



Phu Hung Securities Corporation
Financial Statements
for the year ended 31 December 2018



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
03/GPDC-UBCK	11 January 2018
100/GPDC-UBCK	29 November 2018
107/GPDC-UBCK	26 December 2018

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	Independent Member

Board of Supervisors

Ms. Chang, Wen-Ning	Chief Supervisor (from 18 July 2018)
Ms. Kuo, Chih-Chia	Chief Supervisor (until 18 July 2018)
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, G.4A Room, 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 financial statements of the Company for the year ended 31 December 2018.

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

- (a) the financial statements set out on pages 6 to 57 give a true and fair view of the financial position of the Company as at 31 December 2018, and of the results of operations and the cash flows of the Company for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



Mr. Chen Chia Ken
General Director

Ho Chi Minh City, 15 March 2019



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
+84 (28) 3821 9266 | kpmg.com.vn

INDEPENDENT AUDITOR'S REPORT

To the Shareholders Phu Hung Securities Corporation

We have audited the accompanying financial statements of Phu Hung Securities Corporation ("the Company"), which comprise the statement of financial position as at 31 December 2018, the statements of income, cash flows and changes in equity for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 15 March 2019, 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 financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 ("Circular 210") issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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



Auditor's Opinion


In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Phu Hung Securities Corporation as at 31 December 2018 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 18-01-00213-19-1





Nguyen Thanh Nghi
Practicing Auditor Registration
Certificate No. 0304-2018-007-1
Deputy General Director



Chong Kwang Puay
Practicing Auditor Registration
Certificate No. 0864-2018-007-1

Ho Chi Minh City, 15 March 2019

Phu Hung Securities Corporation
Statement of financial position as at 31 December 2018

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

	Code	Note	31/12/2018 VND	31/12/2017 VND
ASSETS				
A CURRENT ASSETS (100 = 110 + 130)	100		1,494,640,327,367	1,137,755,632,931
I Financial assets	110		1,492,906,413,908	1,136,363,968,529
1 Cash and cash equivalents	111	5	188,288,845,466	301,221,015,331
1.1 Cash	111.1		2,338,977,154	180,489,473,202
1.2 Cash equivalents	111.2		185,949,868,312	120,731,542,129
2 Financial assets at fair value through profit or loss (“FVTPL”)	112	7(a)	2,579,196,590	4,829,518,551
3 Held-to-maturity investments	113	7(b)	80,000,000,000	80,000,000,000
4 Loans receivable	114	7(c)	1,175,167,952,987	708,217,046,434
6 Allowance for diminution in value of financial assets	116	11(a)	(6,051,639,641)	(3,536,656,255)
7 Receivables	117	8	32,397,517,351	15,979,061,795
7.2 Dividends and interest receivables from financial assets	117.2		32,397,517,351	15,979,061,795
8 Prepayments to suppliers	118		1,151,226,550	434,451,817
9 Receivables from services rendered	119	9	15,727,015,963	25,888,315,551
12 Other receivables	122	10	12,935,988,148	12,801,556,362
13 Allowance for doubtful debts	129	11(b)	(9,289,689,506)	(9,470,341,057)
II Other current assets	130		1,733,913,459	1,391,664,402
1 Advances	131		330,500,000	162,100,000
3 Short-term prepaid expenses	133	12(a)	1,403,413,459	1,229,564,402
B LONG-TERM ASSETS (200 = 220 + 250)	200		17,775,495,298	15,150,904,321
II Fixed assets	220		7,368,001,106	7,341,791,154
1 Tangible fixed assets	221	13	3,878,773,536	2,812,693,243
Cost	222		24,008,451,530	22,081,352,730
Accumulated depreciation	223a		(20,129,677,994)	(19,268,659,487)
3 Intangible fixed assets	227	14	3,489,227,570	4,529,097,911
Cost	228		8,161,659,400	8,161,659,400
Accumulated amortisation	229a		(4,672,431,830)	(3,632,561,489)
V Other long-term assets	250		10,407,494,192	7,809,113,167
1 Long-term deposits	251	15	1,888,074,824	1,765,122,924
2 Long-term prepaid expenses	252	12(b)	4,055,303,300	3,989,840,965
4 Deposits at Payment Support Fund	254	16	4,464,116,068	2,054,149,278
TOTAL ASSETS (270 = 100 + 200)	270		1,512,415,822,665	1,152,906,537,252

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation

Statement of financial position as at 31 December 2018 (continued)

Form B01 – CTCK

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

	Code	Note	31/12/2018 VND	31/12/2017 VND
C LIABILITIES				
(300 = 310 + 340)	300		766,552,088,099	644,492,785,816
I Current liabilities	310		766,187,546,432	644,152,348,316
1 Short-term borrowings and finance lease liabilities	311		647,666,000,000	556,826,000,000
1.1 Short-term borrowings	312	17	647,666,000,000	556,826,000,000
6 Accounts payable for securities trading activities	318	18	102,621,772,169	75,601,100,181
8 Accounts payable to suppliers	320		165,722,331	61,780,156
9 Advances from customers	321		-	78,012,000
10 Taxes payable to State Treasury	322	19	1,279,855,304	1,370,630,535
11 Payables to employees	323		4,542,000	915,000
12 Employees' benefits payable	324		376,948,073	376,555,573
13 Accrued expenses	325	20	12,302,295,614	9,381,035,712
17 Other payables	329	21	1,770,410,941	456,319,159
II Long-term liabilities	340		364,541,667	340,437,500
12 Provisions – long-term	354		364,541,667	340,437,500
D EQUITY (400 = 410)	400		745,863,734,566	508,413,751,436
I Owners' equity	410		745,863,734,566	508,413,751,436
1 Contributed capital	411		699,998,815,000	499,998,815,000
1.1 Share capital	411.1		700,000,000,000	320,000,000,000
1.4 Other capital	411.4		-	180,000,000,000
1.5 Treasury shares	411.5		(1,185,000)	(1,185,000)
7 Retained profits	417		45,864,919,566	8,414,936,436
7.1 Realised profits	417.1		49,156,785,709	8,413,173,967
7.2 Unrealised (losses)/profits	417.2		(3,291,866,143)	1,762,469
TOTAL LIABILITIES AND EQUITY (440 = 300 + 400)	440		1,512,415,822,665	1,152,906,537,252

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation

Statement of financial position as at 31 December 2018 (continued)

Form B01 – CTCK

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

OFF-BALANCE SHEET ITEMS

	Code	31/12/2018 VND	31/12/2017 VND
A. THE COMPANY'S ASSETS			
6 Shares in circulation (number of securities)	006	69,999,510	49,999,510
7 Treasury shares (number of securities)	007	490	490
8 Listed/registered financial assets at VSD of the Company	008	222,590,000	936,340,000
9 Custodied financial assets at VSD but not yet traded of the Company	009	8,770,000	3,780,000
10 Financial assets in transit of the Company	010	380,000,000	339,000,000
13 Financial assets entitled to rights of the Company	013	130,000	1,310,000
B. ASSETS AND PAYABLES RELATING TO ASSETS MANAGED BY THE COMPANY			
1 Listed/registered financial assets at VSD of investors/customers	021	3,984,269,800,000	2,369,810,080,000
<i>a Freely traded financial assets</i>	021.1	3,671,652,630,000	2,336,623,430,000
<i>b Financial assets restricted for transfer</i>	021.2	206,687,280,000	8,903,740,000
<i>c Pledged financial assets</i>	021.3	59,866,560,000	-
<i>d Blocked financial assets</i>	021.4	70,000	70,000
<i>e Financial assets awaiting for settlement</i>	021.5	46,063,260,000	24,282,840,000
2 Custodied financial assets at VSD but not yet traded of investors/customers	022	291,292,200,000	46,853,320,000
<i>a Freely traded financial assets at VSD but not yet traded</i>	022.1	193,797,200,000	46,283,320,000
<i>b Custodied financial assets at VSD but not yet traded and restricted for transfer</i>	022.2	97,495,000,000	570,000,000
3 Financial assets in transit of investors/customers	023	45,946,400,000	29,309,600,000
6 Financial assets entitled to rights of investors/customers	025	61,836,170,000	1,626,780,000
7 Customers' deposits	026	52,098,812,046	276,481,747,714
7.1 Customers' cash deposits for securities transactions managed by the Company	027	52,098,812,046	276,481,747,714

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation**Statement of financial position as at 31 December 2018 (continued)****Form B01 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

	Code	31/12/2018 VND	31/12/2017 VND
8 Payables to customers for cash deposits for securities transactions managed by the Company	031	52,098,812,046	276,481,747,714
8.1 Payables to domestic customers for cash deposits for securities transactions managed by the Company	031.1	46,829,340,445	270,373,377,764
8.2 Payables to foreign customers for cash deposits for securities transactions managed by the Company	031.2	5,269,471,601	6,108,369,950

15 March 2019

Prepared by:

Ms. Nguyen Thi An Vi
Deputy Accounting Manager

Reviewed by:

Ms. Do Thi Ai Vy
Chief Accountant

Approved by:


Mr. Chen Chia Ken
General Director

Phu Hung Securities Corporation
Statement of income for the year ended 31 December 2018

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

	Code	Note	2018 VND	2017 VND
I OPERATING INCOME				
1.1 Gains from financial assets at fair value through profit or loss (“FVTPL”)	01		1,625,490,017	1,180,663,050
<i>a Gains from sales of financial assets at FVTPL</i>	<i>01.1</i>		<i>1,587,964,454</i>	<i>998,605,538</i>
<i>b Unrealised (losses)/gains from revaluation of financial assets at FVTPL</i>	<i>01.2</i>		<i>(68,334,675)</i>	<i>89,826,432</i>
<i>c Dividends and interest income from financial assets at FVTPL</i>	<i>01.3</i>		<i>105,860,238</i>	<i>92,231,080</i>
1.2 Interest income from held-to-maturity investments	02		10,101,183,633	9,157,652,979
1.3 Interest income from loans and receivables	03	22	108,987,333,175	74,501,241,872
1.6 Revenue from securities brokerage	06		51,452,840,902	41,792,588,212
1.9 Revenue from securities custody	09		1,094,816,590	655,667,266
1.10 Revenue from advisory services	10		250,420,000	269,545,455
1.11 Other operating income	11		1,403,802,853	897,373,681
Total operating income	20		174,915,887,170	128,454,732,515
II OPERATING EXPENSES				
2.1 Losses from financial assets at FVTPL	21		1,804,740,069	615,130,013
<i>a Losses from sales of financial assets at FVTPL</i>	<i>21.1</i>		<i>1,768,546,132</i>	<i>604,512,632</i>
<i>b Unrealised losses from revaluation of financial assets at FVTPL</i>	<i>21.2</i>		<i>36,193,937</i>	<i>10,617,381</i>
2.4 Allowance for loans and receivables	24	11(a)	2,514,983,386	1,021,600,051
2.6 Expenses for securities trading and investments	26		1,071,016,902	878,924,998
2.7 Expenses for securities brokerage	27	23	59,582,083,973	48,869,141,713
2.10 Expenses for securities custody	30		1,825,205,934	856,331,907
2.11 Expenses for advisory services	31		1,076,967,421	1,121,348,936
2.12 Other operating expenses	32	11(b)	(180,651,551)	(230,975,074)
Total operating expenses	40		67,694,346,134	53,131,502,544

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation

Statement of income for the year ended 31 December 2018 (continued)

Form B02 – CTCK

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

		Code	Note	2018 VND	2017 VND
III	FINANCIAL INCOME				
3.1	Realised and unrealised foreign exchange gains	41		142,556,053	667,432,753
3.2	Dividends and interest income from bank deposits	42		521,805,438	270,369,554
	Total financial income	50		664,361,491	937,802,307
IV	FINANCIAL EXPENSES				
4.1	Realised and unrealised foreign exchange losses	51		7,433,271,705	1,398,422,626
4.2	Interest expense	52	24	29,404,933,593	25,924,120,523
	Total financial expenses	60		36,838,205,298	27,322,543,149
VI	GENERAL AND ADMINISTRATION EXPENSES	62	25	33,601,713,501	31,988,179,910
VII	RESULTS FROM OPERATING ACTIVITIES (70 = 20 + 50 – 40 – 60 – 62)	70		37,445,983,728	16,950,309,219
VIII	OTHER INCOME AND OTHER EXPENSES				
8.1	Other income	71		3,999,402	640,121,871
8.2	Other expenses	72		-	264,642,211
	Results from other activities (80 = 71 – 72)	80		3,999,402	375,479,660
IX	ACCOUNTING PROFIT BEFORE TAX (90 = 70 + 80)	90		37,449,983,130	17,325,788,879
9.1	Realised profit before tax	91		40,743,611,742	17,321,479,828
9.2	Unrealised (loss)/profit before tax	92		(3,293,628,612)	4,309,051

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation

Statement of income for the year ended 31 December 2018 (continued)

Form B02 – CTCK

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

		Code	Note	2018 VND	2017 VND
X	INCOME TAX EXPENSE	100		-	-
10.1	Income tax expense - current	100.1	26	-	-
10.2	Income tax expense - deferred	100.2	26	-	-
XI	NET PROFIT AFTER TAX (200 = 90 - 100)	200		37,449,983,130	17,325,788,879
XII	OTHER COMPREHENSIVE INCOME	300		-	-
XIII	EARNINGS PER SHARE	500			
13.1	Basic earnings per share	501	27	729	537

15 March 2019

Prepared by:



Ms. Nguyen Thi An Vi
Deputy Accounting Manager

Reviewed by:



Ms. Do Thi Ai Vy
Chief Accountant

Approved by:



Mr. Chen Chia Ken
General Director

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation

Statement of cash flows for the year ended 31 December 2018 (Indirect method)

Form B03b – CTCK

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

	Code	2018 VND	2017 VND
I CASH FLOWS FROM OPERATING ACTIVITIES			
1 Profit before tax	01	37,449,983,130	17,325,788,879
2 Adjustments for	02	20,410,798,720	24,091,452,295
Depreciation of fixed assets	03	1,900,888,848	1,804,481,357
Allowances and provisions	04	2,334,331,835	790,624,977
Unrealised foreign exchange losses	05	3,189,100,000	74,900,000
Interest expense	06	29,404,933,593	25,924,120,523
Gains from disposals of fixed assets	07	-	(36,395,455)
Accrued interest income	08	(16,418,455,556)	(4,466,279,107)
3 Increase in non-monetary expenses	10	36,193,937	10,617,381
Losses from revaluation of financial assets at FVTPL	11	36,193,937	10,617,381
4 Decrease in non-monetary income	18	68,334,675	(89,826,432)
Losses/(gains) from revaluation of financial assets at FVTPL	19	68,334,675	(89,826,432)
5 Operating profit before changes in working capital (30 = 01 + 02 + 10 + 18)	30	57,965,310,462	41,338,032,123
Decrease/(increase) in financial assets at FVTPL	31	2,145,793,349	(4,567,429,450)
Increase in loans receivable	33	(466,950,906,553)	(151,351,530,990)
Decrease/(increase) in receivables from services rendered	37	10,161,299,588	(25,581,620,872)
(Increase)/decrease in other receivables	39	(134,431,786)	43,389,475
Increase in other assets	40	(2,701,318,690)	(1,919,536,278)
Increase in accrued expenses	41	2,871,080,030	3,010,341,394
(Increase)/decrease in prepaid expenses	42	(239,311,392)	425,460,286
Interest paid	44	(29,354,753,721)	(25,700,526,378)
Decrease in accounts payable	45	(612,832,558)	(75,493,967)
Increase in employees' benefits payable	46	392,500	4,182,300
(Decrease)/increase in taxes payable to State Treasury	47	(90,775,231)	422,949,855
Increase in payables to employees	48	3,627,000	-
Increase in other payables	50	28,280,855,937	12,165,398,056
Net cash flows from operating activities	60	(398,655,971,065)	(151,786,384,446)

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation
Statement of cash flows for the year ended 31 December 2018
(Indirect method - continued)

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

	Code	2018 VND	2017 VND
II CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets	61	(1,927,098,800)	(2,374,267,000)
Proceeds from disposals of fixed assets	62	-	36,395,455
Net cash flows from investing activities	70	(1,927,098,800)	(2,337,871,545)
III CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued	71	200,000,000,000	180,000,000,000
Proceeds from short-term borrowings	73	4,377,415,081,627	4,909,147,894,314
Payments to settle borrowing principals	74	(4,289,764,181,627)	(4,737,131,794,314)
Net cash flows from financing activities	80	287,650,900,000	352,016,100,000
Net cash flows during the year	90	(112,932,169,865)	197,891,844,009
Cash and cash equivalents at the beginning of the year	101	301,221,015,331	103,329,171,322
Cash and cash equivalents at the end of the year (Note 7)	103	188,288,845,466	301,221,015,331
▪ <i>Cash</i>	<i>103.1</i>	<i>2,338,977,154</i>	<i>180,489,473,202</i>
▪ <i>Cash equivalents</i>	<i>103.2</i>	<i>185,949,868,312</i>	<i>120,731,542,129</i>

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation
Statement of cash flows for the year ended 31 December 2018
(Indirect method - continued)

Form B03b – 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	2018 VND	2017 VND
Cash flows of customers for brokerage and entrustment activities			
Proceeds from sales of securities brokered by the Company	01	14,527,477,364,783	11,762,440,995,044
Payments for purchases of securities brokered by the Company	02	(15,137,731,804,400)	(12,332,175,897,500)
Deposits received to settle securities transactions of customers	07	20,695,901,512,942	18,289,297,778,115
Payments to settle securities transactions of customers	08	(20,309,173,887,297)	(17,489,022,930,486)
Payments for custody fee of customers' securities	11	(856,121,696)	(595,365,551)
Net cash flows during the year	20	(224,382,935,668)	229,944,579,622
Cash and cash equivalents of customers at the beginning of the year	30	276,481,747,714	46,537,168,092
Cash and cash equivalents of customers at the end of the year (40 = 20 + 30)	40	52,098,812,046	276,481,747,714
Cash in banks at the end of the year	41	52,098,812,046	276,481,747,714
▪ Cash deposits for securities transactions of customers managed by the Company	42	52,098,812,046	276,481,747,714

15 March 2019

Prepared by:



Ms. Nguyen Thi An Vi
Deputy Accounting Manager

Reviewed by:



Ms. Do Thi Ai Vy
Chief Accountant

Approved by:



Mr. Chen Chia Ken
General Director

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation
Statement of changes in equity for the year ended 31 December 2018

Form B04 – 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 year ended		Closing balance as at	
	1/1/2018		31/12/2017		31/12/2018	
	VND	VND	Increase VND	(Decrease) VND	Increase VND	(Decrease) VND
Share capital	320,000,000,000	320,000,000,000	-	-	-	-
Other capital	-	180,000,000,000	180,000,000,000	-	-	(180,000,000,000)
Treasury shares	(1,185,000)	(1,185,000)	-	-	-	-
Retained profits/ (accumulated losses)	(8,910,852,443)	8,414,936,436	17,325,788,879	-	40,743,611,742	(3,293,628,612)
Realised profits/(losses)	(6,963,305,861)	8,413,173,967	17,321,479,828	(1,945,000,000)	40,743,611,742	-
Unrealised profits/(losses)	(1,947,546,582)	1,762,469	4,309,051	1,945,000,000	-	(3,293,628,612)
Total	311,087,962,557	508,413,751,436	197,325,788,879	-	420,743,611,742	(183,293,628,612)
					508,413,751,436	745,863,734,566

15 March 2019

Prepared by:

Ms. Nguyen Thi An Vi

Ms. Nguyen Thi An Vi
Deputy Accounting Manager

Reviewed by:

Ms. Do Thi Ai Vy

Ms. Do Thi Ai Vy
Chief Accountant



Approved by:

Mr. Chen Chia Ken

Mr. Chen Chia Ken
General Director

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2018

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

These notes form an integral part of and should be read in conjunction with the accompanying 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”). Accordingly, the Company took over all of the assets, liabilities, rights and obligations of PHS and ATS as at 19 January 2016 and PHS and ATS ceased their operations from 20 January 2016. Assets and liabilities of PHS and ATS as at 19 January 2016 were transferred to the Company at book value and the net asset (total assets – total liabilities) of PHS and ATS as at 30 September 2015 formed the share capital of the Company.

(b) The Company’ charter capital

As at 31 December 2018, the Company’s charter capital was VND700,000,000,000 (31/12/2017: VND320,000,000,000).

(c) Principal activities

The principal activities of the Company are to carry out securities brokerage, 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 31 December 2018, the Company had 213 employees (31/12/2017: 180 employees).

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2018 (continued)

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

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept except financial assets at fair value through profit and loss as described in Note 3(d). The statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

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

(d) Accounting and presentation currency

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

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

Transactions in currencies other than VND during the year 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 annual accounting period quoted by the commercial bank where the Company most frequently conducts transactions at the end of the annual accounting period.

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

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2018 (continued)

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

(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.

(ii) Classification and measurement

- Financial assets at fair value through profit or loss ("FVTPL"): see Note 3(d);
- Held-to-maturity investments: see Note 3(e);
- Loans receivable: see Note 3(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.

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2018 (continued)

Form B09 – CTCK
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(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.

Financial assets at FVTPL are initially recognised at cost which includes the purchase price. Subsequent to initial recognition they are measured at market price or fair value (when market price is not available) with changes in market price or fair value being recognised in profit or loss in the statement of income.

For listed securities, the market prices 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 market prices are the closing prices of securities from UPCOM at the latest trading date prior to the reporting date.

For unlisted securities and not yet registered for trading, the market price 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 from the sixth day onward, 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 market 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.

Phu Hung Securities Corporation

Notes to the financial statements for the year ended 31 December 2018 (continued)

Form B09 – CTCK

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

(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 based on the difference between the market price or fair value of the collateral and the carrying amount of underlying loan.

(g) Accounts receivable

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

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

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

<i>Overdue status</i>	<i>Allowance rate</i>
From six (06) months to less than one (01) year	30%
From one (01) year to less than two (02) years	50%
From two (02) years to less than three (03) years	70%
From three (03) years and over	100%

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

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

(h) Tangible fixed assets

(i) Cost

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

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2018 (continued)

Form B09 – CTCK
*(Issued under Circular No. 334/2016/TT-BTC
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(ii) Depreciation

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

▪ leasehold improvements	5 years
▪ office equipment	3 - 7 years

(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 regulations. 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 average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee 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 are excluded.

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2018 (continued)

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

(m) Taxation

Income tax on the profit or loss for the year 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 year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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 realised profit to statutory reserves:

	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.

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2018 (continued)

Form B09 – CTCK
*(Issued under Circular No. 334/2016/TT-BTC
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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 order matching reports of securities 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.

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2018 (continued)

Form B09 – CTCK

*(Issued under Circular No. 334/2016/TT-BTC
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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 year. 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 financial statements indicate nil balances.

4. 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 of Management has established the Risk Management Committee ("RMC"), which is responsible for developing and monitoring the Company's risk management policies. The RMC 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.

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2018 (continued)

Form B09 – CTCK

*(Issued under Circular No. 334/2016/TT-BTC
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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 proceeds from selling securities 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 collaterals, the Company's maximum exposure to credit risk at the reporting date was as follows:

	31/12/2018	31/12/2017
	VND	VND
Cash in banks and cash equivalents (i)	188,285,392,211	301,214,095,576
Held-to-maturity investments – short-term (i)	80,000,000,000	80,000,000,000
Loans receivable – gross (ii)	1,175,167,952,987	708,217,046,434
Receivables (ii)	32,397,517,351	15,979,061,795
Prepayments to suppliers (ii)	1,151,226,550	434,451,817
Receivables from services rendered (ii)	15,727,015,963	25,888,315,551
Other receivables (ii)	12,935,988,148	12,801,556,362
Long-term deposits	1,888,074,824	1,765,122,924
Deposits at Payment Support Fund	4,464,116,068	2,054,149,278
	1,512,017,284,102	1,148,353,799,737

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2018 (continued)

Form B09 – CTCK
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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. 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:

	31/12/2018	31/12/2017
	VND	VND
Receivables being overdue of more than 3 years	12,678,579,927	12,678,579,927
Margin loans being overdue of more than 6 months	11,479,107,741	8,126,553,695
	<hr/> 24,157,687,668	<hr/> 20,805,133,622

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

	31/12/2018	31/12/2017
	VND	VND
Cash deposited at the Company	45,914,455	81,204
Listed securities on	6,349,815,090	5,769,487,800
▪ The Ho Chi Minh City Stock Exchange	1,994,823,990	5,043,463,600
▪ The Hanoi Stock Exchange	4,091,674,900	228,464,200
▪ UPCOM	263,316,200	497,560,000
Delisted securities	3,224,328,293	3,015,003,820
	<hr/> 9,620,057,838	<hr/> 8,784,572,824

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)***(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 31 December 2018	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND
Short-term borrowings	647,666,000,000	658,311,564,432	658,311,564,432	-
Accounts payable for securities trading activities	102,621,772,169	102,621,772,169	102,621,772,169	-
Accounts payable to suppliers	165,722,331	165,722,331	165,722,331	-
Accrued expenses	12,302,295,614	12,302,295,614	12,302,295,614	-
Other payables	1,770,410,941	1,770,410,941	1,770,410,941	-
	764,526,201,055	775,171,765,487	775,171,765,487	-
As at 31 December 2017	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND
Short-term borrowings	556,826,000,000	568,183,571,523	568,183,571,523	-
Accounts payable for securities trading activities	75,601,100,181	75,601,100,181	75,601,100,181	-
Accounts payable to suppliers	61,780,156	61,780,156	61,780,156	-
Accrued expenses	9,381,035,712	9,381,035,712	9,381,035,712	-
Other payables	456,319,159	456,319,159	456,319,159	-
	642,326,235,208	653,683,806,731	653,683,806,731	-

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.

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)***(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:

	31/12/2018		31/12/2017	
	USD	VND equivalent	USD	VND equivalent
Short-term borrowings	19,650,000	456,666,000,000	11,600,000	263,726,000,000

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

	Exchange rate as at	
	31/12/2018	31/12/2017
USD/VND	23,240	22,735

Below is an analysis of the possible impact on the net profit of the Company, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 31 December 2018. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Effect to net profit VND
As at 31 December 2018	
USD (2% strengthening against VND) – decrease in net profit	(7,306,656,000)
As at 31 December 2017	
USD (1% strengthening against VND) – decrease in net profit	(2,109,808,000)

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

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2018 (continued)

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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	
	31/12/2018	31/12/2017
	VND	VND
Fixed rate instruments		
Held-to-maturity investments	80,000,000,000	80,000,000,000
Loans receivable	1,169,116,313,346	704,680,390,179
Deposits at Payment Support Fund	4,464,116,068	2,054,149,278
Short-term borrowings	(647,666,000,000)	(556,826,000,000)

(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 31 December 2018 and 31 December 2017, 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 financial statements for the year ended 31 December 2018 (continued)

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(e) Fair value

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

	31/12/2018		31/12/2017	
	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				
• Listed shares	2,574,211,308	2,574,211,308	4,824,435,208	4,824,435,208
• Unlisted shares	4,985,282	4,985,282	5,083,343	5,083,343
	80,000,000,000	(*)	80,000,000,000	(*)
<i>Categorised as held-to-maturity investments:</i>				
▪ Term deposits at banks				
	188,285,392,211	188,285,392,211	301,214,095,576	301,214,095,576
<i>Categorised as loans and receivables:</i>				
▪ Cash in banks and cash equivalents	1,169,116,313,346	(*)	704,680,390,179	(*)
▪ Loans receivable	32,397,517,351	(*)	15,979,061,795	(*)
▪ Receivables	1,151,226,550	(*)	434,451,817	(*)
▪ Prepayments to suppliers	15,727,015,963	(*)	25,888,315,551	(*)
▪ Receivables from services rendered	3,646,298,642	(*)	3,331,215,305	(*)
▪ Other receivables	1,888,074,824	(*)	1,765,122,924	(*)
▪ Long-term deposits	4,464,116,068	(*)	2,054,149,278	(*)
▪ Deposits at Payment Support Fund				

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Notes to the financial statements for the year ended 31 December 2018 (continued)

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	31/12/2018		31/12/2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	VND	VND	VND	VND
<i>Categorised as liabilities at amortised cost:</i>				
▪ Short-term borrowings	(647,666,000,000)	(*)	(556,826,000,000)	(*)
▪ Accounts payable for securities trading activities	(102,621,772,169)	(*)	(75,601,100,181)	(*)
▪ Accounts payable to suppliers	(165,722,331)	(*)	(61,780,156)	(*)
▪ Accrued expenses	(12,302,295,614)	(*)	(9,381,035,712)	(*)
▪ Other payables	(1,770,410,941)	(*)	(456,319,159)	(*)

(*)

The Company has not determined fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under 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 financial statements for the year ended 31 December 2018 (continued)

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5. Cash and cash equivalents

	31/12/2018	31/12/2017
	VND	VND
Cash on hand	3,453,255	6,919,755
Cash in banks	2,335,523,899	180,482,553,447
Cash equivalents	185,949,868,312	120,731,542,129
	188,288,845,466	301,221,015,331

As at 31 December 2018, cash and cash equivalents of VND49,800,000,000 were pledged with banks as security for loans granted to the Company (31/12/2017: VND98,080,000,000) (Note 17).

6. Volume and value of transactions during the year

	2018		2017	
	Volume of transactions	Value of transactions VND	Volume of transactions	Value of transactions VND
a) The Company				
Shares	2,908,118	112,086,562,529	2,130,173	72,728,546,744
b) Investors/customers				
Shares	1,509,222,639	29,667,635,175,069	1,332,762,473	24,116,168,470,644
Other securities	1,286,630	20,920,742,000	344,830	5,058,083,000
	1,513,417,387	29,800,642,479,598	1,335,237,476	24,193,955,100,388

7. Financial assets

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

	31/12/2018		31/12/2017	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Listed shares	2,602,077,451	2,574,211,308	4,747,772,739	4,824,435,208
Unlisted shares	4,985,282	4,985,282	5,083,343	5,083,343
	2,607,062,733	2,579,196,590	4,752,856,082	4,829,518,551

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2018 (continued)

Form B09 – CTCK
(Issued under Circular No. 334/2016/TT-BTC
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Movements of fair values of financial assets at FVTPL

		31/12/2018	Revaluation difference during the year			Revaluation value
	Quantity	Cost VND (1)	Fair value VND (2)	Revaluation gain VND (3) = (2) – (1)	Revaluation loss VND (4) = (1) – (2)	VND (5) = (1) + (3) – (4)
Listed shares						
VNM	2,024	250,963,626	242,880,000	-	8,083,626	242,880,000
CTD	3,111	495,939,220	497,760,000	1,820,780	-	497,760,000
CTI	20,500	490,115,000	496,100,000	5,985,000	-	496,100,000
ACB	10,000	296,000,000	296,000,000	-	-	296,000,000
BID	14,518	492,889,452	499,419,200	6,529,748	-	499,419,200
VIC	2,540	262,315,586	242,062,000	-	20,253,586	242,062,000
PLX	4,500	253,800,000	238,500,000	-	15,300,000	238,500,000
Others	3,042	60,054,567	61,490,108	7,156,229	5,720,688	61,490,108
	60,235	2,602,077,451	2,574,211,308	21,491,757	49,357,900	2,574,211,308
Unlisted shares						
MCV	134	1,918,500	1,918,500	-	-	1,918,500
XMC	132	1,664,800	1,664,800	-	-	1,664,800
Others	145	1,401,982	1,401,982	-	-	1,401,982
	411	4,985,282	4,985,282	-	-	4,985,282
	60,646	2,607,062,733	2,579,196,590	21,491,757	49,357,900	2,579,196,590

Phu Hung Securities Corporation

Notes to the financial statements for the year ended 31 December 2018 (continued)

Form B09 – CTCK
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	Quantity	31/12/2017 Cost VND (1)	Fair value VND (2)	Revaluation difference during the year		
				Revaluation gain VND (3) = (2) – (1)	Revaluation loss VND (4) = (1) – (2)	Revaluation value VND (5) = (1) + (3) – (4)
Listed shares						
VPB	18,863	745,686,090	773,383,000	27,696,910	-	773,383,000
MBB	30,209	742,194,690	767,308,600	25,113,910	-	767,308,600
VIC	9,852	742,972,124	761,559,600	18,587,476	-	761,559,600
VRE	16,100	749,195,000	759,115,000	9,920,000	-	759,115,000
ACB	13,700	505,530,000	505,530,000	-	-	505,530,000
FCN	20,307	499,878,856	493,460,100	36,244	6,455,000	493,460,100
FPT	8,510	487,523,552	485,921,000	65,872	1,668,424	485,921,000
TCM	8,703	250,486,422	248,470,650	9,228	2,025,000	248,470,650
Others	1,273	24,306,005	29,687,258	8,396,792	3,015,539	29,687,258
	127,517	4,747,772,739	4,824,435,208	89,826,432	13,163,963	4,824,435,208
Unlisted shares						
MCV	134	1,918,500	1,918,500	-	-	1,918,500
XMC	120	1,664,800	1,664,800	-	-	1,664,800
Others	141	1,500,043	1,500,043	-	-	1,500,043
	395	5,083,343	5,083,343	-	-	5,083,343
	127,912	4,752,856,082	4,829,518,551	89,826,432	13,163,963	4,829,518,551

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***(b) Held-to-maturity investments**

	31/12/2018		31/12/2017	
	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 31 December 2018, term deposits at banks amounting to VND50,000,000,000 were pledged with banks as security for loans granted to the Company (31/12/2017: VND80,000,000,000) (Note 17).

(c) Loans receivable

	31/12/2018		31/12/2017	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Margin loans (i)	1,148,258,560,312	(*)	649,902,666,879	(*)
Advances to customers for the proceeds from selling securities (ii)	26,909,392,675	(*)	58,314,379,555	(*)
	1,175,167,952,987	(*)	708,217,046,434	(*)

- (i) The margin loans were granted to customers for margin trade. As at 31 December 2018, these loans had original term to maturity of 90 days and earned daily interest rates ranging from 0.029% to 0.039% (31/12/2017: from 0.029% to 0.039%). The initial minimum margin is 50% and minimum maintenance margin for the margin trade is 30% - 40% (31/12/2017: 30% - 40%).
- (ii) As at 31 December 2018, 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 (31/12/2017: from 0.029% to 0.039%).
- (*) The Company has not determined fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under 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 financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)***8. Receivables**

	31/12/2018 VND	31/12/2017 VND
Interest receivables from margin loans	29,393,206,400	12,806,639,930
Interest receivable from term deposits at banks	3,004,310,951	3,172,421,865
	<hr/>	<hr/>
	32,397,517,351	15,979,061,795
	<hr/>	<hr/>

9. Receivables from services rendered

	31/12/2018 VND	31/12/2017 VND
Receivables from clearing and settlement of securities transactions	15,038,637,600	25,475,040,900
Receivables from custody services	524,410,403	284,816,865
Receivables from brokerage activities	163,902,263	128,391,453
Other receivables	65,697	66,333
	<hr/>	<hr/>
	15,727,015,963	25,888,315,551
	<hr/>	<hr/>

10. Other receivables

	31/12/2018 VND	31/12/2017 VND
Advances to customers for securities trading activities (i)	12,678,579,927	12,678,579,927
Others	257,408,221	122,976,435
	<hr/>	<hr/>
	12,935,988,148	12,801,556,362
	<hr/>	<hr/>

- (i) These balances represent advances to customers for securities trading activities incurring before the issuance of Decision No. 637/QĐ-UBCK dated 30 August 2011 issued by the State Securities Commission of Vietnam which provides guidance for margin trade activities. Allowance for these advances were made and presented in Note 11(b).

Phu Hung Securities Corporation

Notes to the financial statements for the year ended 31 December 2018 (continued)

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

(a) Allowance for diminution in value of financial assets

	As at 31/12/2018		
	Cost VND	Recoverable amount VND	Allowance as at 31/12/2017 VND
Margin loans	11,479,107,741	5,427,468,100	6,051,639,641
			3,536,656,255
			2,514,983,386
<hr/>			
	As at 31/12/2017		
	Cost VND	Recoverable amount VND	Allowance as at 31/12/2016 VND
Margin loans	9,410,708,276	5,874,052,021	3,536,656,255
			2,515,056,204
			1,021,600,051

Phu Hung Securities Corporation

Notes to the financial statements for the year ended 31 December 2018 (continued)

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

(b) Allowance for doubtful debts

2018

	As at 31/12/2018			Allowance reversed during the year VND
	Cost VND	Recoverable amount VND	Allowance VND	
Advances to customers for securities trading activities	12,678,579,927	3,388,890,421	9,289,689,506	9,470,341,057 (180,651,551)

2017

	As at 31/12/2017			Allowance reversed during the year VND
	Cost VND	Recoverable amount VND	Allowance VND	
Advances to customers for securities trading activities	12,678,579,927	3,208,238,870	9,470,341,057	9,701,316,131 (230,975,074)

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***12. Prepaid expenses****(a) Short-term prepaid expenses**

	31/12/2018	31/12/2017
	VND	VND
Software licence maintenance	393,824,438	299,397,372
Prepaid rental fees	364,844,035	165,180,201
Others	644,744,986	764,986,829
	<hr/>	<hr/>
	1,403,413,459	1,229,564,402
	<hr/>	<hr/>

(b) Long-term prepaid expenses

	31/12/2018	31/12/2017
	VND	VND
Tools and instruments	1,802,738,222	1,447,933,138
Others	2,252,565,078	2,541,907,827
	<hr/>	<hr/>
	4,055,303,300	3,989,840,965
	<hr/>	<hr/>

Movements of long-term prepaid expenses during the year were as follows:

	2018	2017
	VND	VND
Opening balance	3,989,840,965	4,193,466,474
Additions during the year	3,160,895,800	2,346,531,766
Amortisation during the year	(3,095,433,465)	(2,550,157,275)
	<hr/>	<hr/>
Closing balance	4,055,303,300	3,989,840,965
	<hr/>	<hr/>

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***13. Tangible fixed assets**

2018	Leasehold improvements VND	Office equipment VND	Total VND
Cost			
Opening balance	1,734,108,818	20,347,243,912	22,081,352,730
Additions	-	1,927,098,800	1,927,098,800
Closing balance	1,734,108,818	22,274,342,712	24,008,451,530
Accumulated depreciation			
Opening balance	1,669,241,566	17,599,417,921	19,268,659,487
Charge for the year	64,867,252	796,151,255	861,018,507
Closing balance	1,734,108,818	18,395,569,176	20,129,677,994
Net book value			
Opening balance	64,867,252	2,747,825,991	2,812,693,243
Closing balance	-	3,878,773,536	3,878,773,536

Phu Hung Securities Corporation

Notes to the financial statements for the year ended 31 December 2018 (continued)

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13. Tangible fixed assets (continued)

2017	Leasehold improvements VND	Office equipment VND	Total VND
Cost			
Opening balance	1,734,108,818	22,952,283,286	24,686,392,104
Additions	-	2,374,267,000	2,374,267,000
Disposals	-	(104,670,900)	(104,670,900)
Written off	-	(4,874,635,474)	(4,874,635,474)
Closing balance	1,734,108,818	20,347,243,912	22,081,352,730
Accumulated depreciation			
Opening balance	1,471,653,694	22,120,391,154	23,592,044,848
Charge for the year	197,587,872	458,333,141	655,921,013
Disposals	-	(104,670,900)	(104,670,900)
Written off	-	(4,874,635,474)	(4,874,635,474)
Closing balance	1,669,241,566	17,599,417,921	19,268,659,487
Net book value			
Opening balance	262,455,124	831,892,132	1,094,347,256
Closing balance	64,867,252	2,747,825,991	2,812,693,243

Included in tangible fixed assets were assets costing VND18,547,264,870 which were fully depreciated as at 31 December 2018, but which are still in active use (31/12/2017: VND17,559,325,511).

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***14. Intangible fixed assets**

	2018 Software VND	2017 Software VND
Cost		
Opening balance	8,161,659,400	11,924,839,100
Written off	-	(3,763,179,700)
Closing balance	8,161,659,400	8,161,659,400
Accumulated amortisation		
Opening balance	3,632,561,489	6,247,180,845
Charge for the year	1,039,870,341	1,148,560,344
Written off	-	(3,763,179,700)
Closing balance	4,672,431,830	3,632,561,489
Net book value		
Opening balance	4,529,097,911	5,677,658,255
Closing balance	3,489,227,570	4,529,097,911

Included in intangible fixed assets were assets costing VND1,305,495,000 which were fully depreciated as at 31 December 2018, but which are still in active use (31/12/2017: VND915,515,000).

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***15. Long-term deposits**

	31/12/2018 VND	31/12/2017 VND
Security deposits for office, house and car rentals	1,888,074,824	1,765,122,924

16. Deposits at Payment Support Fund

	31/12/2018 VND	31/12/2017 VND
Deposits at Payment Support Fund	4,464,116,068	2,054,149,278

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

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

	2018 VND	2017 VND
Opening balance	2,054,149,278	120,000,000
Deposits made during the year	2,303,606,256	1,928,127,666
Interest received during the year	106,360,534	6,021,612
Closing balance	4,464,116,068	2,054,149,278

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Notes to the financial statements for the year ended 31 December 2018 (continued)

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17. Short-term borrowings

Description	Interest rate (per annum)	Opening balance as at 1/1/2018 VND	Receipts VND	(Payments) VND	Foreign exchange differences VND	Closing balance as at 31/12/2018 VND
Short-term borrowings from						
▪ First Commercial Bank – Ho Chi Minh City Branch (i)	7.00%	-	82,000,000,000	(66,000,000,000)	-	16,000,000,000
▪ Cathay United Bank – Chu Lai Branch (i)	5.50%-7.05%	50,000,000,000	165,500,000,000	(175,500,000,000)	-	40,000,000,000
▪ BIDV – Nam Ky Khoi Nghia Branch (i)	7.80%	-	2,243,389,031,627	(2,243,389,031,627)	-	-
▪ Indovina Bank – Ho Chi Minh City Branch	6.80%	50,000,000,000	242,800,000,000	(292,800,000,000)	-	-
▪ The Shanghai Commercial & Savings Bank, Ltd. – Hong Kong Branch	3.56%-4.80%	102,307,500,000	195,385,000,000	(251,107,500,000)	(105,000,000)	46,480,000,000
▪ Orient Commercial Bank – Ho Chi Minh City Branch	6.40%-8.40%	8,100,000,000	374,300,000,000	(382,400,000,000)	-	-
▪ CTBC Bank – Ho Chi Minh City Branch (i)	7.00%	10,000,000,000	119,000,000,000	(99,000,000,000)	-	30,000,000,000
▪ CX Technology (Vietnam) Corporation	8.50%	70,000,000,000	-	(70,000,000,000)	-	-
▪ Phu Lap Investment Consultant Co., Ltd.	8.70%	35,000,000,000	-	-	-	35,000,000,000
▪ MEGA International Commercial Bank – Ho Chi Minh City Branch (i)	5.00%-5.20%	-	100,000,000,000	(80,000,000,000)	-	20,000,000,000
▪ Yuanta Commercial Bank Co., Ltd.	3.70%-4.60%	68,205,000,000	139,710,000,000	(90,954,000,000)	(761,000,000)	116,200,000,000
▪ E.SUN Bank - Dong Nai Branch (i)	6.20%-6.90%	30,000,000,000	109,200,000,000	(109,200,000,000)	-	30,000,000,000
▪ Entie Commercial Bank Co., Ltd	3.94%-4.82%	68,205,000,000	115,049,000,000	(183,186,000,000)	(68,000,000)	-
▪ Bank SinoPac Co., Ltd – Ho Chi Minh City Branch	5.10%-6.00%	20,000,000,000	50,000,000,000	(70,000,000,000)	-	-

Phu Hung Securities Corporation

Notes to the financial statements for the year ended 31 December 2018 (continued)

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Description	Interest rate (per annum)	Opening balance as at 1/1/2018 VND	Receipts VND	(Payments) VND	Foreign exchange differences VND	Closing balance as at 31/12/2018 VND
▪ MEGA International Commercial Bank – Head Office (i)	3.16%-4.38%	25,008,500,000	51,197,300,000	(50,461,400,000)	(180,400,000)	25,564,000,000
▪ The Shanghai Commercial & Savings Bank, Ltd.	5.90%-8.00%	20,000,000,000	60,000,000,000	(60,000,000,000)	-	20,000,000,000
▪ Taipei Fubon Commercial Bank Co., Ltd – Ho Chi Minh City Branch	3.57%-6.55%	-	30,000,000,000	(30,000,000,000)	-	-
▪ Cathay United Bank – Taiwan Branch	3.35%-3.98%	-	114,025,000,000	-	2,175,000,000	116,200,000,000
▪ Chang Hwa Commercial Bank Ltd., – Hsi-sung Branch	3.44%-4.25%	-	114,025,000,000	-	2,175,000,000	116,200,000,000
▪ First Commercial Bank – Offshore Banking Branch	4.28%-4.85%	-	71,834,750,000	(35,766,250,000)	(46,500,000)	36,022,000,000
		556,826,000,000	4,377,415,081,627	(4,289,764,181,627)	3,189,100,000	647,666,000,000

(i) As at 31 December 2018, these borrowings are secured by cash and cash equivalents of VND49,800,000,000 (31/12/2017: VND98,080,000,000) (Note 5) and term deposits at banks of VND50,000,000,000 (31/12/2017: VND80,000,000,000) (Note 7(b)).

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***18. Accounts payable for securities trading activities**

	31/12/2018 VND	31/12/2017 VND
Settlements of securities transactions by customers	100,833,582,700	73,965,882,900
Clearing and settlement of securities transactions	1,788,040,000	1,476,090,000
Others	149,469	159,127,281
	<hr/>	<hr/>
	102,621,772,169	75,601,100,181

19. Taxes payable to State Treasury

	Opening balance as at 1/1/2018 VND	Incurred VND	Net-off/paid VND	Closing balance as at 31/12/2018 VND
Personal income tax	1,368,175,990	18,018,953,916	(18,111,820,057)	1,275,309,849
Value added tax	2,454,545	49,042,304	(46,951,394)	4,545,455
	<hr/>	<hr/>	<hr/>	<hr/>
	1,370,630,535	18,067,996,220	(18,158,771,451)	1,279,855,304

20. Accrued expenses

	31/12/2018 VND	31/12/2017 VND
Employees' costs	7,121,585,196	5,568,818,001
Interest expense	1,278,513,810	1,228,333,938
Securities transactions fees	968,216,888	868,926,342
Consulting fees	122,473,362	143,892,575
Others	2,811,506,358	1,571,064,856
	<hr/>	<hr/>
	12,302,295,614	9,381,035,712

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***21. Other payables**

	31/12/2018 VND	31/12/2017 VND
Payables to customers	1,630,509,000	38,514,518
Payables for stock auction	-	282,900,000
Other payables	139,901,941	134,904,641
	1,770,410,941	456,319,159

22. Interest income from loans and receivables

	2018 VND	2017 VND
Interest income from margin loans	105,080,358,646	71,378,719,571
Fees from advances to customers for the proceeds from selling securities	3,906,974,529	3,122,522,301
	108,987,333,175	74,501,241,872

23. Expenses for securities brokerage

	2018 VND	2017 VND
Employees' costs	22,962,317,326	17,187,228,828
Commission for broker	16,780,026,538	14,115,763,515
Securities brokerage fees	8,857,146,944	7,204,396,135
Rental expenses	5,257,345,011	5,703,542,876
External services	3,629,889,925	2,846,574,042
Tools and supplies	688,598,892	367,177,557
Depreciation and amortisation of fixed assets	64,867,252	210,357,064
Other expenses	1,341,892,085	1,234,101,696
	59,582,083,973	48,869,141,713

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***24. Interest expense**

	2018 VND	2017 VND
Interest expense on borrowings	29,059,348,497	25,750,222,841
Interest expense on customers' deposits for securities trading activities	345,585,096	173,897,682
	<hr/>	<hr/>
	29,404,933,593	25,924,120,523

25. General and administration expenses

	2018 VND	2017 VND
Employees' costs	15,888,224,538	15,211,339,498
External services	10,235,540,332	10,029,432,173
Rental expenses	2,625,294,912	2,456,312,058
Depreciation and amortisation of fixed assets	1,836,021,596	1,594,124,293
Tools and supplies	832,040,281	696,957,624
Taxes and fees	57,900,076	278,604,767
Other expenses	2,126,691,766	1,721,409,497
	<hr/>	<hr/>
	33,601,713,501	31,988,179,910

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***26. Income tax****(a) Reconciliation of effective tax rate**

	2018 VND	2017 VND
Accounting profit before tax	37,449,983,130	17,325,788,879
Tax at the Company's tax rate	7,489,996,626	3,465,157,776
Non-deductible expenses	136,874,012	68,579,200
Non-taxable income	(21,172,048)	(18,446,216)
Tax losses utilised	(7,605,698,590)	(3,515,290,760)
	-	-

(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	31/12/2018 Tax losses available VND
2020	Outstanding	Transfer from PHS and ATS	192,201,075
2021	Outstanding		6,735,895,185
			6,928,096,260

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 financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***27. Basic earnings per share**

The calculation of basic earnings per share for the year ended 31 December 2018 was based on the profit attributable to ordinary shareholders of VND37,449,983,130 (year ended 31 December 2017: profit attributable to ordinary shareholders of VND17,325,788,879) and a weighted average number of ordinary shares outstanding of 51,395,265 shares (year ended 31 December 2017: 32,246,085 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2018 VND	2017 VND
Net profit for the year	37,449,983,130	17,325,788,879

(ii) Weighted average number of ordinary shares

	2018 VND	2017 VND
Issued ordinary shares at the beginning of the year	49,999,510	31,999,510
Effect of shares issued during the year	1,395,755	246,575
Weighted average number of ordinary shares for the year	51,395,265	32,246,085

(iii) Basic earnings per share

	2018 VND	2017 VND
Basic earnings per share	729	537

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

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***28. Significant transactions with related parties**

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

	Transaction value	
	2018	2017
	VND	VND
Dong Bang Development Limited - major shareholder		
Receipt of capital contribution	19,440,000,000	48,600,000,000
Securities custody fee	8,164,800	-
Freshfields Capital Corporation - major shareholder		
Receipt of capital contribution	19,440,000,000	48,600,000,000
Securities custody fee	8,164,800	-
Phu Hung Far East Holding Corporation - major shareholder		
Receipt of capital contribution	92,000,000,000	82,800,000,000
Vu Thai Investment Consulting Co., Ltd - major shareholder		
Securities custody fee	9,690,000	-
Receipt of capital contribution	57,807,230,000	-
Interest expense	4,708	-
Phu Thinh Investment Consulting Co., Ltd - major shareholder		
Securities custody fee	10,082,408	-
Receipt of capital contribution	8,805,550,000	-
Phu Lap Investment Consultant Co., Ltd. - shareholder		
Borrowings	-	5,000,000,000
Securities custody fee	2,615,420	-
Interest expense	3,087,313,151	2,649,897,262
Consultant fee	48,250,000	60,000,000
CX Technology (Vietnam) Corporation - related company		
Borrowings	-	135,000,000,000
Repayment of borrowings	70,000,000,000	65,000,000,000
Interest expense	165,277,778	3,332,708,333
Share transfer fee	35,955,582	-
Remunerations of key management personnel		
Salaries and other benefits	2,422,532,000	2,294,215,190

Phu Hung Securities Corporation

Notes to the financial statements for the year ended 31 December 2018 (continued)

Form B09 – CTCK

*(Issued under Circular No. 334/2016/TT-BTC
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29. Commitments

Leases

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

	31/12/2018	31/12/2017
	VND	VND
Within one year	8,892,835,300	6,026,861,356
Within two to five years	10,854,964,583	9,641,319,414
	19,747,799,883	15,668,180,770

Phu Hung Securities Corporation

Notes to the financial statements for the year ended 31 December 2018 (continued)

Form B09 – CTCK
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30. Segment reporting

(i) Business segments

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
2018						
1. Revenue from operating activities	01	51,678,221,666	1,625,490,017	120,138,349,282	2,138,187,696	175,580,248,661
2. Direct expenses	02	54,960,439,304	2,873,325,241	73,488,205,314	2,540,880,454	133,862,850,313
3. Depreciation and amortisation expenses	03	64,867,252	-	1,836,021,596	-	1,900,888,848
4. Allowance for diminution in value of investments	04	-	36,193,937	-	-	36,193,937
5. Allowance for doubtful debts	05	-	-	2,334,331,835	-	2,334,331,835
6. Other income	06	-	-	-	3,999,402	3,999,402
Profit/(loss) before tax (07 = 01 + 06 – 02 – 03 – 04 – 05)	07	(3,347,084,890)	(1,284,029,161)	42,479,790,537	(398,693,356)	37,449,983,130
As at 31 December 2018						
Segment assets		20,214,851,454	2,589,329,286	1,489,050,576,226	561,065,699	1,512,415,822,665
Segment liabilities		11,975,112,207	1,972,431,309	750,092,677,277	2,511,867,306	766,552,088,099

Phu Hung Securities Corporation

Notes to the financial statements for the year ended 31 December 2018 (continued)

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

30. Segment reporting (continued)

(i) Business segments (continued)

	Code	Securities brokerage VND	Securities trading VND	Treasury activities VND	Others VND	Total VND
2017						
1. Revenue from operating activities	01	41,893,680,261	1,180,663,050	84,679,540,238	1,638,651,273	129,392,534,822
2. Direct expenses	02	43,516,816,069	1,505,892,883	63,100,915,595	1,977,519,552	110,101,144,099
3. Depreciation and amortisation expenses	03	210,357,064	-	1,594,124,293	-	1,804,481,357
4. Allowance for diminution in value of investments	04	-	10,617,381	-	-	10,617,381
5. Allowance for doubtful debts	05	-	-	790,624,977	-	790,624,977
6. Other income	06	-	-	-	640,121,871	640,121,871
Profit/(loss) before tax (07 = 01 + 06 – 02 – 03 – 04 – 05)	07	(1,833,492,872)	(335,847,214)	19,193,875,373	301,253,592	17,325,788,879

As at 31 December 2017

Segment assets	27,878,130,414	4,833,636,701	1,119,888,709,532	306,060,605	1,152,906,537,252
Segment liabilities	5,937,724,251	129,556,176	637,318,349,804	1,107,155,585	644,492,785,816

(ii) Geographical segment

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

Phu Hung Securities Corporation

Notes to the financial statements for the year ended 31 December 2018 (continued)

Form B09 – CTCK

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

31. Corresponding figures

Corresponding figures were derived from the balances and amounts reported in the Company financial statements as at and for the year ended 31 December 2017.

Prepared by:



Ms. Nguyen Thi An Vi
Deputy Accounting Manager

15 March 2019

Reviewed by:



Ms. Do Thi Ai Vy
Chief Accountant

Approved by:



Mr. Chen Chia Ken
General Director