rights	411.1a		2,204,301,690,000	2,204,301,690,000
1.2 Share premium	411.2		121,224,048,620	121,224,048,620
1.3 Treasury shares	411.5		(200,847,258,843)	(200,845,543,593)
2. Reserve to supplement charter capital	414		110,445,504,860	90,351,911,844
3. Financial and operational risk reserve	415		81,143,777,857	61,050,184,841
4. Undistributed profits	417	29	932,243,501,028	706,847,560,941
4.1 Realised profits	417.1		1,036,985,671,200	794,851,251,780
4.2 Unrealised (losses)	417.2		(104,742,170,172)	(88,003,690,839)
TOTAL LIABILITIES AND EQUITY	440		11,577,034,328,011	10,534,641,320,002
(440=300+400)				

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2019

Unit: VND

OFF-BALANCE SHEET ITEMS

ITEMS	Codes	Notes	Closing balance	Opening balance
A. ASSETS OF SECURITIES COMPANY AND ASSETS MANAGED UNDER COMMITMENTS				
1. Bad debts written off	004		101,986,716,060	101,986,716,060
2. Shares in circulation (share)	006		208,565,361	208,565,480
3. Treasury shares (share)	007		11,864,808	11,864,689
4. Listed/registered financial assets at VSD of Securities Company	008		432,893,598,000	269,117,370,000
5. Custodied financial assets at VSD but not yet traded of Securities Company	009		4,350,000	5,770,000
6. Financial assets in transit of Securities Company	010		456,354,506,000	148,490,500,000
7. Financial assets of Securities Company but not yet custodied at VSD	012		582,998,330,000	556,924,410,000
8. Covered warrants	014		9,008,770	-
B. ASSETS AND PAYABLES RELATING TO ASSETS MANAGED BY VNDIRECT				
1. Listed/registered financial assets at VSD of the investors	021		36,397,073,900,800	28,943,992,430,000
a. Freely traded financial assets	021.1		30,273,992,257,100	26,629,255,570,000
b. Financial assets under pledged transactions	021.3		5,661,496,940,000	1,942,609,490,000
c. Blocked financial assets	021.4		100,631,610,000	54,631,610,000
d. Financial assets awaiting settlement	021.5		319,632,653,700	317,495,760,000
2. Financial assets custodied at VSD but not yet traded of the investors	022		717,384,940,000	1,010,283,560,000
a. Freely traded financial assets custodied at VSD but not yet traded	022.1		692,315,920,000	263,545,560,000
b. Financial assets custodied at VSD but not yet traded and restricted for transfer	022.2		25,069,020,000	708,951,950,000
c. Financial assets custodied at VSD but not yet traded and under pledged transactions	022.3		-	37,786,050,000
3. Financial assets in transit of investors	023		277,909,615,800	324,074,460,000

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)


As at 31 December 2019

Unit: VND

OFF-BALANCE SHEET ITEMS (Continued)

ITEMS	Codes	Notes	Closing balance	Opening balance
B. ASSETS AND PAYABLES RELATING TO ASSETS MANAGED BY VNDIRECT				
4. Customers' deposits	026		1,559,519,771,197	1,993,122,252,442
4.1. Customers' cash deposits for securities transactions managed by Securities Company	027		1,179,115,822,058	1,524,410,851,943
4.2. Customers' deposits for securities transactions	028		378,912,315,900	468,569,564,560
4.3. Cash deposits for clearing and settlement of securities transactions	029		265,353,239	91,855,939
a. Cash deposits for securities transaction clearing and settlement of domestic customers	029.1		179,154,519	17,809,964
b. Cash deposits for securities transaction clearing and settlement of foreign customers	029.2		86,198,720	74,045,975
4.4. Deposits from securities issuers	030		1,226,280,000	49,980,000
5. Payables to customers for cash deposits for securities transactions managed by Securities Company	031		1,557,976,371,670	1,991,753,674,247
5.1. Payables to domestic customers for cash deposits for securities transactions managed by Securities Company	031.1		1,466,131,176,707	1,859,790,878,722
5.2. Payables to foreign customers for cash deposits for securities transactions managed by Securities Company	031.2		91,845,194,963	131,962,795,525
6. Payables to securities issuers	032		1,226,280,000	49,980,000
7. Dividend, bond principal and interest payable	035		317,119,527	1,318,598,196
8. Margin deposits from investors at VSD	036		140,210,482,689	443,921,851,802


 Ms. Nguyen Thi Tuyen
Preparer


 Ms. Nguyen Ha Ninh
Chief Accountant


 Ms. Phạm Minh Huong
Chief Executive Officer
Hanoi, S.R.Vietnam
30 March 2020

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

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
I. OPERATING REVENUE				
1.1. Gains from financial assets at fair value through profit or loss ("FVTPL")	01		279,673,321,665	250,194,815,933
a. Gains from sales of financial assets at FVTPL	01.1	30	250,986,214,708	262,812,853,506
b. Gains from revaluation of financial assets at FVTPL	01.2	31	(1,372,538,765)	(26,273,814,727)
c. Dividends and interest income from financial assets at FVTPL	01.3	32	26,812,728,962	13,655,777,154
d. Loss from revaluation of payable for outstanding covered warrants	01.4		3,246,916,760	-
1.2. Interest income from held-to-maturity investments	02	32	391,388,941,607	289,295,366,105
1.3. Interest income from loans and receivables	03	32	407,908,597,611	434,877,326,930
1.4. Gains from available-for-sale financial assets	04	32	20,345,546,486	4,811,965,659
1.5. Revenue from securities brokerage	06	33	335,409,939,972	520,182,829,564
1.6. Revenue from underwriting and issuance agency services	07	33	23,726,357,435	17,870,966,190
1.7. Revenue from securities investment advisory services	08	33	24,316,979,055	3,707,799,209
1.8. Revenue from securities custody services	09	33	12,904,794,156	11,198,531,803
1.9. Other operating income	11	33	6,203,553,887	6,349,245,274
Total operating income (20=01+02+03+04+06+07+08+09+11)	20		1,501,878,031,874	1,538,488,846,667
II. OPERATING EXPENSES				
2.1. Losses from financial assets at fair value through profit or loss ("FVTPL")	21		98,651,048,060	382,465,198,184
a. Losses from sales of financial assets at FVTPL	21.1	30	96,998,876,999	207,207,628,275
b. (Reversal of)/Allowance for impairment loss of financial assets at FVTPL	21.2	10	(222,603,048)	173,280,823,688
c. Costs of purchase transactions of financial assets at FVTPL	21.3		1,874,774,109	1,976,746,221
2.2. (Reversal of)/Allowance for financial assets, write-off of doubtful debts and impairment loss of financial assets	24		34,061,302,931	(3,539,230,029)
2.3. Expenses for securities brokerage services	27		154,992,042,374	216,277,272,321
2.4. Expenses for securities investment advisory services	29		-	136,409,943
2.5. Expenses for securities custody services	30		14,251,552,041	14,759,679,422
2.6. Financial advisory expense	31		-	124,000,000
Total operating expenses (40=21+24+27+29+30+31)	40		301,955,945,406	610,223,329,841

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

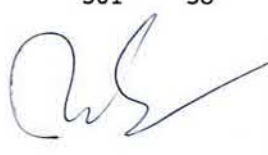
CONSOLIDATED STATEMENT OF OPERATIONS (Continued)

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
III. FINANCIAL INCOME				
3.1. Foreign exchange gain arising from translating foreign currency items	41		-	826,465,877
3.2. Dividends and interest income from demand deposits at banks	42	34	4,852,262,131	5,908,714,023
3.3. Profit from sale, disposal of investment in subsidiaries, joint ventures and associates	43		-	88,662,183,838
Total financial income (50=41+42+43)	50		4,852,262,131	95,397,363,738
IV. FINANCIAL EXPENSES				
4.1. Realised and unrealised foreign exchange loss differences	51		3,152,293,051	-
4.2. Interest expense	52	35	436,245,477,652	286,523,253,543
4.3. The share of profit generated by investment in associates	56		-	(5,465,614,355)
Total financial expenses (60=51+52+56)	60		439,397,770,703	281,057,639,188
V. GENERAL AND ADMINISTRATION EXPENSES	62	36	309,408,701,929	305,130,942,810
VI. OPERATING PROFIT (70=20+50-40-60-62)	70		455,967,875,967	437,474,298,566
VII. OTHER INCOME AND EXPENSES				
7.1. Other income	71		26,832,041,932	745,047,906
7.2. Other expenses	72		3,248,941,320	220,307,437
Profit from other activities (80=71-72)	80		23,583,100,612	524,740,469
VIII. ACCOUNTING PROFIT BEFORE TAX (90=70+80)	90		479,550,976,579	437,999,039,035
8.1. Realised profit before tax	91		500,401,394,696	581,986,857,885
8.2. Unrealised (loss)/profit before tax	92		(20,850,418,117)	(143,987,818,850)
IX. CORPORATE INCOME TAX ("CIT") EXPENSES	100	37	96,892,431,199	64,862,737,763
9.1. Current CIT expense	100.1		101,004,369,983	93,825,594,709
9.2. Deferred CIT (income)	100.2		(4,111,938,784)	(28,962,856,946)
X. NET PROFIT AFTER CIT EXPENSES (200 = 90 - 100)	200		382,658,545,380	373,136,301,272
XI. NET INCOME ON COMMON STOCKS	500		1,835	1,720
11.1. Basic earnings per share (VND/share)	501	38	1,835	1,720


Ms. Nguyen Thi Tuyen
Preparer


Ms. Nguyen Ha Ninh
Chief Accountant


Ms. Phạm Minh Huong
Chief Executive Officer
Hanoi, S.R.Vietnam
30 March 2020

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(Indirect method)

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current year	Prior year
I. Cash flows from operating activities			
1. Profit before tax	01	479,550,976,579	437,999,039,035
2. Adjustments for:	02	492,684,262,416	479,816,514,046
- Depreciation and amortisation of fixed assets	03	20,716,375,564	21,958,681,733
- Allowances and provisions	04	33,838,699,883	169,741,593,659
- Unrealised foreign exchange loss differences	05	(535,741,671)	(826,465,877)
- Interest expenses	06	436,245,477,652	286,523,253,543
- Other adjustments	09	2,419,450,988	2,419,450,988
3. Adjustment for non-cash expenses	10	1,372,538,765	26,273,814,727
- Losses from revaluation of financial assets at FVTPL	11	1,372,538,765	26,273,814,727
4. Adjustment for non-cash income	18	(3,246,916,760)	(88,662,183,838)
- Gains from revaluation of financial assets at FVTPL	19	(3,246,916,760)	-
- Other gains	21	-	(88,662,183,838)
5. Operating profit before changes in working capital	30	970,360,861,000	855,427,183,970
- (Increase)/Decrease in financial assets at FVTPL	31	(406,909,890,674)	77,705,135,034
- (Increase) in held-to-maturity investments (HTM)	32	(181,583,266,339)	(2,913,114,967,228)
- (Increase)/Decrease in loans receivable	33	(304,597,792,031)	472,647,146,224
- (Increase)/Decrease in financial assets available for sales (AFS)	34	(396,028,651,474)	360,991,097,759
- Decrease/(Increase) in receivables from sales of financial assets	35	45,792,633,850	(48,779,826,089)
- (Increase) in dividends and interests receivable from financial assets	36	(104,964,731,530)	(25,815,081,476)
- (Increase)/Decrease in other receivables	39	(1,790,669,656)	60,339,589,602
- (Increase)/Decrease in other assets	40	(25,731,222,337)	7,707,617,130
- Increase/(Decrease) in accrued expenses (excluding loan interest expense)	41	1,466,977,120	(45,450,406)
- (Increase) in prepaid expenses	42	(8,478,742,842)	(1,725,380,465)
- Corporate income tax paid	43	(78,913,868,194)	(100,042,353,412)
- Interest paid	44	(466,134,269,936)	(209,589,816,056)
- Increase/(Decrease) in accounts payable to suppliers	45	353,437,151,923	(611,477,055,796)
- Increase in employees' benefits payable	46	1,882,841,523	1,369,034,768
- (Decrease) in taxes and other obligations to the State budget (excluding corporate income tax paid)	47	(5,295,593,913)	(1,147,181,885)
- (Decrease) in payables to employees	48	(3,289,839,376)	(21,917,506,603)
- Increase/(Decrease) in other payables	50	9,010,225,326	(33,974,228,168)
Net cash flows from operating activities	60	(601,767,847,560)	(2,131,442,043,097)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(Indirect method)

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current year	Prior year
II. Cash flows from investing activities			
1. Payments for acquisition and construction of fixed assets, investment properties and other assets	61	(4,312,719,774)	(35,764,804,108)
2. Proceeds from sale, disposal of fixed assets, investment properties and other assets	62	9,691,666	-
3. Payments for investments in subsidiaries, joint ventures, associates and other investments	63	(34,777,283,600)	-
4. Proceeds from investments in subsidiaries, joint ventures, associates and other investments	64	25,286,250,000	36,360,000,000
Net cash flows from investing activities	70	(13,794,061,708)	595,195,892
III. Cash flows from financing activities			
1. Proceeds from equity issued or capital contributed by shareholders	71	-	504,584,770,000
2. Cash paid for capital withdrawals and buy-back of issued shares	72	(1,715,250)	(152,026,526,000)
3. Proceeds from borrowings	73	183,184,482,060,977	98,249,324,343,698
3.1. Other borrowings	73.2	183,184,482,060,977	98,249,324,343,698
4. Payments to settle loan principals	74	(182,766,675,072,848)	(95,681,488,668,001)
4.1. Payments to settle other loan principals	74.3	(182,766,675,072,848)	(95,681,488,668,001)
5. Dividends, profits paid to shareholders	76	(104,092,915,000)	(216,619,554,050)
Net cash flows from financing activities	80	313,712,357,879	2,703,774,365,647
IV. Net cash flows during the year	90	(301,849,551,389)	572,927,518,442
V. Cash and cash equivalents at the beginning of the year	101	915,397,756,735	342,470,238,293
- Cash	101.1	507,397,756,735	241,470,238,293
- Cash equivalents	101.2	408,000,000,000	101,000,000,000
VI. Cash and cash equivalents at the end of the year	103	613,548,205,346	915,397,756,735
- Cash	103.1	611,548,205,346	507,397,756,735
- Cash equivalents	103.2	2,000,000,000	408,000,000,000

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

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(Direct method)

For the year ended 31 December 2019

Unit: VND

CASH FLOWS OF CUSTOMERS FOR BROKERAGE AND ENTRUSTMENT ACTIVITIES

ITEMS	Codes	Current year	Prior year
I. Cash flows of customers for brokerage and entrustment activities			
1. Proceeds from sales of securities brokered by the Company	01	84,934,206,645,100	131,010,682,468,151
2. Payments for purchases of securities brokered by the Company	02	(84,934,033,147,800)	(131,010,624,047,950)
3. Deposits received to settle securities transactions of customers	07	(433,950,799,878)	(175,658,554,271)
4. Receipts from securities issuers	14	3,243,857,523,792	2,327,225,993,952
5. Payments to securities issuers	15	(3,243,682,702,459)	(2,326,481,045,941)
Net cash flows during the year	20	(433,602,481,245)	(174,855,186,059)
II. Cash and cash equivalents of customers at the beginning of the year	30	1,993,122,252,442	2,167,977,438,501
Cash at banks at the beginning of the year	31	1,993,122,252,442	2,167,977,438,501
- Deposits of customers for securities transactions managed by the Company	32	1,523,092,253,747	1,295,267,199,378
- Deposits for securities transactions for customers	33	468,569,564,560	872,053,173,200
- Deposits for clearing and settlement of securities transactions	34	91,855,939	33,435,738
- Deposits from securities issuers	35	1,368,578,196	623,630,185
III. Cash and cash equivalents of customers at the end of the year (40=20+30)	40	1,559,519,771,197	1,993,122,252,442
Cash at banks at the end of the year:	41	1,559,519,771,197	1,993,122,252,442
- Deposits of customers for securities transactions managed by the Company	42	1,178,798,702,531	1,523,092,253,747
- Deposits for securities transactions for customers	43	378,912,315,900	468,569,564,560
- Deposits for clearing and settlement of securities transactions	44	265,353,239	91,855,939
- Deposits from securities issuers	45	1,543,399,527	1,368,578,196


Ms. Nguyen Thi Tuyen
Preparer


Ms. Nguyen Ha Ninh
Chief Accountant


Ms. Pham Minh Huong
Chief Executive Officer
Hanoi, S.R.Vietnam
30 March 2020

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

VNDIRECT SECURITIES JOINT STOCK COMPANY

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

FORM B04-CTCK/HN

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 2019

Unit: VND

ITEMS	Note	Opening balance		Movement				Closing balance	
		Prior year	Current year	Prior year		Current year		Prior year	Current year
				Increase	Decrease	Increase	Decrease		
I. Changes in owners' equity		2,515,713,706,692	2,982,929,852,653	1,032,729,149,340	(565,513,003,379)	439,582,495,495	(174,001,084,626)	2,982,929,852,653	3,248,511,263,522
1. Owners' contributed capital		1,621,127,781,027	2,124,680,195,027	502,809,047,048	743,366,952	(1,715,250)	-	2,124,680,195,027	2,124,678,479,777
1.1. Share capital	28	1,549,981,650,000	2,204,301,690,000	654,320,040,000	-	-	-	2,204,301,690,000	2,204,301,690,000
1.2. Share premium		120,708,515,572	121,224,048,620	515,533,048	-	-	-	121,224,048,620	121,224,048,620
1.3. Treasury shares		(49,562,384,545)	(200,845,543,593)	(152,026,526,000)	743,366,952	(1,715,250)	-	(200,845,543,593)	(200,847,258,843)
2. Reserve to supplement charter capital		69,472,492,286	90,351,911,844	20,879,419,558	-	20,093,593,016	-	90,351,911,844	110,445,504,860
3. Financial and operational risk reserves		40,170,765,283	61,050,184,841	20,879,419,558	-	20,093,593,016	-	61,050,184,841	81,143,777,857
4. Undistributed profits	29	784,942,668,096	706,847,560,941	488,161,263,176	(566,256,370,331)	399,397,024,713	(174,001,084,626)	706,847,560,941	932,243,501,028
4.1. Realised profits		757,921,397,031	794,851,251,780	488,161,263,176	(451,231,408,427)	399,397,024,713	(157,262,605,293)	794,851,251,780	1,036,985,671,200
4.2. Unrealised profits		27,021,271,065	(88,003,690,839)	-	(115,024,961,904)	-	(16,738,479,333)	(88,003,690,839)	(104,742,170,172)
		2,515,713,706,692	2,982,929,852,653	1,032,729,149,340	(565,513,003,379)	439,582,495,495	(174,001,084,626)	2,982,929,852,653	3,248,511,263,522

Ms. Nguyen Thi Tuyen
Preparer

Ms. Nguyen Ha Ninh
Chief Accountant

Ms. Phạm Minh Hương
Chief Executive Officer

Hanoi, S.R.Vietnam
30 March 2020

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 Licence No. 101/UBCK-GP dated 31 December 2007 and the amended License for Establishment and Operation of securities company No. 31/GPDC-UBCK dated 22 May 2019 were issued by the State Securities Commission of Vietnam. 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 2019, the Company's charter capital is VND 2,204,301,690,000 (as at 31 December 2018: VND 2,204,301,690,000).

Principal activities

The principal activities of the Company are to conduct securities brokerage activities, securities trading activities, and to provide securities investment and finance advisory services, 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 percent (20%) of the total number of outstanding stocks and fund units of a listed entity;
- d) Invest more than fifteen percent (15%) of the total outstanding stocks and fund units of an unlisted entities. This provision shall not be applied to member fund units, exchange traded funds and open-ended funds;

- 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 percent (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 for the establishment and acquisition of 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 for 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 for 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, consolidation or merger, or 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 in the consolidated financial statements for the year ended 31 December 2018.

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 2019, the Company has 884 employees (as at 31 December 2018: 947 employees).

Subsidiaries

As at 31 December 2019, the Company has two (02) subsidiaries, of which one (01) is directly owned and one (01) is indirectly owned 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	Licences For Establishment and Operation No.30/UBCK-GP dated 04/3/2008, 02/GPDC-UBCK dated 08/3/2017	Securities investment fund management and securities investment portfolio management	VND 100 billion	100%

<u>Name</u>	<u>Establishment and Operation</u>	<u>Principal activities</u>	<u>Charter capital</u>	<u>% ownership interest</u>
IVND Limited Company	Business Registration of Certificate No. 0108599981 dated 24 January 2019	Web portal	VND 20 billion	100% (*)

(*) Indirect ownership through I.P.A Securities Investment Fund Management Company Limited.

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

Basis of preparation of consolidated financial statements

The consolidated financial statements expressed in Vietnam Dong ("VND") are prepared in accordance with Vietnamese Accounting Standards, 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 other legal regulations relating to consolidated financial reporting.

The accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated results of operations, consolidated cash flows, in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. 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.

Measurement basis

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

Financial year

The financial year of the Company begins on 01 January and ends on 31 December. These consolidated financial statements are prepared for the financial year from 01 January 2019 to 31 December 2019.

Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for the purpose of preparation and presentation of consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by 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 2019. 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 statement of operations 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 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 financial year 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 statement of operations.

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 amount is irrecoverable in whole.

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

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 of 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 all assets 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 for clearing and settlement of securities transactions. Cash deposits for securities transactions, securities transactions clearing and settlement of the customers are consolidated from VNDIRECT's accounts.

Cash equivalents are short-term investments with recovery or maturity of no 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 financial instrument (except for a derivative that is financial guarantee contract or a effective hedging instrument).
- Upon initial recognition, it is designated by VNDIRECT as at FVTPL.

Financial assets at fair value through profit or loss are measured 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).

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 statement of operations.

For the securities listed at 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 on UPCOM), fair values are the average reference prices within the last 30 transaction days before the time of making annual financial statements announced by the Stock Exchange.

For the securities which are unlisted (OTC) and not yet registered for trading on UPCOM, the Company based on the separate financial statements of the issuing organizations prepared at the same time with financial statements of the Company to determine the provisions for each investment (if any).

For delisted securities and securities for which trading has been suspended or cancelled from the 6th day onwards, fair value shall be the book value at the latest balance sheet date.

Investments in equity instruments, including derivatives to be settled by transferring 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, trading fee and 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 financial assets are sold or a significant number of held-to-maturity financial assets are reclassified, unless the sale 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 sale 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 sale or reclassification is related to a special event beyond VNDIRECT's control and such event is unforeseeable.

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, trading fee and communication fee.

Available-for-sale financial assets are stated at fair value and the difference arising from the change in fair value is recognised in equity (other comprehensive income), except impairment losses.

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 non-derivative 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 which are irrecoverable, the Company perform risk handling process in accordance with current prevailing legal 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 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 recovery of the debts in determining 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.

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 expense for dismantlement, relocation of assets, and restoration of the place where assets are located. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the statement of operations for the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

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:

	Years
Buildings and structures	10
Office equipment	3 - 10

Intangible fixed assets

Computer software

Cost of acquiring new computer software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Computer 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 year of construction and completion.

Investments in associates

An associate is a company where VNDIRECT has significant influence but is not a subsidiary or joint venture of VNDIRECT. Significant influence is the power to participate in making financial and operating policy decisions of the investee but not control or joint control over these policies.

Business operating results, assets and liabilities of associates are consolidated in the financial statements using equity method. The associated capital contributions are presented in the balance sheet at cost, which is adjusted for changes in VNDIRECT's capital contribution to net assets of associates after the date of acquisition. The loss of an associate exceeds VNDIRECT's capital contribution in that associate (including any long-term capital contribution which essentially constitutes a net investment of VNDIRECT in that associate) is not recorded.

VNDIRECT ceased to record investment in associates at the time VNDIRECT no longer significantly affected the investee. If the remaining investment in the associate becomes a regular financial asset, the investment is recognized at fair value and considered as fair value (cost) at the date of initial recognition. VNDIRECT recognized revenue/expenses of financial activities in the consolidated statement of operations the difference between fair value of the remaining investment plus the proceeds from the sale of equity in associates and the carrying amount of the investment at the time of stopping the equity method.

In case a member company of VNDIRECT conducts a transaction with an associate of VNDIRECT, unrealized profit/loss corresponding to the Company's capital contribution to the associate is 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

Common bonds

At initial recognition, common bonds are measured at cost which is the proceed from issuance minus the issuing 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 minus the tax effects, are recognised as a deduction to 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

VNDIRECT allocates realised profit to statutory reserves on an annual basis in accordance with Circular No. 146/2014/TT-BTC dated 06 October 2014 of the Ministry of Finance as follows:

	Annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	10% of share capital
Financial and operational risk reserve	5% of profit after tax	10% of share 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 entites who have caused them.

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 consolidated statement of operations 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 statement of operations 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, VNDIRECT only recognises the number of shares and no revenue thereof is recognised.

Interest income is recognised in the consolidated statement of operations 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 statement of operations 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 proportion to the stage of completion of the transaction at the reporting date. 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 statement of operations when services are rendered.

Operating lease payment

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

Interest expense

Interest expense is recognised in the consolidated statement of operations in the year 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 statement of operations 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 recognized 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 VNDIRECT's activities. VNDIRECT, 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.

VNDIRECT'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 VNDIRECT if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from VNDIRECT's loans and receivables from customers, held-to-maturity investments and available-for-sale debt securities.

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

Concentrations of credit risk that arise from groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The major concentrations of credit risk arise from type of customer in relation to VNDIRECT'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)	613,548,205,346	915,397,756,735
Held-to-maturity investments	(i)	5,652,913,266,339	5,471,330,000,000
Loans receivable	(ii)	2,887,072,098,158	2,582,474,306,127
Available-for-sale debt securities	(iii)	775,559,553,715	379,530,902,241
Accounts receivable	(ii)	218,251,353,208	160,096,745,070
Other financial assets		37,838,830,443	37,547,099,707
		10,185,183,307,209	9,546,376,809,880

(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 receivables

VNDIRECT's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, Board of Management of VNDIRECT has established a credit policy under which each new customer is analysed individually for credit worthiness 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)

FORM B05-CTCK/HN

Closing balance	Carrying value	Contractual cash flows	Within 1 year	From 1 to 5 years	Over 5 years
	VND	VND	VND	VND	VND
Current liabilities					
Short-term borrowings	6,553,608,086,436	6,597,891,642,288	6,597,891,642,288	-	-
Short-term bonds issued	700,000,000,000	719,823,621,918	719,823,621,918	-	-
Accounts payable for securities trading activities	513,386,234,368	513,386,234,368	513,386,234,368	-	-
Accounts payable to suppliers	563,459,180	563,459,180	563,459,180	-	-
Advances from customers	14,830,824,853	14,830,824,853	14,830,824,853	-	-
Short-term accrued expenses	62,924,952,518	62,924,952,518	62,924,952,518	-	-
Other financial liabilities	1,334,572,791	1,334,572,791	1,334,572,791	-	-
Long-term liabilities					
Long-term bonds issued	403,641,000,000	599,221,292,460	11,087,671,233	90,631,565,578	497,502,055,649
	8,250,289,130,146	8,509,976,600,376	7,921,842,979,149	90,631,565,578	497,502,055,649

Opening balance	Carrying value	Contractual cash flows	Within 1 year	From 1 to 2 years
	VND	VND	VND	VND
Current liabilities				
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	-
Long-term liabilities				
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

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 as follows:

	Closing balance	Opening balance
	VND	VND
Financial assets		
Cash and cash equivalents	613,548,205,346	915,397,756,735
Held-to-maturity investments	5,652,913,266,339	5,471,330,000,000
Loans receivable	2,887,072,098,158	2,582,474,306,127
Available-for-sale debt securities	775,559,553,715	379,530,902,241
Payment to Clearing Fund for derivative transactions	15,000,000,000	15,046,536,424
Deposits at Payment Support Fund	20,000,000,000	20,000,000,000
Deposit for derivative transactions	-	3,997,020,093
	9,964,093,123,558	9,387,776,521,620
Financial liabilities		
Short-term borrowings	6,553,608,086,436	6,012,344,898,307
Short-term bonds issued	700,000,000,000	726,562,200,000
Long-term bonds issued	403,641,000,000	500,000,000,000
	7,657,249,086,436	7,238,907,098,307

Equity securities 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 securities 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 risk arising from the uncertainty in the fluctuations 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 2019, market value of equity securities and fund unit at FVTPL of VNDIRECT was VND 1,225.8 billion (31 December 2018: VND 820.1 billion). Had the market value of these securities increased or decreased by 10% as at 31 December 2019 assuming that all other variables remained constant, profit after tax of VNDIRECT would have increased or decreased by VND 98.1 billion (31 December 2018: 10%, increased or decreased VND 65.6 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.

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 as follows:

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

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

FORM B05-CTCK/HN

	Brokerage services		Proprietary trading		Treasury		Total	
	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND	VND	VND	VND	VND
Segment assets	7,500,000,000	7,500,000,000	2,025,970,527,273	1,068,525,736,593	9,228,334,751,855	9,028,277,334,639	11,261,805,279,128	10,104,303,071,232
Unallocated assets	-	-	-	-	-	-	315,229,048,883	430,338,248,770
Total assets	7,500,000,000	7,500,000,000	2,025,970,527,273	1,068,525,736,593	9,228,334,751,855	9,028,277,334,639	11,577,034,328,011	10,534,641,320,002
Segment liabilities	-	-	513,386,234,368	152,425,291,772	7,815,136,830,121	7,399,286,175,577	8,328,523,064,489	7,551,711,467,349
Total liabilities	-	-	513,386,234,368	152,425,291,772	7,815,136,830,121	7,399,286,175,577	8,328,523,064,489	7,551,711,467,349

	Brokerage services		Proprietary trading		Treasury		Total	
	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND	VND	VND	VND	VND
Operating revenue								
- Gains from financial assets at FVTPL and derivatives	-	-	279,673,321,665	250,194,815,933	-	-	279,673,321,665	250,194,815,933
- Interest income from held-to-maturity investments	-	-	-	-	391,388,941,607	289,295,366,105	391,388,941,607	289,295,366,105
- Interest income from loans and receivables	-	-	-	-	407,908,597,611	434,877,326,930	407,908,597,611	434,877,326,930
- Gains from available-for-sale financial assets	-	-	20,345,546,486	4,811,965,659	-	-	20,345,546,486	4,811,965,659
- Revenue from brokerage services	335,409,939,972	520,182,829,564	-	-	-	-	335,409,939,972	520,182,829,564
- Revenue from underwriting and issuance agency services	23,726,357,435	17,870,966,190	-	-	-	-	23,726,357,435	17,870,966,190
- Revenue from securities investment advisory services	24,316,979,055	3,707,799,209	-	-	-	-	24,316,979,055	3,707,799,209
- Revenue from securities custody services	12,904,794,156	11,198,531,803	-	-	-	-	12,904,794,156	11,198,531,803
- Other operating income	1,303,462,537	3,238,791,819	-	-	4,900,091,350	3,110,453,455	6,203,553,887	6,349,245,274
- Financial income	-	-	-	88,662,183,838	4,852,262,131	6,735,179,900	4,852,262,131	95,397,363,738
Total revenue	397,661,533,155	556,198,918,585	300,018,868,151	343,668,965,430	809,049,892,699	734,018,326,390	1,506,730,294,005	1,633,886,210,405

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

FORM B05-CTCK/HN

	Brokerage services		Proprietary trading		Treasury		Total	
	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND	VND	VND	VND	VND
Direct expenses								
- Losses from financial assets at FVTPL	-	-	98,651,048,060	382,465,198,184	-	-	98,651,048,060	382,465,198,184
- (Reversal of) Allowance made for financial assets, write-off of doubtful debts and impairment loss on financial assets	-	-	-	-	34,061,302,931	(3,539,230,029)	34,061,302,931	(3,539,230,029)
- Expenses for securities brokerage	154,992,042,374	216,277,272,321	-	-	-	-	154,992,042,374	216,277,272,321
- Expenses for securities investment advisory services	-	136,409,943	-	-	-	-	-	136,409,943
- Expenses for securities custody services	14,251,552,041	14,759,679,422	-	-	-	-	14,251,552,041	14,759,679,422
- Realised and unrealised foreign exchange differences	-	124,000,000	-	-	3,152,293,051	-	3,152,293,051	124,000,000
- Interest expenses	-	-	-	-	436,245,477,652	286,523,253,543	436,245,477,652	286,523,253,543
- The share of profit generated by investment in associate	-	(5,465,614,355)	-	-	-	-	-	(5,465,614,355)
Total expenses	169,243,594,415	225,831,747,331	98,651,048,060	382,465,198,184	473,459,073,634	282,984,023,514	741,353,716,109	891,280,969,029
Segment operating results	228,417,938,740	330,367,171,254	201,367,820,091	(38,796,232,754)	335,590,819,065	451,034,302,876	765,376,577,896	742,605,241,376
Unallocated expenses							309,408,701,929	305,130,942,810
Results from operating activities							455,967,875,967	437,474,298,566
Other income							26,832,041,932	745,047,906
Other expenses							3,248,941,320	220,307,437
Corporate income tax expenses							96,892,431,199	64,862,737,763
Net profit after tax							382,658,545,380	373,136,301,272

6. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Cash at banks for VNDIRECT's activities	611,404,173,497	507,385,277,118
Deposits for clearing and settlement of securities transactions	144,031,849	12,479,617
Cash equivalents (*)	2,000,000,000	408,000,000,000
	613,548,205,346	915,397,756,735

(*) These are bank deposits with original terms not exceeding 3 months.

7. VOLUME AND VALUE OF TRANSACTIONS DURING THE YEAR

	<u>Volume of transactions</u>	<u>Value of transactions</u>
	<u>Number of securities</u>	<u>VND</u>
Of VNDIRECT	738,673,802	245,370,231,989,200
Shares	105,671,338	3,422,357,362,444
Bonds	612,422,381	239,899,981,219,756
Other securities	20,580,083	2,047,893,407,000
Of Investors	9,586,098,720	654,746,738,017,341
Shares	9,441,346,029	161,886,868,799,741
Bonds	1,350,003	139,502,351,100
Other securities	143,402,688	492,720,366,866,500

8. FINANCIAL ASSETS

a) Financial assets at fair value through profit or loss

	Closing balance		Opening balance	
	Cost	Carrying amount (*)	Cost	Carrying amount (*)
	VND	VND	VND	VND
Financial assets at FVTPL				
Shares and fund units (i)	1,488,731,482,164	1,494,861,717,504	1,081,821,591,490	1,089,324,365,595
Total	1,488,731,482,164	1,494,861,717,504	1,081,821,591,490	1,089,324,365,595

(*) 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) At 31 December 2019, there was 700.000 LTG shares with fair value of VND 50,480 million (31 December 2018: 15,761,118 ABB shares, 494,700 VGG shares and 700.000 LTG shares with total fair value of VND 139,264 million) pledged at banks as security for loans granted to the Company (Note 20).

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 term to maturity:				
- Under 1 year	5,547,838,125,244	Not applicable	5,371,330,000,000	Not applicable
- Above 1 year	105,075,141,095	Not applicable	100,000,000,000	Not applicable
Total	5,652,913,266,339		5,471,330,000,000	

As at 31 December 2019, included in these term deposits were VND 5,571,800 million pledged with banks as security for loans granted to the Company (31 December 2018: VND 5,218,000 million) (Note 20) and VND 34,100 million deposited at banks to ensure payment obligations for warrants issued by the Company.

c) Loan receivables

	Closing balance		Opening balance	
	Cost	Fair value	Cost	Fair value
	VND	VND	VND	VND
Loan receivables				
Margin loans	2,776,651,113,041	(**)	2,456,280,458,266	(**)
Advances to customers for the proceeds of selling securities	110,420,985,117	(**)	126,193,847,861	(**)
Total	2,887,072,098,158		2,582,474,306,127	

d) Available-for-sale financial assets

	Closing balance		Opening balance	
	Cost	Fair value	Cost	Fair value
	VND	VND	VND	VND
Available-for-sale financial assets				
Equity securities	7,500,000,000	(**)	7,500,000,000	(**)
Government bonds	494,225,000,000	494,225,000,000	148,490,500,000	148,490,500,000
Credit institution bonds	75,200,000,000	75,200,000,000	-	-
Corporate bonds	105,452,730,115	105,452,730,115	29,669,435,442	29,669,435,442
Certificates of deposits	100,681,823,600	100,681,823,600	201,370,966,799	201,370,966,799
Total	783,059,553,715		387,030,902,241	

(**) VNDIRECT has not 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, accounting regime applicable to securities companies. The fair values of these financial instruments may differ from their carrying amounts.

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

	Cost VND	Market value/ Fair value VND	Revaluation difference		Revaluation value VND
			Increase VND	Decrease VND	
I Financial assets at FVTPL					
Listed shares	819,652,402,063	662,840,313,051	4,454,250,451	(161,266,339,463)	662,840,313,051
PTI	458,356,484,000	308,205,222,000	-	(150,151,262,000)	308,205,222,000
MBB	72,631,190,021	70,383,102,400	-	(2,248,087,621)	70,383,102,400
VHM	70,672,791,430	67,971,524,800	-	(2,701,266,630)	67,971,524,800
VIC	52,284,954,080	51,419,490,000	-	(865,464,080)	51,419,490,000
REE	47,013,682,478	48,658,480,200	1,644,797,722	-	48,658,480,200
FPT	32,223,281,162	34,917,444,100	2,694,162,938	-	34,917,444,100
PLX	25,529,047,290	24,808,672,000	-	(720,375,290)	24,808,672,000
VNM	13,576,219,494	13,264,224,000	-	(311,995,494)	13,264,224,000
BMI	10,745,959,060	9,553,183,200	-	(1,192,775,860)	9,553,183,200
PVI	9,855,092,896	8,250,519,200	-	(1,604,573,696)	8,250,519,200
Others	26,763,700,152	25,408,451,151	115,289,791	(1,470,538,792)	25,408,451,151
Listed fund certificates	2,409,765,649	2,741,000,000	345,300,000	(14,065,649)	2,741,000,000
E1VFN30	1,490,065,649	1,476,000,000	-	(14,065,649)	1,476,000,000
FUESSV50	919,700,000	1,265,000,000	345,300,000	-	1,265,000,000
Unlisted fund certificates	100,500,000,000	100,696,900,000	1,327,600,000	(1,130,700,000)	100,696,900,000
VNDAF	50,500,000,000	49,369,300,000	-	(1,130,700,000)	49,369,300,000
CC_VNDBF	50,000,000,000	51,327,600,000	1,327,600,000	-	51,327,600,000
Unlisted shares	566,169,314,452	459,551,221,868	3,084,889	(106,621,177,473)	459,551,221,868
An Binh Commercial Joint Stock Bank	170,489,057,266	170,489,057,266	-	-	170,489,057,266
Loc Troi Group Joint Stock Company	113,805,051,300	50,479,932,533	-	(63,325,118,767)	50,479,932,533
Orient Commercial Joint Stock Bank	95,255,037,078	95,255,037,078	-	-	95,255,037,078
CIENCO4 Group	81,224,990,000	47,786,166,667	-	(33,438,823,333)	47,786,166,667
Viet Tien Garment Joint Stock Corporation	30,039,352,500	24,596,478,667	-	(5,442,873,833)	24,596,478,667
I.P.A Investment Group Joint Stock Company	25,406,800,000	25,406,800,000	-	-	25,406,800,000
MBLand Holding Joint Stock Company	20,250,000,000	20,250,000,000	-	-	20,250,000,000
Sai Dong Investment and Urban Development Joint Stock Company	15,468,710,000	15,468,710,000	-	-	15,468,710,000
Vietnam Oil Corporation - Joint Stock Company	6,691,058,000	2,916,246,667	-	(3,774,811,333)	2,916,246,667
Ba Ria Urban Services Joint Stock Company	4,342,687,288	3,880,000,000	-	(462,687,288)	3,880,000,000
RICONS Construction Joint Stock Company	3,007,525,000	3,007,525,000	-	-	3,007,525,000
Others	189,046,020	15,267,990	3,084,889	(176,862,919)	15,267,990
	1,488,731,482,164	1,225,829,434,919	6,130,235,340	(269,032,282,585)	1,225,829,434,919

	Cost VND	Market value/ Fair value VND	Revaluation difference		Revaluation value VND
			Increase VND	Decrease VND	
II Available-for-sale financial assets					
Government bonds	494,225,000,000	494,225,000,000	-	-	494,225,000,000
Credit institution bonds	75,200,000,000	75,200,000,000	-	-	75,200,000,000
Corporate bonds	105,452,730,115	105,452,730,115	-	-	105,452,730,115
Equity securities	7,500,000,000	Not applicable			
Certificate of deposit	100,681,823,600	100,681,823,600	-	-	100,681,823,600
	783,059,553,715				

10. ALLOWANCE FOR IMPAIRMENT OF FINANCIAL ASSETS

	Closing balance			Opening balance	Allowance made/(reserved) during the year
	Cost	Market value/ Recoverable amount	Provision	Provision	
	VND	VND	VND	VND	VND
I Financial assets at FVTPL					
<i>Listed shares</i>	733,251,566,504	571,985,227,040	161,266,339,464	128,379,442,424	32,886,897,040
PTI	458,356,484,000	308,205,222,000	150,151,262,000	118,540,470,000	31,610,792,000
MBB	72,631,190,021	70,383,102,400	2,248,087,621	-	2,248,087,621
VHM	70,672,791,430	67,971,524,800	2,701,266,630	-	2,701,266,630
VIC	52,284,954,080	51,419,490,000	865,464,080	-	865,464,080
PLX	25,529,047,290	24,808,672,000	720,375,290	-	720,375,290
Others	53,777,099,683	49,197,215,840	4,579,883,843	9,838,972,424	(5,259,088,581)
<i>Listed fund certificates</i>	1,490,065,649	1,476,000,000	14,065,649	94,579,829	(80,514,180)
E1VFN30	1,490,065,649	1,476,000,000	14,065,649	94,579,829	(80,514,180)
<i>Unlisted fund certificates</i>	50,500,000,000	49,369,300,000	1,130,700,000	2,275,600,000	(1,144,900,000)
VNDAF	50,500,000,000	49,369,300,000	1,130,700,000	2,275,600,000	(1,144,900,000)
<i>Unlisted shares</i>	236,287,778,606	129,666,601,134	106,621,177,472	138,505,263,380	(31,884,085,908)
Loc Troi Group Joint Stock Company	113,805,051,300	50,479,932,533	63,325,118,767	52,252,144,300	11,072,974,467
CIENCO4 Group	81,224,990,000	47,786,166,667	33,438,823,333	14,880,000,000	18,558,823,333
Viet Tien Garment Joint Stock Corporation	30,039,352,500	24,596,478,667	5,442,873,833	6,109,140,000	(666,266,167)
Vietnam Oil Corporation - Joint Stock Company	6,691,058,000	2,916,246,667	3,774,811,333	1,828,858,000	1,945,953,333
Ba Ria Urban Services Joint Stock Company	4,342,687,288	3,880,000,000	462,687,288	-	462,687,288
Others	184,639,518	7,776,600	176,862,918	63,435,121,080	(63,258,258,162)
	1,021,529,410,759	752,497,128,174	269,032,282,585	269,254,885,633	(222,603,048)
II Loans receivable	2,887,072,098,158	2,834,981,569,268	52,090,528,890	19,670,717,315	32,419,811,575
III Available-for-sale financial assets					
<i>Equity securities</i>					
HomeDirect Service Joint Stock Company	7,500,000,000	5,858,508,644	1,641,491,356	-	1,641,491,356
	7,500,000,000	5,858,508,644	1,641,491,356	-	1,641,491,356
Total	3,916,101,508,917	3,593,337,206,086	322,764,302,831	288,925,602,948	33,838,699,883

11. DIVIDENDS AND INTEREST RECEIVABLE FROM FINANCIAL ASSETS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Dividends receivable	292,860,300	1,698,900
Interest receivable from term deposits	122,691,501,823	36,229,493,376
Interest receivable from bonds	4,828,822,092	-
Interest receivable from loans	55,899,235,307	42,516,495,716
	<u>183,712,419,522</u>	<u>78,747,687,992</u>

12. OTHER RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Receivables from former employees	1,963,775,333	1,963,775,333
Receivables from overdraft of derivative transactions	321,928,187	3,256,333,682
Other receivables	7,749,542,827	5,832,626,874
	<u>10,035,246,347</u>	<u>11,052,735,889</u>

13. ALLOWANCE FOR DOUBTFUL DEBTS

	Doubtful debts		Allowance for doubtful debts		Made/(Reversed)
	Closing balance	Opening balance	Closing balance	Opening balance	
	VND	VND	VND	VND	
Current year					
Receivables from former 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 former 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)	-

14. PREPAID EXPENSES

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Short-term prepaid expenses		
Office rental	3,739,668,927	2,682,298,307
Software expenses	5,202,769,419	3,318,926,931
Others	3,106,097,245	621,800,308
	12,048,535,591	6,623,025,546
Long-term prepaid expenses		
Office repair and renovation expenses	3,820,041,024	1,372,836,233
Others	6,706,376,769	6,100,348,763
	10,526,417,793	7,473,184,996

15. INCREASED/DECREASED IN TANGIBLE FIXED ASSETS

	<u>Buildings and structures</u>	<u>Office equipment</u>	<u>Total</u>
	<u>VND</u>	<u>VND</u>	<u>VND</u>
COST			
Opening balance	24,184,557,012	83,598,444,974	107,783,001,986
Additions	-	765,106,274	765,106,274
Disposals	-	(67,590,000)	(67,590,000)
Reclassification	(418,427,603)	418,427,603	-
Closing balance	23,766,129,409	84,714,388,851	108,480,518,260
ACCUMULATED DEPRECIATION			
Opening balance	11,366,250,164	42,407,611,618	53,773,861,782
Charge for the year	2,466,732,354	10,376,446,507	12,843,178,861
Disposals	-	(57,898,334)	(57,898,334)
Reclassification	(1,167,148,702)	1,167,148,702	-
Closing balance	12,665,833,816	53,893,308,493	66,559,142,309
NET BOOK VALUE			
Opening balance	12,818,306,848	41,190,833,356	54,009,140,204
Closing balance	11,100,295,593	30,821,080,358	41,921,375,951

As at 31 December 2019, the cost of tangible fixed assets includes VND 29.8 billion which have been fully depreciated but are still in use (as at 31 December 2018: VND 20.6 billion).

16. INCREASED/DECREASED IN INTANGIBLE FIXED ASSETS

	<u>Computer software</u>
	<u>VND</u>
COST	
Opening balance	83,084,078,207
Additions	3,547,613,500
Closing balance	86,631,691,707
ACCUMULATED AMORTISATION	
Opening balance	64,180,671,434
Charge for the year	7,873,196,703
Closing balance	72,053,868,137
NET BOOK VALUE	
Opening balance	18,903,406,773
Closing balance	14,577,823,570

As at 31 December 2019, the cost of intangible assets includes VND 49.6 billion of assets which have been fully amortised but are still in use (as at 31 December 2018: VND 43.1 billion).

17. 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.

As at 31 December 2019 and 31 December 2018, the balance of deposit at payment support fund is VND 20 billion.

18. OTHER LONG-TERM ASSETS

	Closing balance	Opening balance
	VND	VND
Deposits for purchase of real estates	80,000,000,000	50,000,000,000
Other deposits	1,870,960,625	1,000,184,625
Payment to Clearing Fund for derivative transactions	15,000,000,000	15,046,536,424
- Amount paid	15,000,000,000	15,000,000,000
- Interest allocated	108,695,512	46,536,424
- Cash withdrawn	(108,695,512)	-
	96,870,960,625	66,046,721,049

On 20 June 2017, the Company officially became a general clearing member at the Vietnam Securities Depository. Accordingly, the Company is qualified for providing derivative securities clearing and settlement services under Decision 97/QĐ-VSD dated 23 March 2017 of the Vietnam Securities Depository ("Decision 97"). In accordance with Decision 97, the Company made an initial deposit of VND 15 billion to the Clearing Fund for derivative transactions ("the Clearing Fund"). On a monthly basis, the Vietnam Securities Depository reviews the Clearing Fund and revalues the value of assets contributed to determine the contribution obligations of clearing members.

19. GOODWILL

	Current year	Prior year
	VND	VND
Cost		
Opening balance	24,194,509,882	24,194,509,882
Closing balance	24,194,509,882	24,194,509,882
Accumulated amortisation		
Opening balance	4,819,016,078	2,399,565,090
Charge for the year	2,419,450,988	2,419,450,988
Closing balance	7,238,467,066	4,819,016,078
Net book value		
Opening balance	19,375,493,804	21,794,944,792
Closing balance	16,956,042,816	19,375,493,804

20. SHORT - TERM BORROWINGS

Short-term borrowings	Opening balance	Increase during the year	Decrease during the year	Unrealised foreign exchange differences	Closing balance
	VND	VND	VND		VND
Borrowings from banks	6,012,344,898,307	182,280,841,060,977	181,740,112,872,848	535,000,000	6,553,608,086,436
	6,012,344,898,307	182,280,841,060,977	181,740,112,872,848	535,000,000	6,553,608,086,436

As at 31 December 2019, these borrowings were secured by term deposits at banks of the Company amounting to VND 5,571,800 million and listed shares with a total fair value of VND 50,480 million (as at 31 December 2018: term deposits at banks of the Company amounting to VND 5,218,000 million and listed shares with a total fair value of VND 191,317 million) (Note 8).

As at 31 December 2019, these borrowings bore annual interest rates ranging from 2.3% - 9.35% (as at 31 December 2018: 2.95% - 8.5%).

21. BONDS ISSUED

Bonds issued	Interest rate	Opening balance	Increase during the year	Decrease during the year	Closing balance
	%	VND	VND	VND	VND
Short-term bonds	9.5%	-	500,000,000,000	-	500,000,000,000
Long-term bonds	9.3% - 9.8%	1,226,562,200,000	403,641,000,000	1,026,562,200,000	603,641,000,000
In which:					
- Bonds with term to maturity under 1 year		726,562,200,000			700,000,000,000
- Bonds with term to maturity above 1 year		500,000,000,000			403,641,000,000

During 2019, the Company issued 3 million non-convertible bonds under private placement which were unsecured and had a 2-year term, floating interest rate with the first period interest rate of 9.5% per annum; 5 million non-convertible bonds which were unsecured and had a 1-year term, fixed interest rate of 9.5% per annum; 797,410 non-convertible bonds which were unsecured and had a 10-year term, fixed interest rate of 9.8% per annum and 239,000 non-convertible bonds which were unsecured and had a 10-year term, fixed interest rate of 9.8% per annum, par value of VND 100,000 per bond to add funds to margin lending, securities trading, securities underwriting activities and M&A activities.

As at 31 December 2019, these bonds bore annual interest rates ranging from 9.5% - 9.8% (as at 31 December 2018: 8.8% - 9.3%).

22. ACCOUNTS PAYABLE FOR SECURITIES TRADING ACTIVITIES

	Closing balance	Opening balance
	VND	VND
Payables to the Stock Exchanges	4,126,631,230	3,934,791,772
Payables for purchases of financial assets (i)	503,554,775,000	148,490,500,000
Payables related to covered warrants	5,704,828,138	-
	513,386,234,368	152,425,291,772

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

23. SHORT-TERM TRADE PAYABLES

	Closing balance	Opening balance
	VND	VND
Financial Software Solutions JSC	310,707,500	1,711,800,000
Thang Tam Interior Decoration Construction Company Limited	52,855,552	-
TC 289 Construction Joint Stock Company	51,616,350	-
AWA Waterproofing Company Limited	46,496,182	46,496,182
Ms. Nhu Thi Hai Van	-	602,700,000
Other domestic organizations	101,783,596	21,425,533
	563,459,180	2,382,421,715

24. TAXES AND OTHER OBLIGATIONS TO THE STATE BUDGET

	Closing balance	Opening balance
	VND	VND
Corporate income tax	41,638,434,319	19,547,932,530
Personal income tax	11,221,755,880	16,335,075,295
Value added tax	438,019,049	166,119,949
	53,298,209,248	36,049,127,774

25. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Interest expense on loans from credit institutions	21,414,887,416	15,306,486,479
Interest expense on issued bonds	40,392,077,417	76,389,270,638
Others	1,117,987,685	721,752,236
	62,924,952,518	92,417,509,353

26. 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 for bonus and welfare to employees in accordance with VNDIRECT's policies. Movements of bonus and welfare funds during the year were as follows:

	Current year	Prior year
	VND	VND
Opening balance	14,861,782,005	6,306,441,561
Appropriation during the year (Note 29)	12,544,746,138	41,858,845,261
Utilisation during the year	(12,964,218,150)	(33,303,504,817)
Closing balance	14,442,309,993	14,861,782,005

27. DEFERRED TAX LIABILITIES

	Closing balance		Opening balance	
	Tax rate	Value VND	Tax rate	Value VND
Deferred tax assets				
Loss from revaluation of financial assets at FVTPL	20%	19,788,798,902	20%	15,301,984,520
		19,788,798,902		15,301,984,520
Recognised deferred tax liabilities				
Gains from revaluation of financial assets at FVTPL	20%	1,226,047,068	20%	1,500,554,821
Gains from revaluation of issued covered warrants	20%	649,383,351	20%	-
		1,875,430,419		1,500,554,821

28. SHARE CAPITAL

VNDIRECT's authorised and issued share capital is as follows:

	Closing balance		Opening balance	
	Number of shares	Par value VND	Number of shares	Par value VND
Authorised and issued share capital	220,430,169	2,204,301,690,000	220,430,169	2,204,301,690,000
Treasury shares				
Ordinary shares	(11,864,808)	(118,648,080,000)	(11,864,689)	(118,646,890,000)
Shares in circulation				
Ordinary shares	208,565,361	2,085,653,610,000	208,565,480	2,085,654,800,000

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

29. UNDISTRIBUTED PROFITS

	Closing balance VND	Opening balance VND
Undistributed realised profits	1,036,985,671,200	794,851,251,780
Unrealised profits	(104,742,170,172)	(88,003,690,839)
- Foreign exchange differences	535,741,671	826,465,928
- Revaluation of financial assets	(107,875,445,251)	(88,830,156,767)
- Revaluation of covered warrants	2,597,533,408	-
	932,243,501,028	706,847,560,941

The distribution of income to shareholders in the year

	Current year	Prior year
	VND	VND
Opening balance	706,847,560,941	784,942,668,096
Total comprehensive income for the year	382,658,545,380	373,136,301,272
Reserve for charter capital supplement fund (i)	(20,093,593,016)	(20,879,419,558)
Reserve for financial and business risks fund (i)	(20,093,593,016)	(20,879,419,558)
Business bonus fund (Note 26) (ii)	(12,544,746,138)	(41,858,845,261)
Corporate income tax arrears (iii)	(437,758,123)	-
Cash dividend during the year (iv)	(104,092,915,000)	(216,619,554,050)
Share dividend	-	(150,994,170,000)
Closing balance	932,243,501,028	706,847,560,941

- (i) Appropriate for 2019 according to Charter;
- (ii) Appropriate for 2018's business bonus fund according to the Decision of the Chairwoman of the Board of Directors No. 93-4/2019/QD-VNDS dated 01 March 2019;
- (iii) Additional payment of corporate income tax under Decision No. 49352/QD-CT-TKT8 dated 25 June 2019 of Hanoi Tax Department; and
- (iv) Dividend payment in cash at the rate of 5%/share according to the Resolution No. 185/2019/NQ-DHDCD of the 2019 Annual General Meeting of Shareholders dated 18 April 2019.

30. GAINS/LOSSES FROM SALES OF FINANCIAL ASSETS

a) Gains from sales of financial assets at FVTPL

No.	Investment portfolio	Number of securities sold/ Position	Total sale proceeds/ Closing position	Average cost of securities sold up to last transaction date	Gains from sales of securities for current year	Gains from sales of securities for prior year
			VND	VND	VND	VND
1	Listed shares	17,083,921	706,025,168,000	651,246,843,547	54,778,324,453	156,670,419,477
2	Unlisted shares	1,813,080	76,295,346,750	67,913,044,660	8,382,302,090	16,987,897,868
3	Listed bonds	111,978,500	12,309,717,136,000	12,284,025,700,000	25,691,436,000	14,409,677,452
4	Unlisted bonds and certificates of deposits	105,352,130	85,747,507,103,030	85,613,218,592,518	134,288,510,512	74,744,858,709
5	Index future contracts	-	24,073,596,000	-	24,073,596,000	-
6	Listed covered warrants	4,168,830	11,823,512,353	8,051,466,700	3,772,045,653	-
					250,986,214,708	262,812,853,506

b) Loss from sales of financial assets at FVTPL

No.	Investment portfolio	Number of securities sold/ Position	Total sale proceeds/ Closing position	Average cost of securities sold up to last transaction date	Losses from sales of securities for current year	Losses from sales of securities for prior year
			VND	VND	VND	VND
1	Listed shares	19,842,177	583,093,225,493	612,179,215,958	29,085,990,465	143,582,573,300
2	Listed fund certificates	101,180	1,495,440,400	1,506,671,380	11,230,980	-
3	Unlisted shares	2,019,168	27,486,550,908	33,444,770,572	5,958,219,664	2,617,742,000
4	Listed bonds	46,870,000	4,891,460,040,000	4,899,675,560,000	8,215,520,000	4,429,147,500
5	Unlisted bonds and certificates of deposits	17,717,350	7,757,951,466,773	7,799,851,330,735	41,899,863,962	56,578,165,475
6	Index future contracts	-	(6,037,944,000)	-	6,037,944,000	-
7	Listed covered warrants	3,686,340	11,766,678,323	17,556,786,251	5,790,107,928	-
					96,998,876,999	207,207,628,275

31. GAINS/LOSSES FROM REVALUATION OF FINANCIAL ASSETS

	Listed shares	Listed fund certificates	Unlisted shares	Unlisted fund certificates	Total
	VND	VND	VND	VND	VND
Cost	819,652,402,063	2,409,765,649	566,169,314,452	100,500,000,000	1,488,731,482,164
Market value or Fair value	662,840,313,051	2,741,000,000	459,551,221,868	100,696,900,000	1,225,829,434,919
Revaluation gain at the end of the year	(156,812,089,012)	331,234,351	(106,618,092,584)	196,900,000	(262,902,047,245)
Revaluation gain at the beginning of the year	(127,548,813,904)	210,720,171	(132,138,417,795)	(2,275,600,000)	(261,752,111,528)
Adjustment for difference in the current year	(29,263,275,108)	120,514,180	25,520,325,211	2,472,500,000	(1,149,935,717)
<i>In which:</i>					
- Gains from revaluation of financial assets at FVTPL	3,623,621,932	40,000,000	(6,363,760,697)	1,327,600,000	(1,372,538,765)
- (Reversal of)/Allowance for impairment of financial assets at FVTPL	(32,886,897,040)	80,514,180	31,884,085,908	1,144,900,000	222,603,048

32. DIVIDENDS AND INTEREST INCOME FROM FINANCIAL ASSETS, RECEIVABLES AND LOANS

	Current year	Prior year
	VND	VND
From financial assets at FVTPL	26,812,728,962	13,655,777,154
Dividend received	26,812,728,962	13,655,777,154
From held-to-maturity financial assets	391,388,941,607	289,295,366,105
Interest income from term deposits at banks	391,388,941,607	289,295,366,105
From loans and receivables	407,908,597,611	434,877,326,930
Interest income from margin loans	391,658,563,597	414,741,255,517
Interest income from advances to customers for the proceeds of selling securities	16,250,034,014	20,136,071,413
From available-for-sale financial assets	20,345,546,486	4,811,965,659
Interest income from bonds and certificates of deposit	20,345,546,486	4,811,965,659
	846,455,814,666	742,640,435,848

33. REVENUE FROM SECURITIES BUSINESS ACTIVITIES

	Current year	Prior year
	VND	VND
Revenue from securities brokerage	335,409,939,972	520,182,829,564
- Revenue from listed securities and derivatives brokerage	335,149,259,961	519,989,880,183
- Revenue from derivative fee	-	-
- Other revenue from brokerage	260,680,011	192,949,381
Revenue from underwriting and issuance agency services	23,726,357,435	17,870,966,190
Revenue from securities investment advisory services	24,316,979,055	3,707,799,209
Revenue from securities custody services	12,904,794,156	11,198,531,803
Other operating revenue	6,203,553,887	6,349,245,274
- Revenue from management activities of funds and securities portfolio	1,303,462,537	3,238,791,819
- Others	4,900,091,350	3,110,453,455
	402,561,624,505	559,309,372,040

34. FINANCIAL INCOMES

	Current year	Prior year
	VND	VND
Interest income from demand deposits	4,852,262,131	5,908,714,023
	4,852,262,131	5,908,714,023

35. FINANCIAL EXPENSES

	Current year	Prior year
	VND	VND
Realized exchange rate difference	3,688,034,722	-
Unrealized exchange rate difference	(535,741,671)	-
Interest expense from bank loans and bonds issued	430,700,989,688	281,091,753,676
Interest expense from investors' deposits	5,544,487,964	5,431,499,867
The share of profit generated by investment in associate	-	(5,465,614,355)
	439,397,770,703	281,057,639,188

36. GENERAL AND ADMINISTRATION EXPENSES

	Current year	Prior year
	VND	VND
Salary and related expenses	206,950,110,702	197,222,239,137
Stationery expenses	641,500,945	858,237,187
Tools and supplies expenses	4,907,287,704	3,931,150,070
Depreciation and amortisation of fixed assets	20,716,375,564	21,958,681,733
Taxes and fees	209,847,160	450,143,216
Out-sourced services	73,564,128,866	78,291,040,479
Amortisation of goodwill (see Note 19)	2,419,450,988	2,419,450,988
	309,408,701,929	305,130,942,810

37. CORPORATE INCOME TAX

	Current year	Prior year
	VND	VND
Current corporate income tax		
Current year	101,004,369,983	93,825,594,709
Deferred corporate tax (income)		
Arising and reversal of temporary differences	(4,111,938,784)	(28,962,856,946)
	96,892,431,199	64,862,737,763

	Current year	Prior year
	VND	VND
Accounting profit before tax	479,550,976,579	437,999,039,035
Adjustments for taxable income		
Less: Tax-exempt income	33,478,856,957	86,784,460,600
- Dividend	26,812,728,962	13,655,777,154
- Gain from revaluation financial assets at FVTPL	(1,372,538,765)	(26,273,814,727)
- Gains/(losses) from revaluation of covered warrants	3,246,916,760	-
- Bonus shares income	4,791,750,000	5,283,699,980
- Share interest from associate	-	5,465,614,355
- Interests upon stopping the equity method	-	88,662,183,838
- Others	-	(9,000,000)
Add: Non-deductible expenses	58,949,730,294	117,420,703,889
- Losses from revaluation of financial assets at FVTPL	22,434,071,906	118,540,470,000
- Goodwill amortization	2,419,450,988	2,419,450,988
- General provision for margin loans	32,419,811,575	(3,539,230,029)
- Others	1,676,395,825	12,930
Taxable income	505,021,849,916	468,635,282,324
- The Company's taxable income	504,638,662,236	469,127,973,547
- Subsidiaries' taxable income	383,187,680	(492,691,223)
Tax rate	20%	20%
Current income tax expense	101,004,369,983	93,825,594,709

	Current year	Prior year
	VND	VND
Temporary taxable differences	(20,559,693,911)	(144,814,284,727)
- Gain from revaluation financial assets at FVTPL	(1,372,538,765)	(26,273,814,727)
- Gains/(losses) from revaluation of covered warrants	3,246,916,760	-
- Losses from revaluation of financial assets at FVTPL	(22,434,071,906)	(118,540,470,000)
Tax rate	20%	20%
Deferred corporate tax (income)/expense from temporary taxable differences	(4,111,938,784)	(28,962,856,946)
Deferred income tax expense	(4,111,938,784)	(28,962,856,946)

38. BASIC EARNINGS PER SHARE

Net profit attributable to ordinary shareholders

	Current year	Prior year (Restated)
	VND	VND
Earnings for the purpose of calculating basic earnings per share	382,658,545,380	373,136,301,272
Allocation to bonus and welfare funds (*)	-	(12,544,746,138)
Net profit attributable to ordinary shareholders	382,658,545,380	360,591,555,134

(*) At the issuing date of these financial statements, the Company had not estimated in a reliable manner the profits that may be allocated to the bonus and welfare funds for the year ended 31 December 2019 because the General Meeting of Shareholders has not decided allocation percentage to the funds for the year. If the Company made allocation to these funds, net profit attributable to ordinary shareholders would decrease.

Number of weighted average ordinary shares

	Current year	Prior year
	Share	Share
Common shares issued previously carried forward	208,565,480	150,997,774
Effect of the number of shares the Company purchased and reissued	(65)	(630,107)
Effect of the number of shares issued to pay dividends to shareholders	-	15,099,417
Effect of the number of common shares additionally issued	-	44,138,207
The average number of ordinary shares	208,565,415	209,605,291

Basic earnings per share

	Current year	Prior year (Restated)
	VND/Share	VND/Share
Basic earnings per share	1,835	1,720

39. SIGNIFICANT BALANCES AND TRANSACTIONS WITH RELATED PARTIES

List of related parties

<u>Related parties</u>	<u>Relationship</u>
Ms. Pham Minh Huong	Chairwoman
Mr. Vu Hien	Member of the Board of Directors
Post and Telecommunication Joint Stock Insurance Corporation (PTI)	Chairman of Board of Directors of the Company and a member of Board of Directors of the related party Associate (directly and indirectly owned)
Vietnam National Apiculture Joint Stock Company	Legal Representative of the Company and Chairman of Board of Directors of the related party
H&H Investment Management Company Limited	Chairman of Board of Directors of the Company and 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 and Chairman of Board of Directors of the related party
IPA Finance Company Limited.	A member of Board of Directors of the Company and Chairman of Board of Directors, major shareholder
Tra Vinh Rural Electricity Joint Stock Company	A member of Board of Directors of the Company and 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 and Chairman of Board of Directors of the related party
Asian Pearl Joint Stock Company	A member of Board of Directors of the Company and Chairman of Board of Directors of the related party
ANVIE Real Estate Company Limited	A member of Board of Directors of the Company and Chairman of Members' Council of the related party
HOMEFOOD Joint Stock Company	A member of Board of Directors of the Company and Chairman of Board of Directors of the related party
HOMEDIRECT Joint Stock Company	A member of Board of Directors of the Company and 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 and Chairman of Board of Directors of the related party
Printing Mechanical Joint Stock Company	A member of Board of Directors of the Company and 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 and a member of Board of Directors of the related party

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

	Current year	Prior year
	VND	VND
Board of Directors, Board of Management and Supervisory Board		
Remunerations and bonus	4,495,000,000	14,913,000,000
I.P.A Investments Group Joint Stock Company		
Office rental and office management fees	10,292,607,167	10,581,277,422
HOMEDIRECT Joint Stock Company		
Bonds issuance fee received	-	2,900,000,000
Bond interest	-	6,999,439
Interest paid on customer demand deposits	344,427	12,239,320
Other expenses	120,000,000	120,000,000
IPA Finance Co., Ltd.		
Revenues from fees	25,020,113	28,736,553
Interest paid on customer demand deposits	365,591	1,523,447
Dividend received from VNDIRECT	28,094,177,000	56,188,354,000
Post and Telecommunication Joint Stock Insurance Corporation (PTI)		
Dividends received	-	21,126,475,200
Revenues from fees	667,567,699	1,563,621,633
Interest paid on customer demand deposits	18,239,331	19,742,135
Bac Ha Energy Joint Stock Company		
Interest paid on customer demand deposits	957,610	1,308,348
Asian Pearl Joint Stock Company		
Interest paid on customer demand deposits	309,382	210,451
ANVIE Real Estate Company Limited		
Interest paid on customer demand deposits	85,649	115,381
Revenues from fees	15,347	271,551
HOMEFOOD Joint Stock Company		
Interest paid on customer demand deposits	1,581	1,638
Purchasing food	-	150,455,468
Other expenses	-	18,039,481
Printing Mechanical Joint Stock Company		
Land rental expense	-	2,612,074,205
Interest paid on customer demand deposits	1,577,661	1,400,508
Revenues from fees	92,022	1,699,976
Ms. Pham Minh Huong		
Remuneration of Board of Directors	84,000,000	84,000,000
Interest paid on customer demand deposits	-	790,592
Revenues from fees	26,804,629	166,141,845
Dividend received from VNDIRECT	3,046,868,025	1,343,736,050
Mr. Vu Hien		
Remuneration of Board of Directors	84,000,000	84,000,000
Coupon received from VNDIRECT's bond	6,568,839,060	2,603,978,120
Interest paid on customer demand deposits	1,338,235	2,850,260
Revenues from fees	4,315,671	6,415,077
Dividend received from VNDIRECT	85,500	171,000


At the reporting date, VNDIRECT has significant balances with its related parties as follows:

	Closing balance	Opening balance
	VND	VND
HOMEDIRECT Joint Stock Company		
Equity investment	7,500,000,000	7,500,000,000
Securities trading account	9,546,144	130,916,841
IPA Finance Co., Ltd.		
Receipt of equity investment	561,883,540,000	561,883,540,000
Securities trading account	42,861,053	23,580,113
Post and Telecommunication Joint Stock Insurance Corporation (PTI)		
Investment in shares	132,160,550,000	158,053,960,000
Securities trading account	6,978,692	4,917,741,997
Hoi An Tourist Service Joint Stock Company (HOT)		
Investment in shares	-	9,644,810,000
Bac Ha Energy Joint Stock Company		
Securities trading account	457,225	12,144,691,908
Asian Pearl Joint Stock Company		
Securities trading account	2,190,665	322,843
ANVIE Real Estate Company Limited		
Securities trading account	17,966,251	14,041,599
HOMEFOOD Joint Stock Company		
Securities trading account	525,816	524,235
Printing Mechanical Joint Stock Company		
Deposit for land rental	500,000,000	500,000,000
Securities trading account	533,369,736	508,731,597
Ms. Pham Minh Huong		
Owning shares of the Company (par value in VND)	64,144,590,000	64,144,590,000
Securities trading account	22,111,211	355,986,415
Mr. Vu Hien		
Owning shares of the Company (par value in VND)	1,800,000	1,800,000
Securities trading account	3,017,023,829	620,055,766
Owning bonds of the Company	-	6,293,800,000

40. SUBSEQUENT EVENTS

No event arising after the balance sheet date that has materially affected or could materially affect the Company's operations and the Company's performance for the year ended 31 December 2019 is required to present in the consolidated financial statements.


Ms. Nguyen Thi Tuyen
Preparer


Ms. Nguyen Ha Ninh
Chief Accountant


Ms. Pham Minh Huong
Chief Executive Officer

Hanoi, S.R.Vietnam
30 March 2020