



Phu Hung Securities Corporation

Interim financial statements
for the six-month period ended 30 June 2017

Phu Hung Securities Corporation
Corporate Information

Establishment and Operation Licence No.	122/GP-UBCK	20 January 2016
	18/GPDC-UBCK	22 June 2016
	23/GPDC-UBCK	25 July 2016
	03/GPDC-UBCK	23 January 2017

The Establishment and Operation Licence and its updates were issued by the State Securities Commission of Vietnam.

Board of Directors	Mr. Albert Kwang-Chin Ting	Chairman
	Mr. Nguyen Doan Hung	Member
	Mr. Wu Jin Jeng	Member
	Mr. Chen Chia Ken	Member
	Ms. Tsai Hsiu Li	Member

Board of Supervisors	Ms. Kuo Chih-Chia	Chief Supervisor
	Mr. Lii San Rong	Member
	Mr. Chiu Hsien-Chih	Member

Board of Management	Mr. Chen Chia Ken	General Director
	Ms. Pham Thi Thu Nhan	Deputy General Director

Phu Hung Securities Corporation
Corporate Information (continued)

Registered offices

Head Office	Floor 3, CR3-03A 109 Ton Dat Tien Street Tan Phu Ward, District 7 Ho Chi Minh City Vietnam
Phu My Hung Transaction Office	Ground Floor, CR2-08 107 Ton Dat Tien Street Tan Phu Ward, District 7 Ho Chi Minh City Vietnam
District 3 Branch	Floor 2, Phuong Nam Building 157 Vo Thi Sau Street Ward 6, District 3 Ho Chi Minh City Vietnam
Tan Binh Branch	Ground Floor, E-Town 2 Building 364 Cong Hoa Street Ward 13, Tan Binh District Ho Chi Minh City Vietnam
Hanoi Branch	Floor 3, Naforimex Building 19 Ba Trieu Street Hoan Kiem District Hanoi Vietnam
Thanh Xuan Branch	Floor 5, Udic Complex Building, N04 Hoang Dao Thuy Trung Hoa Ward, Cau Giay District Hanoi Vietnam
Hai Phong Branch	Floor 2, Building 18 Tran Hung Dao Street Hoang Van Thu Ward, Hong Bang District Hai Phong City Vietnam
Auditor	KPMG Limited Vietnam

Phu Hung Securities Corporation Statement of the Board of Management

The Board of Management of Phu Hung Securities Corporation (“the Company”) presents this statement and the accompanying interim financial statements of the Company for the six-month period ended 30 June 2017.

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

- (a) the interim financial statements set out on pages 6 to 57 give a true and fair view of the financial position of the Company as at 30 June 2017, and of the results of operations and the cash flows of the Company for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



Mr. Chen Chia Ken
General Director

Ho Chi Minh City, 11 August 2017



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10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders Phu Hung Securities Corporation

We have reviewed the accompanying interim financial statements of Phu Hung Securities Corporation (“the Company”), which comprise the statement of financial position as at 30 June 2017, the statements of income, cash flows and changes in equity for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Management on 11 August 2017, as set out on pages 6 to 57.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express a conclusion on these interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review engagements 2410 – *Review of interim financial information performed by the independent auditor of the entity*.

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



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view, in all material respects, of the financial position of Phu Hung Securities Corporation as at 30 June 2017 and of its results of operations and its cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to interim financial reporting.



KPMG Limited's Branch in Ho Chi Minh City
Vietnam
Review Report No.: 17-01-262/1

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

Ho Chi Minh City, 11 August 2017

Phu Hung Securities Corporation
Statement of financial position as at 30 June 2017

Form B01a – CTCK
(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)

	Code	Note	30/6/2017 VND	31/12/2016 VND
ASSETS				
A	CURRENT ASSETS			
	(100 = 110 + 130)			
	100		882,578,853,083	754,769,544,559
I	Financial assets			
	110		880,330,580,777	753,197,145,380
1	Cash and cash equivalents	111 7	92,810,187,538	103,329,171,322
1.1	Cash	111.1	2,286,430,230	3,233,337,989
1.2	Cash equivalents	111.2	90,523,757,308	100,095,833,333
2	Financial assets at fair value through profit or loss (“FVTPL”)	112 9(a)	3,467,524,683	182,880,050
3	Held-to-maturity investments	113 9(b)	80,000,000,000	80,000,000,000
4	Loans receivable	114 9(c)	689,024,608,314	556,865,515,444
6	Allowance for diminution in value of financial assets	116 13(a)	(1,685,288,232)	(2,515,056,204)
7	Receivables	117 10	11,713,776,849	11,512,782,688
7.2	Dividends and interest receivables from financial assets	117.2	11,713,776,849	11,512,782,688
8	Prepayments to suppliers	118	719,106,433	-
9	Receivables from services rendered	119 11	1,064,752,065	306,694,679
12	Other receivables	122 12	12,914,117,554	13,216,473,532
13	Allowance for doubtful debts	129 13(b)	(9,698,204,427)	(9,701,316,131)
II	Other current assets			
	130		2,248,272,306	1,572,399,179
1	Advances	131	150,600,000	121,000,000
3	Short-term prepaid expenses	133 14(a)	2,097,672,306	1,451,399,179
B	LONG-TERM ASSETS			
	(200 = 220 + 250)			
	200		15,217,826,512	12,906,307,909
II	Fixed assets			
	220		7,913,242,416	6,772,005,511
1	Tangible fixed assets	221 15	2,817,086,551	1,094,347,256
	Cost	222	26,606,629,204	24,686,392,104
	Accumulated depreciation	223a	(23,789,542,653)	(23,592,044,848)
3	Intangible fixed assets	227 16	5,096,155,865	5,677,658,255
	Cost	228	11,924,839,100	11,924,839,100
	Accumulated amortisation	229a	(6,828,683,235)	(6,247,180,845)

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

Phu Hung Securities Corporation
Statement of financial position as at 30 June 2017 (continued)

Form B01a – CTCK
(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)

	Code	Note	30/6/2017 VND	31/12/2016 VND
V Other long-term assets	250		7,304,584,096	6,134,302,398
1 Long-term deposits	251	17	2,011,035,924	1,820,835,924
2 Long-term prepaid expenses	252	14(b)	3,239,398,894	4,193,466,474
4 Deposits at Payment Support Fund	254	18	2,054,149,278	120,000,000
TOTAL ASSETS (270 = 100 + 200)	270		897,796,679,595	767,675,852,468
C LIABILITIES (300 = 310 + 340)	300		579,150,726,948	456,587,889,911
I Current liabilities	310		578,453,460,983	455,874,298,946
1 Short-term borrowings and finance lease liabilities	311		444,204,795,418	384,735,000,000
1.1 <i>Short-term borrowings</i>	312	19	444,204,795,418	384,735,000,000
6 Accounts payable for securities trading activities	318	20	125,429,068,916	54,182,521,585
8 Accounts payable to suppliers	320		74,679,861	74,350,001
9 Advances from customers	321		78,012,000	155,512,000
10 Taxes payable to State Treasury	322	21	1,327,029,978	947,680,680
11 Payables to employees	323		3,679,000	915,000
12 Employees' benefits payable	324		372,585,573	372,373,273
13 Accrued expenses	325	22	6,380,369,143	6,147,100,173
15 Unearned revenue	327		154,545,453	-
17 Other payables	329	23	428,695,641	9,258,846,234
II Long-term liabilities	340		697,265,965	713,590,965
10 Long-term deposits	352		304,878,465	304,878,465
12 Provisions – long-term	354		392,387,500	408,712,500
D EQUITY (400 = 410)	400		318,645,952,647	311,087,962,557
I Owners' equity	410		318,645,952,647	311,087,962,557
1 Share capital	411		319,998,815,000	319,998,815,000
1.1 <i>Share capital</i>	411.1		320,000,000,000	320,000,000,000
1.5 <i>Treasury shares</i>	411.5		(1,185,000)	(1,185,000)
7 Accumulated losses	417		(1,352,862,353)	(8,910,852,443)
7.1 <i>Realised losses</i>	417.1		(729,674,843)	(6,963,305,861)
7.2 <i>Unrealised losses</i>	417.2		(623,187,510)	(1,947,546,582)
TOTAL LIABILITIES AND EQUITY (440 = 300 + 400)	440		897,796,679,595	767,675,852,468

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

Phu Hung Securities Corporation
Statement of financial position as at 30 June 2017 (continued)

Form B01a – CTCK
*(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

OFF-BALANCE SHEET ITEMS

	Code	30/6/2017 VND	31/12/2016 VND	
A. THE COMPANY'S ASSETS				
6	Shares in circulation (number of securities)	006	31,999,510	31,999,510
7	Treasury shares (number of securities)	007	490	490
8	Listed/registered financial assets at VSD of the Company	008	899,510,000	32,180,000
9	Custodied financial assets at VSD but not yet traded of the Company	009	27,720,000	4,570,000
10	Financial assets in transit of the Company	010	175,000,000	20,000,000
13	Financial assets entitled to rights of the Company	013	160,000	-
B. ASSETS AND PAYABLES RELATING TO ASSETS MANAGED BY THE COMPANY				
1	Listed/registered financial assets at VSD of investors/customers	021	1,923,553,370,000	1,684,308,080,000
<i>a</i>	<i>Freely traded financial assets</i>	<i>021.1</i>	<i>1,867,644,810,000</i>	<i>1,656,798,230,000</i>
<i>b</i>	<i>Financial assets restricted for transfer</i>	<i>021.2</i>	<i>1,067,000,000</i>	<i>90,200,000</i>
<i>c</i>	<i>Financial assets under pledged transactions</i>	<i>021.3</i>	<i>-</i>	<i>600,000,000</i>
<i>d</i>	<i>Blocked financial assets</i>	<i>021.4</i>	<i>70,000</i>	<i>70,000</i>
<i>e</i>	<i>Financial assets awaiting for settlement</i>	<i>021.5</i>	<i>54,841,490,000</i>	<i>26,819,580,000</i>
2	Custodied financial assets at VSD but not yet traded of investors/customers	022	58,252,260,000	39,932,740,000
<i>a</i>	<i>Freely traded financial assets at VSD but not yet traded</i>	<i>022.1</i>	<i>58,057,260,000</i>	<i>39,422,740,000</i>
<i>b</i>	<i>Custodied financial assets at VSD but not yet traded and restricted for transfer</i>	<i>022.2</i>	<i>195,000,000</i>	<i>510,000,000</i>
3	Financial assets in transit of investors/customers	023	66,294,000,000	29,065,500,000
6	Financial assets entitled to rights of investors/customers	025	9,846,530,000	3,746,110,000

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

Phu Hung Securities Corporation
Statement of financial position as at 30 June 2017 (continued)

Form B01a – CTCK
(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

	Code	30/6/2017 VND	31/12/2016 VND
7 Customers' deposits	026	58,834,745,470	46,537,168,092
7.1 Customers' cash deposits for securities transactions managed by the Company	027	58,834,745,470	46,537,168,092
8 Payables to customers for cash deposits for securities transactions managed by the Company	031	58,834,745,470	46,537,168,092
8.1 Payables to domestic customers for cash deposits for securities transactions managed by the Company	031.1	52,543,773,432	40,307,588,764
8.2 Payables to foreign customers for cash deposits for securities transactions managed by the Company	031.2	6,290,972,038	6,229,579,328

11 August 2017

Prepared by:



Ms. Do Thi Ai Vy
Supervisor of Accounting

Reviewed by:



Ms. Nguyen Thi My Linh
Chief Accountant

Approved by:



Mr. Chen Chia Ken
General Director

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

Phu Hung Securities Corporation

Statement of income for the six-month period ended 30 June 2017 (continued)

Form B02a – CTCK

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

	Code	Note	Six-month period ended 30/6/2017 VND	Period from 20/1/2016 to 30/6/2016 VND
III FINANCIAL INCOME				
3.1 Realised and unrealised foreign exchange gains	41		652,432,753	204,666
3.2 Dividends and interest income from bank deposits	42		109,702,802	249,400,605
Total financial income	50		762,135,555	249,605,271
IV FINANCIAL EXPENSES				
4.1 Realised and unrealised foreign exchange losses	51		1,563,000,405	120,000,000
4.2 Interest expense	52	26	11,253,176,795	17,097,912,635
Total financial expenses	60		12,816,177,200	17,217,912,635
VI GENERAL AND ADMINISTRATION EXPENSES	62	27	16,146,291,278	11,976,733,952
VII RESULTS FROM OPERATING ACTIVITIES (70 = 20 + 50 – 40 – 60 – 62)	70		7,210,184,473	(1,022,849,409)
VIII OTHER INCOME AND OTHER EXPENSES				
8.1 Other income	71		456,535,755	395,233,486
8.2 Other expenses	72		108,730,138	-
Results from other activities (80 = 71 – 72)	80		347,805,617	395,233,486
IX ACCOUNTING PROFIT/(LOSS) BEFORE TAX (90 = 70 + 80)	90		7,557,990,090	(627,615,923)
9.1 Realised profit/(loss) before tax	91		8,178,631,018	(624,996,015)
9.2 Unrealised loss before tax	92		(620,640,928)	(2,619,908)

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

Phu Hung Securities Corporation
Statement of income for the six-month period ended 30 June 2017 (continued)

Form B02a – CTCK
(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

	Code	Note	Six-month period ended 30/6/2017 VND	Period from 20/1/2016 to 30/6/2016 VND
X INCOME TAX EXPENSE	100		-	-
10.1 Income tax expense - current	100.1	28	-	-
10.2 Income tax expense - deferred	100.2	28	-	-
XI NET PROFIT/(LOSS) AFTER TAX (200 = 90 - 100)	200		7,557,990,090	(627,615,923)
XII OTHER COMPREHENSIVE INCOME	300		-	-
XIII EARNINGS PER SHARE	500			
13.1 Basic earnings/(losses) per share	501	29	236	(29)

11 August 2017

Prepared by:



Ms. Do Thi Ai Vy
Supervisor of Accounting

Reviewed by:



Ms. Nguyen Thi My Linh
Chief Accountant

Approved by:



The stamp contains the following text: S. Q. Đ: 122 - C. T. C. F. CÔNG TY CỔ PHẦN CHỨNG KHOÁN PHÚ HƯNG QUẬN 7 - T. P. HỒ CHÍ MINH

Mr. Chen Chia Ken
General Director

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

Phu Hung Securities Corporation

Statement of cash flows for the six-month period ended 30 June 2017 (Indirect method)

Form B03(b)a – CTCK

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

	Code	Six-month period ended 30/6/2017 VND	Period from 20/1/2016 to 30/6/2016 VND Reclassified
I CASH FLOWS FROM OPERATING ACTIVITIES			
1 Profit/(loss) before tax	01	7,557,990,090	(627,615,923)
2 Adjustments for	02	11,705,395,598	13,272,250,198
Depreciation of fixed assets	03	850,638,095	1,027,604,163
Allowances and provisions	04	(832,879,676)	(417,566,029)
Unrealised foreign exchange losses	05	656,000,000	120,000,000
Interest expense	06	11,253,176,795	17,097,912,635
Gains from disposals of fixed assets	07	(20,545,455)	(3,636,364)
Accrued interest income	08	(200,994,161)	(4,552,064,207)
3 Increase in non-monetary expenses	10	30,925,112	2,619,908
Losses from revaluation of financial assets at FVTPL	11	30,925,112	2,619,908
4 Decrease in non-monetary income	18	(66,284,184)	-
Gains from revaluation of financial assets at FVTPL	19	(66,284,184)	-
5 Operating profit before changes in working capital (30 = 01 + 02 + 10 + 18)	30	19,228,026,616	12,647,254,183
(Increase)/decrease in financial assets at FVTPL	31	(3,249,285,561)	978,591
Increase in held-to-maturity investments	32	-	(5,000,000,000)
Increase in loans receivable	33	(132,159,092,870)	(65,773,789,688)
(Increase)/decrease in receivables from services rendered	37	(758,057,386)	7,367,192,736
Decrease in other receivables	39	302,355,978	7,782,724,126
(Increase)/decrease in other assets	40	(2,153,949,278)	8,589,860,546
Increase/(decrease) in accrued expenses	41	66,689,439	(2,677,278,434)
Decrease in prepaid expenses	42	307,794,453	41,865,362
Interest paid	44	(11,086,597,264)	(18,353,273,721)
Decrease in accounts payable	45	(796,276,573)	(31,043,685)
Increase in employees' benefits payable	46	212,300	187,601,500
Increase in taxes payable to State Treasury	47	379,349,298	404,142,052
Increase/(decrease) in payables to employees	48	2,764,000	(35,287,782)
Increase in other payables	50	62,554,617,191	16,259,811,568
Net cash flows from operating activities	60	(67,361,449,657)	(38,589,242,646)

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

Phu Hung Securities Corporation
Statement of cash flows for the six-month period ended 30 June 2017
(Indirect method - continued)

Form B03(b)a – CTCK
(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)

	Code	Six-month period ended 30/6/2017 VND	Period from 20/1/2016 to 30/6/2016 VND Reclassified
II CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets	61	(1,991,875,000)	(228,096,000)
Proceeds from disposals of fixed assets	62	20,545,455	3,636,364
Net cash flows from investing activities	70	(1,971,329,545)	(224,459,636)
III CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued	71	-	117,414,930,000
Payments for treasury shares	72	-	(1,147,119)
Proceeds from short-term borrowings	73	2,573,114,333,213	746,255,062,024
Payments to settle borrowing principals	74	(2,514,300,537,795)	(850,685,062,024)
Net cash flows from financing activities	80	58,813,795,418	12,983,782,881
Net cash flows during the period	90	(10,518,983,784)	(25,829,919,401)
Cash and cash equivalents at the beginning of the period	101	103,329,171,322	-
Cash transferred from PHS and ATS		-	96,598,987,703
Cash and cash equivalents at the end of the period (Note 7)	103	92,810,187,538	70,769,068,302
▪ <i>Cash</i>	<i>103.1</i>	<i>2,286,430,230</i>	<i>10,221,036,789</i>
▪ <i>Cash equivalents</i>	<i>103.2</i>	<i>90,523,757,308</i>	<i>60,548,031,513</i>

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

Phu Hung Securities Corporation
Statement of cash flows for the six-month period ended 30 June 2017
(Indirect method - continued)

Form B03(b)a – CTCK
(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)

CASH FLOWS OF CUSTOMERS FOR BROKERAGE AND ENTRUSTMENT ACTIVITIES

	Code	Six-month period ended 30/6/2017 VND	Period from 20/1/2016 to 30/6/2016 VND Reclassified
Cash flows of customers for brokerage and entrustment activities			
Proceeds from sales of securities brokered by the Company	01	5,754,300,230,000	4,426,808,032,900
Payments for purchases of securities brokered by the Company	02	(5,843,361,640,800)	(4,467,235,867,500)
Deposits received to settle securities transactions of customers	07	8,841,896,706,423	6,829,379,336,421
Payments to settle securities transactions of customers	08	(8,740,212,670,469)	(6,784,102,393,849)
Payments for custody fee of customers' securities	11	(325,047,776)	(521,152,464)
Net cash flows during the period	20	12,297,577,378	4,327,955,508
Cash and cash equivalents of customers at the beginning of the period	30	46,537,168,092	-
Deposits of customers transferred from PHS and ATS		-	42,771,639,030
Cash and cash equivalents of customers at the end of the period (40 = 20 + 30)	40	58,834,745,470	47,099,594,538
Cash in banks at the end of the period	41	58,834,745,470	47,099,594,538
▪ <i>Cash deposits for securities transactions of customers managed by the Company</i>	42	58,834,745,470	47,099,594,538

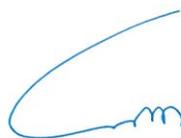
11 August 2017

Prepared by:



Ms. Do Thi Ai Vy
Supervisor of Accounting

Reviewed by:



Ms. Nguyen Thi My Linh
Chief Accountant

Approved by:



Mr. Chen Chia Ken
General Director

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

Phu Hung Securities Corporation
Statement of changes in equity for the six-month period ended 30 June 2017

Form B04a – CTCK
(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

	Opening balance as at		Movements during the period				Closing balance as at	
	20/1/2016	1/1/2017	Period from 20/1/2016 to 30/6/2016		Six-month period ended 30/6/2017		30/6/2016	30/6/2017
	VND	VND	Increase VND	(Decrease) VND	Increase VND	(Decrease) VND	VND	VND
Share capital	-	320,000,000,000	320,000,000,000	-	-	-	320,000,000,000	320,000,000,000
Treasury shares	-	(1,185,000)	(1,185,000)	-	-	-	(1,185,000)	(1,185,000)
Accumulated losses	-	(8,910,852,443)	(627,615,923)	-	7,557,990,090	-	(627,615,923)	(1,352,862,353)
<i>Realised losses</i>	-	(6,963,305,861)	(624,996,015)	-	6,233,631,018	-	(624,996,015)	(729,674,843)
<i>Unrealised losses</i>	-	(1,947,546,582)	(2,619,908)	-	1,324,359,072	-	(2,619,908)	(623,187,510)
Total	-	311,087,962,557	319,371,199,077	-	7,557,990,090	-	319,371,199,077	318,645,952,647

11 August 2017

Prepared by:


 Ms. Do Thi Ai Vy
 Supervisor of Accounting

Reviewed by:


 Ms. Nguyen Thi My Linh
 Chief Accountant

Approved by:


 Mr. Chen Chia Ken
 General Director

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

Phu Hung Securities Corporation

Notes to the interim financial statements for the six-month period ended 30 June 2017

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

1. Reporting entity

(a) Establishment

Phu Hung Securities Corporation (“the Company”) is a joint stock company established in Vietnam under Establishment and Operation Licence No. 122/GP-UBCK dated 20 January 2016 issued by the State Securities Commission of Vietnam. The Company was established on the basis of combining Phu Hung Securities Corporation (“PHS”) – established under Establishment and Operation Licence No. 23/UBCK-GPHDKD dated 1 December 2006 and An Thanh Securities Joint Stock Company (“ATS”).

(b) The Company’ charter capital

As at 30 June 2017, the Company’s share capital was VND320,000,000,000.

(c) Principal activities

The principal activities of the Company are to carry out securities brokerage activities, securities trading, securities investment advisory, securities custody and securities underwriting.

(d) Normal operating cycle

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

(e) Company structure

As at 30 June 2017, the Company had 157 employees (31/12/2016: 149 employees).

2. Basis of preparation

(a) Statement of compliance

The interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 (“Circular 210”) issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to interim financial reporting.

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(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December. These interim financial statements are for the six-month period ended 30 June 2017.

(d) Accounting and presentation currency

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

3. Adoption of new accounting guidance for securities companies

In accordance with Circular No. 210/2014/TT-BTC dated 30 December 2014 issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies, the fair value accounting for relevant financial instruments shall be adopted when the Law on Accounting allows the fair value accounting. Law on Accounting No. 88/2015/QH13 approved by the National Assembly of Vietnam on 20 November 2015, which is effective from 1 January 2017, allows the fair value accounting. Accordingly, the Company has adopted the fair value accounting for financial assets at fair value through profit or loss for the six-month period ended 30 June 2017 on a prospective basis. Refer to Note 4(d).

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4. Summary of significant accounting policies

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

The accounting policies that have been adopted by the Company in the preparation of these interim financial statements are consistent with those adopted in the preparation of the latest annual financial statements, except for the adoption of the fair value accounting for financial assets at fair value through profit or loss as described in Note 3.

(a) Foreign currency transactions

Transactions in currencies other than VND during the period have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer selling rates at the end of the accounting period quoted by the commercial bank where the Company most frequently conducts transactions at the end of the accounting period.

All foreign exchange differences are recorded in the statement of income.

(b) Cash and cash equivalents

Cash comprises cash on hand, cash in banks and cash deposits for securities transactions clearing and settlement of the Company. Cash deposits for securities transactions, securities transactions clearing and settlement of the customers are separated from the Company's accounts.

Cash equivalents are short-term investments with term to maturity of not more than 3 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 the reporting date.

(c) Financial assets and financial liabilities

(i) Recognition

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

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(ii) Classification and measurement

- Financial assets at fair value through profit or loss (“FVTPL”): see Note 4(d);
- Held-to-maturity investments: see Note 4(e);
- Loans receivable: see Note 4(f);

The Company classifies all of its financial liabilities as financial liabilities at amortised cost.

(iii) Derecognition

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

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

(iv) Offsetting

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

(d) Financial assets at FVTPL

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

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

Prior to 1 January 2017, financial assets at FVTPL are stated at cost less allowance for diminution in value by reference to market prices at the latest trading date prior to the reporting date.

Effective from 1 January 2017, financial assets at FVTPL are measured at fair value with changes in fair value recognised in the profit or loss in the statement of income.

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For listed securities, the fair values are the closing prices of securities from the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange at the latest trading date prior to the reporting date.

For securities registered for trading in UPCOM, the fair values are the closing prices of securities from UPCOM at the latest trading date prior to the reporting date.

For unlisted securities but freely traded on the over-the-counter market (“the OTC market”), the fair value is the average price of the transaction prices at the latest trading date prior to the reporting date but within one month from the reporting date provided by three securities companies which are not related to the Company. In case there were no transaction prices within this period, these securities are stated at cost.

For delisted securities and securities for which trading has been suspended or cancelled, the fair value is the book value at the latest balance sheet date.

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

(e) Held-to-maturity investments

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

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

Held-to-maturity investments comprise term deposits at banks and these investments are stated at cost less allowance for doubtful debts.

(f) Loans receivable

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans receivable comprise margin loans and advances to customers for the proceeds from selling securities and these loans receivable are stated at cost less allowance for doubtful debts. Allowance for doubtful debts is made in accordance with accounting policy as described in Note 4(g).

(g) Accounts receivable

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

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(i) Intangible fixed assets

Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 3 to 7 years.

(j) Long-term prepaid expenses

Long-term prepaid expenses comprise of tools and instruments which include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(k) Trade and other payables

Trade and other payables are stated at their cost.

(l) Provisions

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

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Provision for severance allowance to be paid to the existing eligible employees as of 30 June 2017 has been made based on the eligible employees’ years of service, being the total employees’ years of service for the Company less the number of years for which the employees participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by PHS, ATS and the Company, if any, and their average salary for the six-month period prior to the end of the accounting period.

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(m) Taxation

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

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

Deferred tax is provided 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 amount of assets and liabilities using 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 differences asset 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.

(n) Share capital

(i) Ordinary shares

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

(ii) 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.

(o) Statutory reserves

According to Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance, the Company is required to make the following allocations from profit after tax after netting off with accumulated losses from previous years before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement share capital	5% profit after tax	10% of share capital
Financial reserve	5% profit after tax	10% of share capital

The reserve to supplement share capital and financial reserve are non-distributable and are classified as part of equity.

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(p) Revenue

(i) *Gains from sales of financial assets*

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

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

Dividend income is recognised in the statement of income when the Company’s right to receive dividends is established. Share dividends are not recognised as income.

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

(iii) *Revenue from securities brokerage*

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

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

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

(v) *Revenue from securities custody*

Revenue from securities custody activities is recognised in the statement of income when the service is rendered.

(q) Interest expense

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

(r) Operating lease payments

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

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(s) Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

(t) Segment reporting

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

(u) Related parties

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

(v) Nil balances

Items or balances required by Circular 334 issued by the Ministry of Finance that are not shown in these interim financial statements indicate nil balances.

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5. Financial instruments

(a) Financial risk management

(i) Overview

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

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

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

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

(ii) Risk management framework

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

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

The Board of Supervisors 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 Board of Supervisors.

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(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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

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

Collaterals

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are listed securities and cash deposited at the Company. Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for doubtful debts.

Exposure to credit risk

Not considering collateral assets, the Company's maximum exposure to credit risk at the reporting date was as follows:

	30/6/2017	31/12/2016
	VND	VND
Cash in banks and cash equivalents (i)	92,806,057,283	103,324,313,467
Held-to-maturity investments – short-term (i)	80,000,000,000	80,000,000,000
Loans receivable –gross (ii)	689,024,608,314	556,865,515,444
Receivables (ii)	11,713,776,849	11,512,782,688
Prepayments to suppliers (ii)	719,106,433	-
Receivables from services rendered (ii)	1,064,752,065	306,694,679
Other receivables (ii)	12,914,117,554	13,216,473,532
Advances	150,600,000	121,000,000
Long-term deposits	2,011,035,924	1,820,835,924
Deposits at Payment Support Fund	2,054,149,278	120,000,000
	<hr/>	<hr/>
	892,458,203,700	767,287,615,734
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(i) Cash in banks, cash equivalents and held-to-maturity investments

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

(ii) Loans receivable and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, the Board of Management of the Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Credit limit is established for each customer, which represents the maximum open amount without requiring approval from the General Director. The limit is reviewed annually. Debtors with balances that are overdue are requested to settle the balances before further credit is granted. The management requires collateral based on an assessment of the credit risk of each customer. The main types of collateral obtained are cash deposits and securities. The management of the Company monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for doubtful debts.

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

An aging analysis of impaired financial assets is as follows:

	30/6/2017	31/12/2016
	VND	VND
Receivables being overdue of more than 3 years	12,703,014,438	12,703,014,438
Margin loans being overdue of more than 6 months	4,154,088,232	3,903,756,204
	16,857,102,670	16,606,770,642

Fair value of collaterals for impaired financial assets are as follows:

	30/6/2017	31/12/2016
	VND	VND
Cash deposited at the Company	20,927,169	46,889
Listed securities on	3,039,596,550	1,865,990,670
▪ <i>The Ho Chi Minh City Stock Exchange</i>	2,613,862,550	1,507,097,670
▪ <i>The Hanoi Stock Exchange</i>	208,786,000	134,593,000
▪ <i>UPCOM</i>	216,948,000	224,300,000
Delisted securities	3,057,663,380	3,135,654,200
	6,118,187,099	5,001,691,759

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(c) Liquidity risk

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

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

As at 30 June 2017	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND
Short-term borrowings	444,204,795,418	447,460,014,693	447,460,014,693	-
Accounts payable for securities trading activities	125,429,068,916	125,429,068,916	125,429,068,916	-
Accounts payable to suppliers	74,679,861	74,679,861	74,679,861	-
Accrued expenses	6,380,369,143	6,380,369,143	6,380,369,143	-
Other payables	428,695,641	428,695,641	428,695,641	-
Long-term deposits	304,878,465	304,878,465	-	304,878,465
	576,822,487,444	580,077,706,719	579,772,828,254	304,878,465
As at 31 December 2016	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND
Short-term borrowings	384,735,000,000	387,597,929,571	387,597,929,571	-
Accounts payable for securities trading activities	54,182,521,585	54,182,521,585	54,182,521,585	-
Accounts payable to suppliers	74,350,001	74,350,001	74,350,001	-
Accrued expenses	6,147,100,173	6,147,100,173	6,147,100,173	-
Other payables	9,258,846,234	9,258,846,234	9,258,846,234	-
Long-term deposits	304,878,465	304,878,465	-	304,878,465
	454,702,696,458	457,565,626,029	457,260,747,564	304,878,465

The Company manages its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in cash equivalents and short-term deposits at banks.

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(d) Market risk

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

(i) 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.

The Company is exposed to currency risk on borrowings that are denominated in a currency other than the accounting currency of the Company, which is VND. The currency in which these transactions primarily are denominated is United States Dollars ("USD").

Exposure to currency risk

The Company had the following net monetary liability position exposed to currency risk:

	30/06/2017		31/12/2016	
	USD	VND equivalent	USD	VND equivalent
Short-term borrowings	8,500,000	193,545,000,000	6,500,000	148,135,000,000

The followings are the significant exchange rates applied by the Company:

	Exchange rate as at	
	30/6/2017	31/12/2016
USD/VND	22,770	22,790

Below is an analysis of the possible impact on the net loss of the Company, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 30 June 2017. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Effect to net profit/(loss) VND
As at 30 June 2017	
USD (1% strengthening against VND) – decrease in net profit	(1,548,360,000)
As at 1 January 2017	
USD (1% strengthening against VND) – increase in net loss	(1,185,080,000)

The opposite movement of the USD would have the equal but opposite effect to the net profit/(loss) of the Company.

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(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

	Carrying amount	
	30/6/2017	31/12/2016
	VND	VND
Fixed rate instruments		
Cash in banks and cash equivalents	92,806,057,283	103,324,313,467
Held-to-maturity investments – short-term	80,000,000,000	80,000,000,000
Loans receivable	689,024,608,314	556,865,515,444
Deposits at Payment Support Fund	2,054,149,278	120,000,000
Short-term borrowings	(444,204,795,418)	(384,735,000,000)

(iii) Other market risk

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

The Company's financial assets at fair value through profit or loss are affected by market risk arising from the uncertainty of the fluctuation of the future market price of these securities. The Company's equity price risk is managed by the management who seeks to monitor the risk through a careful selection of securities within specified limits.

As at 30 June 2017, the market value of the Company's listed shares is VND3,461,742,768. Had the market prices of these securities increased or decreased by 16% as at 30 June 2017 with all other variables remaining constant, the Company's profit after tax for the period would have increased or decreased by VND443,103,074.

As at 31 December 2016, the Company's exposure to equity price risk is minimal because the Company held insignificant portfolio of financial assets at fair value through profit or loss.

Phu Hung Securities Corporation

Notes to the interim financial statements for the six-month period ended 30 June 2017

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(e) Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position were as follows:

	30/6/2017		31/12/2016	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
<i>Categorised as financial assets at fair value through profit or loss:</i>				
▪ Financial assets at fair value through profit or loss				
• <i>Listed shares</i>	3,461,742,768	3,461,742,768	179,259,117	185,289,180
• <i>Unlisted shares</i>	5,781,915	5,781,915	6,167,515	(*)
<i>Categorised as held-to-maturity investments:</i>				
▪ Term deposit at banks	80,000,000,000	(*)	80,000,000,000	(*)
<i>Categorised as loans and receivables:</i>				
▪ Cash in banks and cash equivalents	92,806,057,283	92,806,057,283	103,324,313,467	103,324,313,467
▪ Loans receivable	687,339,320,082	(*)	554,350,459,240	(*)
▪ Receivables	11,713,776,849	(*)	11,512,782,688	(*)
▪ Prepayments to suppliers	719,106,433	(*)	-	(*)
▪ Receivables from services rendered	1,064,752,065	(*)	306,694,679	(*)
▪ Other receivables	3,215,913,127	(*)	3,515,157,401	(*)
▪ Advances	150,600,000	(*)	121,000,000	(*)
▪ Long-term deposits	2,011,035,924	(*)	1,820,835,924	(*)
▪ Deposits at Payment Support Fund	2,054,149,278	(*)	120,000,000	(*)

Phu Hung Securities Corporation

Notes to the interim financial statements for the six-month period ended 30 June 2017 (continued)

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	30/6/2017		31/12/2016	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
<i>Categorised as liabilities at amortised cost:</i>				
▪ Short-term borrowings	(444,204,795,418)	(*)	(384,735,000,000)	(*)
▪ Accounts payable for securities trading activities	(125,429,068,916)	(*)	(54,182,521,585)	(*)
▪ Accounts payable to suppliers	(74,679,861)	(*)	(74,350,001)	(*)
▪ Accrued expenses	(6,380,369,143)	(*)	(6,147,100,173)	(*)
▪ Other payables	(428,695,641)	(*)	(9,258,846,234)	(*)
▪ Long-term deposits	(304,878,465)	(*)	(304,878,465)	(*)

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

Phu Hung Securities Corporation

Notes to the interim financial statements for the six-month period ended 30 June 2017 (continued)

Form B09a – CTCK

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

6. Segment information

(i) Business segment

The Company comprises the main business segments: securities brokerage, securities trading, treasury activities and other activities.

	Code	Securities brokerage VND	Securities trading VND	Treasury activities VND	Others VND	Total VND
For the six-month period ended 30 June 2017						
1. Revenue from operating activities	01	20,158,330,601	312,450,222	39,138,155,222	832,518,638	60,441,454,683
2. Direct expenses	02	19,636,296,406	606,556,452	32,232,519,421	846,869,650	53,322,241,929
3. Allocated depreciation and amortisation expenses	03	109,738,968	-	740,899,127	-	850,638,095
4. Reversal of allowance for doubtful debts	04	-	-	(832,879,676)	-	(832,879,676)
5. Other income	05	-	-	-	456,535,755	456,535,755
Profit/(loss) before tax (06 = 01 + 05 – 02 – 03 – 04)	06	412,295,227	(294,106,230)	6,997,616,350	442,184,743	7,557,990,090
As at 30 June 2017						
Segment assets		2,397,218,285	3,475,028,730	891,549,664,714	374,767,866	897,796,679,595
Segment liabilities		37,881,103,636	74,864,813	540,840,161,422	354,597,077	579,150,726,948

Phu Hung Securities Corporation

Notes to the interim financial statements for the six-month period ended 30 June 2017 (continued)

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(Issued under Circular No.210/2014/TT-BTC
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	Code	Securities brokerage VND	Securities trading VND	Treasury activities VND	Others VND	Total VND
For the period from 20 January 2016 (date of establishment) to 30 June 2016						
1. Revenue from operating activities	01	15,174,555,936	61,806,711	32,408,551,833	616,962,832	48,261,877,312
2. Direct expenses	02	16,644,924,468	315,542,739	30,899,920,107	821,992,940	48,682,380,254
3. Allocated depreciation and amortisation expenses	03	209,844,437	-	817,759,726	-	1,027,604,163
4. Reversal of allowance for doubtful debts	04	-	-	(425,257,696)	-	(425,257,696)
5. Other income	05	-	-	-	395,233,486	395,233,486
(Loss)/profit before tax (06 = 01 + 05 – 02 – 03 – 04)	06	(1,680,212,969)	(253,736,028)	1,116,129,696	190,203,378	(627,615,923)
As at 31 December 2016						
Segment assets		501,176,284	186,772,231	766,832,131,868	155,772,085	767,675,852,468
Segment liabilities		8,550,963,556	67,347,000	439,094,694,619	8,874,884,736	456,587,889,911

(ii) Geographical segment

All businesses of the Company are taken place within Vietnam territory.

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***7. Cash and cash equivalents**

	30/6/2017	31/12/2016
	VND	VND
Cash on hand	4,130,255	4,857,855
Cash in banks	2,282,299,975	3,228,480,134
Cash equivalents	90,523,757,308	100,095,833,333
	<hr/>	<hr/>
	92,810,187,538	103,329,171,322
	<hr/>	<hr/>

As at 30 June 2017, cash and cash equivalents of VND90,000,000,000 were pledged with banks as security for loans granted to the Company (31/12/2016: VND100,000,000,000) (Note 19).

8. Volume and value of transactions during the period

	Period from 1/1/2017 to 30/6/2017		Period from 20/1/2016 to 30/6/2016	
	Volume of transactions	Value of transactions VND	Volume of transactions	Value of transactions VND
a) The Company				
Shares	494,685	19,770,459,500	143,169	4,144,938,980
b) Investors/customers				
Shares	635,860,264	11,640,337,955,100	640,959,616	8,903,878,059,480
Other securities	12,220	191,839,800	2,750	25,298,000
	<hr/>	<hr/>	<hr/>	<hr/>
	636,367,169	11,660,300,254,400	641,105,535	8,908,048,296,460
	<hr/>	<hr/>	<hr/>	<hr/>

9. Financial assets**(a) Financial assets at fair value through profit or loss**

	30/6/2017		31/12/2016	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Listed shares (i)	3,428,930,278	3,461,742,768	179,259,117	185,289,180
Unlisted shares	5,781,915	5,781,915	6,167,515	(*)
Allowance for diminution in value	-	-	(2,546,582)	(*)
	<hr/>	<hr/>	<hr/>	<hr/>
	3,434,712,193	3,467,524,683	182,880,050	(*)
	<hr/>	<hr/>	<hr/>	<hr/>

Phu Hung Securities Corporation

Notes to the interim financial statements for the six-month period ended 30 June 2017 (continued)

Form B09a – CTCK

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

(i) Movements of fair values of financial assets at FVTPL

	Quantity	30/6/2017 Cost VND (1)	Fair value VND (2)	Revaluation difference during the period		Revaluation value VND (5) = (1) + (3) – (4)
				Revaluation gain VND (3) = (2) – (1)	Revaluation loss VND (4) = (1) – (2)	
Listed shares						
DCM	52,507	731,406,270	748,224,750	16,818,480	-	748,224,750
FPT	15,507	746,200,533	726,502,950	27,417	19,725,000	726,502,950
VNM	3,501	537,326,012	551,757,600	14,431,588	-	551,757,600
GAS	9,300	521,011,000	542,190,000	21,179,000	-	542,190,000
VCB	6,503	250,134,262	250,365,500	231,238	-	250,365,500
DPR	5,500	250,150,000	239,250,000	-	10,900,000	239,250,000
ELC	10,000	226,000,000	230,000,000	4,000,000	-	230,000,000
VIC	3,507	148,436,150	149,748,900	1,312,750	-	149,748,900
Others	1,121	18,266,051	23,703,068	8,283,711	2,846,694	23,703,068
	107,446	3,428,930,278	3,461,742,768	66,284,184	33,471,694	3,461,742,768

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***(b) Held-to-maturity investments**

	30/6/2017		31/12/2016	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Term deposits at banks with original term to maturity of more than 3 months to 1 year	80,000,000,000	(*)	80,000,000,000	(*)

As at 30 June 2017, term deposits at banks amounting to VND80,000,000,000 were pledged with banks as security for loans granted to the Company (31/12/2016: VND61,500,000,000) (Note 19).

(c) Loans receivable

	30/6/2017		31/12/2016	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Margin loans (i)	614,450,062,808	(*)	535,088,652,648	(*)
Advances to customers for the proceeds from selling securities (ii)	74,574,545,506	(*)	21,776,862,796	(*)
	689,024,608,314	(*)	556,865,515,444	(*)

(i) The margin loans were granted to customers for margin trade. As at 30 June 2017, these loans had original term to maturity of 90 days and earned daily interest rates ranging from 0.029% to 0.039% (31/12/2016: from 0.029% to 0.039%). The initial margin is 50% and minimum maintenance margin for the margin trade is 30% - 40% (31/12/2016: 30% - 40%).

(ii) As at 30 June 2017, advances to customers for the proceeds from selling securities earned daily interest rates ranging from 0.029% to 0.039% and had original term to maturity ranging from 1 day to 2 days (31/12/2016: from 0.029% to 0.039%).

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

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***10. Receivables**

	30/6/2017	31/12/2016
	VND	VND
Interest receivables from margin loans	7,925,193,474	8,261,947,445
Interest receivable from term deposits at banks	3,788,583,375	3,250,835,243
	<hr/>	<hr/>
	11,713,776,849	11,512,782,688
	<hr/>	<hr/>

11. Receivables from services rendered

	30/6/2017	31/12/2016
	VND	VND
Receivables from brokerage activities	156,177,984	82,497,875
Receivables from custody services	213,858,843	224,130,454
Advances for dividend payments to customers	694,715,238	-
Other receivables	-	66,350
	<hr/>	<hr/>
	1,064,752,065	306,694,679
	<hr/>	<hr/>

12. Other receivables

	30/6/2017	31/12/2016
	VND	VND
Advances to customers for securities trading activities (i)	12,703,014,438	12,703,014,438
Others	211,103,116	513,459,094
	<hr/>	<hr/>
	12,914,117,554	13,216,473,532
	<hr/>	<hr/>

- (i) These balances represent advances to customers for securities trading activities incurring before the issuance of Decision No. 637/QD-UBCK dated 30 August 2011 issued by the State Securities Commission of Vietnam which provides guidance for margin trade activities.

Phu Hung Securities Corporation

Notes to the interim financial statements for the six-month period ended 30 June 2017 (continued)

Form B09a – CTCK
(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)

13. Allowance for diminution in value of financial assets and doubtful debts

(a) Allowance for diminution in value of financial assets

Six-month period ended 30 June 2017

	As at 30/6/2017			Allowance as at 1/1/2017 VND	Allowance reversed during the period VND
	Cost VND	Recoverable amount VND	Allowance VND		
Margin loans	4,154,088,232	2,468,800,000	1,685,288,232	2,515,056,204	(829,767,972)

Phu Hung Securities Corporation

Notes to the interim financial statements for the six-month period ended 30 June 2017 (continued)

Form B09a – CTCK
(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)

13. Allowance for diminution in value of financial assets and doubtful debts (continued)

(b) Allowance for doubtful debts

Six-month period ended 30 June 2017

	As at 30/6/2017			Allowance as at 1/1/2017 VND	Allowance reversed during the period VND
	Cost VND	Recoverable amount VND	Allowance VND		
Advances to customers for securities trading activities	12,703,014,438	3,004,810,011	9,698,204,427	9,701,316,131	(3,111,704)

Period from 20 January 2016 to 30 June 2016	As at 30/6/2016			Allowance as at 20/1/2016 VND	Transfer from PHS and ATS VND	Allowance reversed during the period VND
	Cost VND	Recoverable amount VND	Allowance VND			
Advances to customers for securities trading activities	23,582,824,024	4,562,018,190	19,020,805,834	-	19,446,063,530	(425,257,696)
Other receivables	5,367,921,848	-	5,367,921,848	-	5,367,921,848	-
	28,950,745,872	4,562,018,190	24,388,727,682	-	24,813,985,378	(425,257,696)

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***14. Prepaid expenses****(a) Short-term prepaid expenses**

	30/6/2017	31/12/2016
	VND	VND
Software licence	752,914,120	301,959,639
Prepaid rental fees	386,715,001	609,727,614
Others	958,043,185	539,711,926
	<hr/>	<hr/>
	2,097,672,306	1,451,399,179
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(b) Long-term prepaid expenses

	30/6/2017	31/12/2016
	VND	VND
Tools and instruments	867,957,026	1,181,381,276
Others	2,371,441,868	3,012,085,198
	<hr/>	<hr/>
	3,239,398,894	4,193,466,474
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Movements of long-term prepaid expenses during the period were as follows:

	Six-month period ended 30 June 2017	Period from 20/1/2016 to 30/6/2016
	VND	VND
Opening balance	4,193,466,474	-
Transfer from PHS and ATS	-	4,561,916,759
Additions during the period	232,490,280	274,238,169
Amortisation for the period	(1,186,557,860)	(1,010,221,725)
	<hr/>	<hr/>
Closing balance	3,239,398,894	3,825,933,203
	<hr/>	<hr/>

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***15. Tangible fixed assets**

<i>Six-month period ended 30 June 2017</i>	Leasehold improvements VND	Office equipment VND	Total VND
Cost			
Opening balance	1,734,108,818	22,952,283,286	24,686,392,104
Additions	-	1,991,875,000	1,991,875,000
Disposals	-	(71,637,900)	(71,637,900)
Closing balance	1,734,108,818	24,872,520,386	26,606,629,204
Accumulated depreciation			
Opening balance	1,471,653,694	22,120,391,154	23,592,044,848
Charge for the period	98,793,936	170,341,769	269,135,705
Disposals	-	(71,637,900)	(71,637,900)
Closing balance	1,570,447,630	22,219,095,023	23,789,542,653
Net book value			
Opening balance	262,455,124	831,892,132	1,094,347,256
Closing balance	163,661,188	2,653,425,363	2,817,086,551

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***15. Tangible fixed assets (continued)**

<i>Period from 20 January 2016 to 30 June 2016</i>	Leasehold improvements VND	Office equipment VND	Total VND
Cost			
Opening balance	-	-	-
Transfer from PHS and ATS	1,734,108,818	22,599,387,286	24,333,496,104
Additions	-	228,096,000	228,096,000
Disposals	-	(51,200,000)	(51,200,000)
Closing balance	1,734,108,818	22,776,283,286	24,510,392,104
Accumulated depreciation			
Opening balance	-	-	-
Transfer from PHS and ATS	1,284,157,676	21,391,392,959	22,675,550,635
Charge for the period	88,702,082	409,281,640	497,983,722
Disposals	-	(51,200,000)	(51,200,000)
Closing balance	1,372,859,758	21,749,474,599	23,122,334,357
Net book value			
Opening balance	-	-	-
Closing balance	361,249,060	1,026,808,687	1,388,057,747

Included in tangible fixed assets were assets costing VND22,184,955,877 which were fully depreciated as at 30 June 2017, but which are still in use (31/12/2016: VND22,256,593,777).

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***16. Intangible fixed assets***Six-month period ended 30 June 2017*

	Software VND
Cost	
Opening balance/closing balance	11,924,839,100
Accumulated amortisation	
Opening balance	6,247,180,845
Charge for the period	581,502,390
Closing balance	6,828,683,235
Net book value	
Opening balance	5,677,658,255
Closing balance	5,096,155,865

Period from 20 January 2016 to 30 June 2016

	Software VND
Cost	
Opening balance	-
Transfer from PHS and ATS	11,970,218,100
Closing balance	11,970,218,100
Accumulated amortisation	
Opening balance	-
Transfer from PHS and ATS	5,146,021,041
Charge for the period	529,620,441
Closing balance	5,675,641,482
Net book value	
Opening balance	-
Closing balance	6,294,576,618

Included in intangible fixed assets were assets costing VND4,472,694,700 which were fully depreciated as at 30 June 2017, but which are still in use (31/12/2016: VND4,472,694,700).

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***17. Long-term deposits**

	30/6/2017	31/12/2016
	VND	VND
Security deposits for office, house and car rentals	2,011,035,924	1,820,835,924

18. Deposits at Payment Support Fund

	30/6/2017	31/12/2016
	VND	VND
Deposits at Payment Support Fund	2,054,149,278	120,000,000

According to Decision No. 45/QD-VSD dated 22 May 2014 issued by the Vietnam Securities Depository, the Company is required to deposit an initial amount of VND120 million at the Vietnam Securities Depository and an annual contribution of 0.01% of the total value of brokered securities, which are listed and registered for transactions in the Stock Exchanges, in the previous period with the maximum of annual contribution of VND2.5 billion to Payment Support Fund.

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

	Six-month period ended 30/6/2017	Period from 20/1/2016 to 30/6/2016
	VND	VND
Opening balance	120,000,000	-
Transfer from PHS and ATS	-	9,020,604,134
Amount refunded by VSD	-	(9,020,604,134)
Deposits made during the period	1,928,127,666	120,000,000
Interest received during the period	6,021,612	-
Closing balance	2,054,149,278	120,000,000

Phu Hung Securities Corporation

Notes to the interim financial statements for the six-month period ended 30 June 2017 (continued)

Form B09a – CTCK

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

19. Short-term borrowings

Description	Interest rate (per annum)	Opening balance as at 1/1/2017 VND	Receipts VND	(Payments) VND	Foreign exchange differences VND	Closing balance as at 30/6/2017 VND
Short-term borrowings from						
▪ First Commercial Bank – Ho Chi Minh City Branch (i)	7.0%	20,000,000,000	-	(20,000,000,000)	-	-
▪ Cathay United Bank – Chu Lai Branch (i)	5.0% - 5.5%	50,000,000,000	160,500,000,000	(160,500,000,000)	-	50,000,000,000
▪ BIDV – Nam Ky Khoi Nghia Branch	6.8%	22,800,000,000	1,358,400,333,213	(1,362,440,537,795)	-	18,759,795,418
▪ Hua Nan Bank – Ho Chi Minh City Branch (i)	7.0%	-	40,000,000,000	(40,000,000,000)	-	-
▪ Indovina Bank – Ho Chi Minh City Branch (i)	4.3% - 7.0%	30,000,000,000	137,500,000,000	(125,000,000,000)	-	42,500,000,000
▪ The Shanghai Commercial & Savings Bank, Ltd. – Hong Kong Branch	LIBOR 6 months + 2.5%	34,185,000,000	124,640,000,000	(79,425,000,000)	295,000,000	79,695,000,000
▪ Orient Commercial Bank – Ho Chi Minh City Branch (i)	6.2% - 8.2%	33,800,000,000	239,600,000,000	(244,000,000,000)	-	29,400,000,000
▪ CTBC Bank – Ho Chi Minh City Branch (i)	7.0% - 7.5%	-	50,000,000,000	(20,000,000,000)	-	30,000,000,000
▪ CX Technology (Vietnam) Corporation	8.5%	-	45,000,000,000	(45,000,000,000)	-	-
▪ Phu Lap Investment Consultant Co., Ltd.	8.7%	30,000,000,000	-	-	-	30,000,000,000
▪ MEGA International Commercial Bank – Ho Chi Minh City Branch	5.0%	20,000,000,000	54,000,000,000	(54,000,000,000)	-	20,000,000,000
▪ Yuanta Commercial Bank Co., Ltd.	3.3%	45,580,000,000	113,129,000,000	(113,365,000,000)	196,000,000	45,540,000,000
▪ E.SUN Bank - Dong Nai Branch	6.0%	30,000,000,000	97,000,000,000	(97,000,000,000)	-	30,000,000,000
▪ Entie Commercial Bank Co., Ltd	3.2%	68,370,000,000	68,145,000,000	(68,370,000,000)	165,000,000	68,310,000,000
▪ Bank SinoPac Co., Ltd – Ho Chi Minh City Branch	6.25%	-	20,000,000,000	(20,000,000,000)	-	-

Phu Hung Securities Corporation

Notes to the interim financial statements for the six-month period ended 30 June 2017 (continued)

Form B09a – CTCK
(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)

Description	Interest rate (per annum)	Opening balance as at 1/1/2017 VND	Receipts VND	(Payments) VND	Foreign exchange differences VND	Closing balance as at 30/6/2017 VND
▪ An Thinh Development Co., Ltd	2.5%	-	45,200,000,000	(45,200,000,000)		-
▪ Phu Vinh Investment Consultant and Development Co., Ltd	8.5%	-	20,000,000,000	(20,000,000,000)		-
		384,735,000,000	2,573,114,333,213	(2,514,300,537,795)	656,000,000	444,204,795,418

- (i) As at 30 June 2017, these borrowings are secured by cash and cash equivalents of VND90,000,000,000 (31/12/2016: VND100,000,000,000) (Note 7) and term deposits at banks of VND80,000,000,000 (31/12/2016: VND61,500,000,000) (Note 9(b)).

Phu Hung Securities Corporation

Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)

Form B09a – CTCK

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

20. Accounts payable for securities trading activities

	30/6/2017	31/12/2016
	VND	VND
Clearing and settlement of securities transactions	34,534,662,200	6,336,039,700
Settlements of securities transactions by customers	90,224,145,900	47,356,221,800
Others	670,260,816	490,260,085
	<hr/>	<hr/>
	125,429,068,916	54,182,521,585
	<hr/>	<hr/>

21. Taxes payable to State Treasury

	Opening balance		Paid	Closing balance
	as at 1/1/2017	Incurred	VND	as at 30/6/2017
	VND	VND	VND	VND
Personal income tax	944,519,071	7,174,137,823	(6,800,331,130)	1,318,325,764
Value added tax	3,161,609	68,912,790	(63,370,185)	8,704,214
Foreign contractor tax	-	378,529,870	(378,529,870)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	947,680,680	7,621,580,483	(7,242,231,185)	1,327,029,978
	<hr/>	<hr/>	<hr/>	<hr/>

22. Accrued expenses

	30/6/2017	31/12/2016
	VND	VND
Employees' costs	3,099,890,126	2,816,850,004
Consulting fees	61,913,613	93,260,257
Securities transactions fees	817,496,749	586,529,026
Interest expense	1,171,319,324	1,004,739,793
Others	1,229,749,331	1,645,721,093
	<hr/>	<hr/>
	6,380,369,143	6,147,100,173
	<hr/>	<hr/>

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***23. Other payables**

	30/6/2017 VND	31/12/2016 VND
Compensations payable to customers	-	8,025,641,593
Payables to customers	171,627,355	1,124,000,000
Other payables	257,068,286	109,204,641
	<hr/>	<hr/>
	428,695,641	9,258,846,234
	<hr/>	<hr/>

24. Interest income from loans and receivables

	Six-month period ended 30/6/2017 VND	Period from 20/1/2016 to 30/6/2016 VND
Interest income from margin loans	32,265,227,382	27,939,628,253
Fees from advances to customers for the proceeds from selling securities	1,585,131,438	1,652,879,791
	<hr/>	<hr/>
	33,850,358,820	29,592,508,044
	<hr/>	<hr/>

25. Expenses for securities brokerage

	Six-month period ended 30/6/2017 VND	Period from 20/1/2016 to 30/6/2016 VND
Employee costs	8,051,677,608	6,649,726,134
Commission on sales of securities	6,721,941,082	4,910,664,046
Rental expenses	3,070,671,095	2,667,567,108
Securities brokerage fees	3,505,001,608	2,663,799,548
External services	1,289,222,761	1,701,394,711
Depreciation and amortisation of fixed assets	109,738,968	209,844,437
Tools and supplies	149,164,512	208,192,483
Other expenses	551,770,913	368,818,382
	<hr/>	<hr/>
	23,449,188,547	19,380,006,849
	<hr/>	<hr/>

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***26. Interest expense**

	Six-month period ended 30/6/2017 VND	Period from 20/1/2016 to 30/6/2016 VND
Interest expense on borrowings	11,192,122,892	17,023,442,925
Interest expense on customers' deposits for securities trading activities	61,053,903	74,469,710
	<hr/>	<hr/>
	11,253,176,795	17,097,912,635

27. General and administration expenses

	Six-month period ended 30/6/2017 VND	Period from 20/1/2016 to 30/6/2016 VND
Employee costs	7,631,287,147	5,572,461,817
Rental expenses	1,243,475,144	1,143,774,981
External services	5,053,520,673	3,533,046,273
Depreciation and amortisation of fixed assets	740,899,127	817,759,726
Taxes and fees	227,617,856	9,328,326
Tools and supplies	336,018,522	-
Other expenses	913,472,809	900,362,829
	<hr/>	<hr/>
	16,146,291,278	11,976,733,952

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***28. Income tax****(a) Reconciliation of effective tax rate**

	Six-month period ended 30/6/2017 VND	Period from 20/1/2016 to 30/6/2016 VND
Accounting profit/(loss) before tax	7,557,990,090	(627,615,923)
Tax at the Company's tax rate	1,511,598,018	(125,523,185)
Non-deductible expenses	44,892,795	25,550,928
Non-taxable income	(6,848,904)	(532,146)
Tax losses utilised	(1,549,641,909)	-
Deferred tax assets not recognised	-	100,504,403
	-	-

(b) Applicable tax rates

The Company's income tax rate is 20%. The income tax computation is subjected to the review and approval of the tax authorities.

(c) Tax losses

Year of expiry	Status of tax review	Note	Tax losses available VND
2017	Outstanding	Transfer from PHS and ATS	92,454,352,309
2018	Outstanding	Transfer from PHS and ATS	22,068,447,607
2019	Outstanding	Transfer from PHS and ATS	679,251,395
2020	Outstanding	Transfer from PHS and ATS	16,871,487,402
2021	Outstanding		6,735,895,185
			138,809,433,898

Deferred tax assets on tax losses were not recognised because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***29. Basic earnings/(losses) per share**

The calculation of basic earnings per share for the six-month period ended 30 June 2017 was based on the profit attributable to ordinary shareholders of VND7,557,990,090 (Period from 20/1/2016 to 30/6/2016: loss attributable to ordinary shareholders of VND627,615,923) and a weighted average number of ordinary shares outstanding of 31,999,510 shares (Period from 20/1/2016 to 30/6/2016: 21,345,207 shares), calculated as follows:

(i) Net profits/(losses) attributable to ordinary shareholders

	Six-month period ended 30/6/2017 VND	Period from 20/1/2016 to 30/6/2016 VND
Net profit/(loss) for the period	7,557,990,090	(627,615,923)

(ii) Weighted average number of ordinary shares

	Six-month period ended 30/6/2017 Shares	Period from 20/1/2016 to 30/6/2016 Shares
Issued ordinary shares at the beginning of the period	31,999,510	20,258,507
Effect of shares purchased during the period	-	(475)
Effect of shares issued during the period	-	1,087,175
Weighted average number of ordinary shares for the period	31,999,510	21,345,207

(iii) Basic earnings/(losses) per share

	Six-month period ended 30/6/2017 VND	Period from 20/1/2016 to 30/6/2016 VND
Basic earnings/(losses) per share	236	(29)

The Company does not have any dilutive potential ordinary shares at the reporting date.

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***30. Significant transactions with related parties**

In addition to the related party balances disclosed in other notes to the interim financial statements, the Company had the following transactions with related parties during the period:

	Transaction value	
	Six-month period ended 30/6/2017 VND	Period from 20/1/2016 to 30/6/2016 VND
Phu Lap Investment Consultant Co., Ltd. - major shareholder		
Receipt of share capital contribution	-	3,843,100,000
Borrowings	-	20,000,000,000
Repayment of borrowings	-	98,000,000,000
Interest expense	1,312,261,124	3,846,247,364
Securities custody fee	-	1,011,334
Receipt of deposits	-	1,957,950,000
Consultant fee	19,500,000	42,075,000
Vu Thai Investment Consultant Co., Ltd - major shareholder		
Receipt of share capital contribution	-	31,389,410,000
Borrowings	-	20,000,000,000
Repayment of borrowings	-	20,000,000,000
Interest expense	-	188,888,889
Securities custody fee	-	2,738,526
Phu Hung Far East Holding Corporation - major shareholder		
Receipt of share capital contribution	-	50,550,970,000
Securities custody fee	-	7,955,000
Receipt of deposits	-	199,210,912
Phu Think Investment Consultant Co., Ltd - major shareholder		
Receipt of share capital contribution	-	31,631,450,000
Borrowings	-	31,631,450,000
Repayment of borrowings	-	31,631,450,000
Interest expense	-	96,651,653
Securities custody fee	-	1,006,300
CX Technology (Vietnam) Corporation - related company		
Borrowings	45,000,000,000	126,000,000,000
Repayment of borrowings	45,000,000,000	84,000,000,000
Securities custody fee	-	302,738
Interest expense	786,250,000	3,748,499,998
Remuneration of key management personnel		
Salaries and other benefits	1,141,840,450	1,110,795,075

Phu Hung Securities Corporation

**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)**

Form B09a – CTCK

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

31. Commitments

Leases

The future minimum lease payments under non-cancellable operating leases were:

	30/6/2017	31/12/2016
	VND	VND
Within one year	7,365,485,628	8,754,012,368
Within two to five years	10,138,545,482	11,465,264,606
	<hr/>	<hr/>
	17,504,031,110	20,219,276,974
	<hr/>	<hr/>

32. Seasonality or cyclical factors

The Company's result of operations is not affected by seasonality or cyclical factors except for the following items:

(a) Employees' bonus

The Company has accrued for the employees' bonus as at 30 June 2017 based on the financial plan for 2017 and this bonus may be changed subject to the actual financial results for 2017 at the end of the annual accounting period.

(b) Statutory reserves

The Company is required to make allocations to reserve to supplement share capital and financial reserve fund annually. Therefore, the Company will make allocations to these statutory reserves at the end of the annual accounting period.

33. Changes in accounting estimates

In preparing the interim financial statements, the Board of Management has made several accounting estimates. Actual results may differ from these accounting estimates. There is no significant changes in accounting estimates compared to those made in the most recent annual financial statements or those made in the same interim period in the prior year.

34. Unusual items

There was no significant unusual item during the six-month period ended 30 June 2017.

Phu Hung Securities Corporation**Notes to the interim financial statements for the six-month period ended 30 June 2017
(continued)****Form B09a – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***35. Corresponding figures**

Certain corresponding figures have been reclassified to conform to the current period's presentation. A comparison of the amounts previously reported and as reclassified is as follows:

Statement of cash flows

	Code	Period from 20/1/2016 to 30/6/2016 (as reclassified) VND	Period from 20/1/2016 to 30/6/2016 (as previously reported) VND
Cash flows from operating activities			
Interest expense	06	17,097,912,635	-
Accrued expenses and prepaid expenses	06	-	(3,890,774,158)
Gains from disposals of fixed assets	07	(3,636,364)	-
Decrease in accrued expenses	41	(2,677,278,434)	-
Decrease in prepaid expenses	42	41,865,362	-
Interest paid	44	(18,353,273,721)	-
Increase in employees' benefits payable	46	187,601,500	-
Decrease in payables to employees	48	(35,287,782)	-
Increase in other payables	50	16,259,811,568	16,412,125,286
Cash flows of customers for brokerage and entrustment activities			
Deposits received to settle securities transactions of customers	07	6,829,379,336,421	88,048,581,602
Payments received to settle securities transactions of customers	08	(6,784,102,393,849)	-

11 August 2017

Prepared by:



Ms. Do Thi Ai Vy
Supervisor of Accounting

Reviewed by:



Ms. Nguyen Thi My Linh
Chief Accountant

Approved by:



Mr. Chen Chia Ken
General Director

