

**KIM ENG VIETNAM SECURITIES JOINT STOCK COMPANY**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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## KIM ENG VIETNAM SECURITIES JOINT STOCK COMPANY

### CORPORATE INFORMATION

#### Operation Licence

Kim Eng Vietnam Securities Joint Stock Company ("the Company") is a joint stock company established in SR Vietnam.

Establishment Licence No. 71/UBCK-GP dated 14 December 2007 was issued by the State Securities Commission.

The registered office is at 255 Tran Hung Dao Street, District 1, Ho Chi Minh City, Vietnam.

#### Chartered capital

The initial chartered capital pursuant to the Establishment Licence is VND200 billion. The chartered capital as at 31 December 2010 was VND300 billion.

<b>Board of Management</b>	Mr Lam Hoang Loc	Chairman
	Mr Le Minh Tam	Member
	Ms Nguyen Thi Thanh Hien	Member
	Mr Ong Cheow Kheng	Member
	Mr Ronald Ooi	Member
<b>Board of Directors</b>	Mr Le Minh Tam	General Director
<b>Compliance Committee</b>	Mr Pham Thanh Tien	
	Mr Tan Pei-San	
	Ms Eunice Ho	(appointed on 29 May 2010)
	Mr Jason Foo	(resigned on 12 February 2010)
<b>Auditor</b>	PricewaterhouseCoopers (Vietnam) Limited	



## KIM ENG VIETNAM SECURITIES JOINT STOCK COMPANY

### STATEMENT OF THE RESPONSIBILITY OF THE GENERAL DIRECTOR IN RESPECT OF THE FINANCIAL STATEMENTS

The General Director is responsible for financial statements which give a true and fair view of the financial position of the Company as at 31 December 2010 and the results of its operations and cash flows for the year then ended. In preparing these financial statements, the General Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

I, the General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the financial statements. I am also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### APPROVAL OF THE FINANCIAL STATEMENTS

I hereby approve the accompanying financial statements as set out on pages 5 to 22 which give a true and fair view of the financial position of the Company as at 31 December 2010 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards and regulations applicable to securities companies operating in SR Vietnam.



Le Minh Tam  
General Director

Ho Chi Minh City, SR Vietnam  
28 February 2011



**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF MANAGEMENT  
OF KIM ENG VIETNAM SECURITIES JOINT STOCK COMPANY**

We have audited the accompanying financial statements of Kim Eng Vietnam Securities Joint Stock Company ("the Company") which were approved by management on 28 February 2011. The financial statements comprise the balance sheet as at 31 December 2010, the income statement and cash flow statement for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 22.

**Management's Responsibility for the Financial Statements**

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards and regulations applicable for securities companies operating in SR Vietnam. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances

**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 in order to obtain reasonable assurance as to whether the financial statements are free from 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 judgment, including an 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 controls relevant to the entity'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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2010, and its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards and regulations applicable for securities companies operating in SR Vietnam.



Ian S. Lydall  
AC No. N.0559/KTV  
Chairman

Nguyen Hoang Nam  
AC No. 0849/KTV

PricewaterhouseCoopers (Vietnam) Limited  
Ho Chi Minh City, SR Vietnam  
Audit report number HCM2664  
28 February 2011

As indicated in Note 2.1 to the financial statements, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.



## BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2010 VND	2009 VND
<b>A</b>	<b>CURRENT ASSETS</b>		<b>485,167,463,123</b>	<b>428,121,483,903</b>
<b>I</b>	<b>Cash and cash equivalents</b>	<b>3</b>	<b>17,927,814,920</b>	<b>30,973,378,924</b>
1	Cash		17,927,814,920	10,973,378,924
2	Cash equivalents		-	20,000,000,000
<b>II</b>	<b>Short-term investments</b>	<b>4(a)</b>	<b>6,605,500</b>	<b>130,521,460,000</b>
1	Short-term investments		6,605,500	130,521,460,000
<b>III</b>	<b>Accounts receivable</b>		<b>464,254,996,739</b>	<b>264,236,596,298</b>
2	Prepayments to suppliers		544,560,997	1,339,922,365
4	Receivables from securities transactions	5	463,732,684,067	260,655,433,961
5	Other receivables	7	7,511,054,425	4,161,127,221
6	Provision for doubtful debts	6	(7,533,302,750)	(1,919,887,249)
<b>V</b>	<b>Other current assets</b>		<b>2,978,045,964</b>	<b>2,390,048,681</b>
1	Short-term prepayments		636,560,144	789,403,704
4	Other current assets		2,341,485,820	1,600,644,977
<b>B</b>	<b>LONG-TERM ASSETS</b>		<b>30,443,461,670</b>	<b>25,014,134,323</b>
<b>II</b>	<b>Fixed assets</b>		<b>20,718,090,118</b>	<b>23,346,634,567</b>
1	Tangible fixed assets	8(a)	13,689,666,069	15,875,712,933
	Cost		30,841,960,550	26,352,357,283
	Accumulated depreciation		(17,152,294,481)	(10,476,644,350)
3	Intangible fixed assets	8(b)	7,028,424,049	7,470,921,634
	Cost		13,303,624,507	11,279,265,995
	Accumulated amortisation		(6,275,200,458)	(3,808,344,361)
<b>IV</b>	<b>Long-term investments</b>	<b>4(b)</b>	<b>4,363,050,000</b>	-
3	Long-term investments in securities			
	- Available for sale		4,345,050,000	-
4	Other long-term investments		18,000,000	-
<b>V</b>	<b>Other long-term assets</b>		<b>5,362,321,552</b>	<b>1,667,499,756</b>
1	Long-term prepayments	9	1,158,467,402	354,712,772
2	Deferred income tax assets	15	1,877,339,122	986,271,956
3	Cash in the Settlement Supporting Fund	10	2,326,515,028	326,515,028
	<b>TOTAL ASSETS</b>		<b>515,610,924,793</b>	<b>453,135,618,226</b>

The notes on pages 9 to 22 are an integral part of these financial statements.

## KIM ENG VIETNAM SECURITIES JOINT STOCK COMPANY

Form B 01 – CTCK

BALANCE SHEET  
(continued)

Code	RESOURCES	Note	As at 31 December	
			2010 VND	2009 VND
<b>A</b>	<b>LIABILITIES</b>		<b>194,802,126,389</b>	<b>232,622,896,746</b>
<b>I</b>	<b>Current liabilities</b>		<b>194,311,275,452</b>	<b>232,217,672,315</b>
1	Short term borrowings	11	138,291,764,137	2,371,763,226
2	Trade accounts payable		448,121,193	148,338,017
3	Advances from customers		850,732,000	470,032,000
4	Taxes and other payables to the State Budget	12	4,317,469,423	7,828,528,159
5	Payables to employees		44,533,432	15,302,271
6	Accrued expenses	13	8,005,070,420	8,351,954,605
7	Intercompany payables	22(b)	10,395,432	50,022,653
8	Payables for securities transactions	14	41,535,105,444	107,594,806,361
9	Dividends payable and bond principals and interest payables to client		502,968,610	1,438,952,241
11	Other payables		305,115,361	103,947,972,782
<b>II</b>	<b>Long-term liabilities</b>		<b>490,850,937</b>	<b>405,224,431</b>
6	Provision for severance allowances		490,850,937	405,224,431
<b>B</b>	<b>OWNERS' EQUITY</b>		<b>320,808,798,404</b>	<b>220,512,721,480</b>
<b>I</b>	<b>Capital and reserves</b>	16	<b>320,808,798,404</b>	<b>220,512,721,480</b>
1	Owners' capital		300,000,000,000	200,000,000,000
5	Differences upon asset revaluation	2.6(b)	(588,937,500)	-
8	Financial reserve funds		2,419,886,795	1,525,636,074
9	Other funds		2,419,886,795	2,025,636,074
10	Retained earnings		16,557,962,314	16,961,449,332
	<b>TOTAL RESOURCES</b>		<b>515,610,924,793</b>	<b>453,135,618,226</b>

  
 Ngo Thanh Thuy  
 Chief Accountant

  
 Le Minh Tam  
 General Director  
 28 February 2011

The notes on pages 9 to 22 are an integral part of these financial statements.



## KIM ENG VIETNAM SECURITIES JOINT STOCK COMPANY


Form B 02 – CTCK

## INCOME STATEMENT

Code	Note	Year ended 31 December	
		2010 VND	2009 VND
<b>1</b>	<b>Revenue</b>	<b>113,257,794,447</b>	<b>122,481,965,344</b>
	In which:		
	On securities brokerage activities	45,578,276,055	64,369,738,152
	On securities investments and capital contribution	177,517,950	6,056,643,836
	On investment consultant activities	6,864,365,787	843,320,590
	On securities depository	171,318,776	16,336,808
	On capital use	517,085,590	45,454,545
	Others	59,949,230,289	51,150,471,413
<b>2</b>	<b>Less deductions</b>	-	-
<b>3</b>	<b>Net revenue</b>	<b>113,257,794,447</b>	<b>122,481,965,344</b>
<b>4</b>	<b>Operating expenses</b>	<b>(50,713,291,786)</b>	<b>(55,629,305,026)</b>
<b>5</b>	<b>Gross operating profit</b>	<b>62,544,502,661</b>	<b>66,852,660,318</b>
<b>6</b>	<b>General and administration expenses</b>	<b>(40,040,185,288)</b>	<b>(29,170,853,584)</b>
<b>7</b>	<b>Net operating profit before tax</b>	<b>22,504,317,373</b>	<b>37,681,806,734</b>
<b>8</b>	<b>Other income</b>	<b>1,090,862,772</b>	<b>1,019,321,703</b>
<b>9</b>	<b>Other expenses</b>	<b>(7,727,300)</b>	<b>(22,504,089)</b>
<b>10</b>	<b>Net other income</b>	<b>1,083,135,472</b>	<b>996,817,614</b>
<b>11</b>	<b>Net accounting profit before tax</b>	<b>23,587,452,845</b>	<b>38,678,624,348</b>
<b>12</b>	<b>Business income tax - current</b>	<b>(6,397,193,087)</b>	<b>(7,469,518,662)</b>
<b>13</b>	<b>Business income tax - deferred</b>	<b>694,754,666</b>	<b>986,271,956</b>
<b>14</b>	<b>Net profit after tax</b>	<b>17,885,014,424</b>	<b>32,195,377,642</b>

  
 Ngo Thanh Thuy  
 Chief Accountant



  
 Le Minh Tam  
 General Director  
 28 February 2011

The notes on pages 9 to 22 are an integral part of these financial statements.

**CASH FLOW STATEMENT**  
 (Indirect method)

Code	Note	Year ended 31 December	
		2010 VND	2009 VND
<b>I</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
01	Net profit before tax	23,587,452,845	38,678,624,348
	Adjustments for:		
02	Depreciation and amortisation	9,162,597,208	8,220,682,381
03	Provisions	5,613,415,501	1,919,887,249
05	Losses from investing activities	7,727,300	22,504,089
06	Interest expenses	2,730,623,531	6,313,224,077
08	Operating profit before changes in working capital	41,101,816,385	55,154,922,144
09	Increase in receivables	(208,372,656,785)	(256,694,497,690)
11	(Decrease)/increase in payables	(167,562,580,104)	214,497,417,076
12	(Increase)/decrease in prepaid expenses	(650,911,070)	968,910,266
13	Interest paid	(2,730,623,531)	(6,313,224,077)
14	Business income tax paid	(12,575,384,251)	-
20	Net cash (outflows)/inflows from operating activities	(350,790,339,356)	7,613,527,719
<b>II</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
21	Purchases of fixed assets	(6,541,780,059)	(4,209,022,440)
23	Term deposits at banks with maturity over 3 months	(145,000,000,000)	(333,870,414,289)
24	Collection of term deposits at banks with maturity over 3 months	275,000,000,000	291,870,414,289
25	Investments in other entities	(27,414,093,486)	(16,974,177,000)
26	Proceeds from divestment in other entities	22,780,647,986	85,211,419,214
30	Net cash inflows from investing activities	118,824,774,441	22,028,219,774
<b>III</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
31	Capital contribution	100,000,000,000	-
33	Proceeds from borrowings	202,564,579,362	300,484,741,817
34	Repayments of borrowings	(66,644,578,451)	(298,112,978,591)
36	Dividends paid	(17,000,000,000)	(10,000,000,000)
40	Net cash inflows/(outflows) from financing activities	218,920,000,911	(7,628,236,774)
50	Net (decrease)/increase in cash and cash equivalents	(13,045,564,004)	22,013,510,719
60	Cash and cash equivalents at beginning of year	30,973,378,924	8,959,868,205
70	Cash and cash equivalents at end of year	17,927,814,920	30,973,378,924



 Ngo Thanh Thuy  
 Chief Accountant

  
 Le Minh Tam  
 General Director  
 28 February 2011

The notes on pages 9 to 22 are an integral part of these financial statements.



**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**1 GENERAL INFORMATION**

Kim Eng Vietnam Securities Joint Stock Company ("the Company") was established in SR Vietnam pursuant to Establishment Licence No. 71/UBCK-GP, dated 14 December 2007, issued by the State Securities Commission.

The principal activity of the Company is to provide securities brokerage services, proprietary trading activities, investment consultancy, investment portfolio management, underwriting activities and securities depository activities.

As at 31 December 2010, the Company had 223 employees (2009: 127 employees).

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Vietnamese Accounting Standards and regulations applicable for securities companies operating in SR Vietnam. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale investments at fair value through equity.

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam. The accounting principles and practices utilised in SR Vietnam may differ from those generally accepted in countries and jurisdictions other than SR Vietnam.

**2.2 Fiscal year**

The Company's fiscal year is from 1 January to 31 December.

**2.3 Currency**

The financial statements are measured in Vietnamese dong and presented using Vietnamese Dong.

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognised in the income statement.

**2.4 Form of records applied**

The Company uses general journal to record its transactions.



**2.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, deposits for proceeds collected from underwriting activities, deposits for clearing settlement and other short-term investments with an original maturity of three months or less.

**2.6 Investments****(a) Short-term investments***Short-term investments in securities*

Short-term investments in securities are securities held for trading and are acquired principally for the purpose of selling in the short-term or if so designated by the Board of Directors.

Short-term investments in securities are initially recorded at cost of acquisition. Subsequently, they are measured at fair value. Gain (loss) is recognised as income or expense in the income statement. Cost of securities disposed is determined by using the weighted average method

Dividends earned from equity securities during the year are recognised in the income statement. Interest incomes earned from debt securities are recognised as a deduction in carrying value of trading securities for the portion incurred before the purchasing date and as an investment income for the portion incurred since the purchasing date.

**(b) Long-term investments***Available-for-sale investments*

Available-for-sale securities are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidation or changes in interest rates, exchange rates or equity prices.

Available for sales investments are initially recorded at cost of acquisition. Subsequently, they are measured at fair value.

Changes in the fair value of available-for-sale investments are recognised in equity and are taken to the income statement upon sales.

*Held-to-maturity investments*

Held-to-maturity securities are debt securities with fixed or determinable payment and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

Held to maturity investments are recorded at cost of acquisition. Subsequently, they are measured at amortised cost using the effective interest method.

Interest incomes earned from debt securities are recognised as a deduction in carrying value of trading securities for the portion incurred before the purchasing date and as an investment income for the portion incurred since the purchasing date.



**2.7 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

*Depreciation*

Fixed assets are depreciated using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Office leasehold improvements	3 - 6 years
Machinery and equipment	3 - 5 years
Motor vehicles	6 years
Computer software	5 years

*Disposals*

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

**2.8 Borrowing costs**

Borrowing is used to finance the Company's working capital. Borrowing costs are recognised in the income statement when incurred.

**2.9 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

*Revenue from provision of services*

Revenue on services to investors consists of securities brokerage fees, securities underwriting fees and investment consultancy fees, which are based on agreements with investors. These fees are recognised on an accruals basis.

*Income on securities trading*

Income on securities investments consists of income on proprietary trading activities and dividend income.

Income on proprietary trading activities is measured as difference between selling price and costs of securities sold.

Dividend income is recognised in the income statement when the Company's right to receive dividend is established.

*Income on capital activities and other income*

Income on capital activities and other income consist of interest income from deposits at banks, income from advances to investors and income from agreements for securities investment cooperation. Income is recognised on an accruals basis.



**2.10 Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**2.11 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**2.12 Provisions**

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as interest expense.

**2.13 Provision for severance allowances**

In accordance with Vietnamese labour laws, employees of the Company are entitled to a severance allowance based on their years of service up to 31 December 2008. This will be paid as a lump sum when the employee leaves the Company. A provision for severance allowances is made for the estimated liability for employment termination as a result of services rendered by employees up to the balance sheet date. The provision is calculated on the basis of a half-month salary for each employee for each year of service with the Company, based on salary levels at the balance sheet date.



**2.14 Recognition of dividend distribution and reserves***Dividends*

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends are approved and paid to shareholders after the business income tax and statutory reserves are provided in accordance with prevailing regulations of Vietnam.

*Financial reserve*

Financial reserve is provided at 5% of the net profit after tax each year until the reserve balance reaches 10% of the Company's chartered capital according to Circular 11/2000/TT-BTC dated 1 February 2000 issued by the Ministry of Finance applicable for securities companies. Financial reserve is to secure the Company from risk of loss or contingency liabilities.

*Capital supplementary reserve*

Capital supplementary reserve is provided at 5% of the net profit after tax each year until the reserve balance reaches 10% of the Company's chartered capital according to Circular 11/2000/TT-BTC dated 1 February 2000 issued by the Ministry of Finance applicable for securities companies. Capital supplementary reserve is used to expand the Company's operation or supplement its chartered capital.

**3 CASH AND CASH EQUIVALENTS**

	31.12.2010 VND	31.12.2009 VND
Cash on hand	83,084,558	51,250,369
Cash at bank	1,523,549,150	274,936,408
Deposits for clearing settlement	16,321,181,212	10,647,192,147
Cash equivalents (*)	-	20,000,000,000
	<u>17,927,814,920</u>	<u>30,973,378,924</u>

(\*) Cash equivalents include term deposits with maturity within 3 months.

**4 INVESTMENTS****(a) Short-term investments**

	Book value	31.12.2010 Compared to market value		Market value	Provision
	VND	Increase VND	Decrease VND	VND	VND
Listed equity securities	<u>4,557,004</u>	<u>2,048,496</u>	<u>-</u>	<u>6,605,500</u>	<u>-</u>

**4 INVESTMENTS (continued)****(a) Short-term investments (continued)**

	Book value  VND	31.12.2009 Compared to market value		Market value  VND	Provision  VND
		Increase	Decrease		
		VND	VND		
Listed equity securities	514,320,000	7,140,000	-	521,460,000	-
Term deposits with maturity above 3 months	130,000,000,000	-	-	130,000,000,000	-
	<u>130,514,320,000</u>	<u>7,140,000</u>	<u>-</u>	<u>130,521,460,000</u>	<u>-</u>

**(b) Long-term investments**

	Book value  VND	31.12.2010 Compared to market value		Market value  VND	Variance  VND
		Increase	Decrease		
		VND	VND		
Listed equity securities – Available-for-sale	5,130,300,000	-	(785,250,000)	4,345,050,000	(785,250,000)
Investments in bonds	18,000,000	-	-	18,000,000	-
	<u>5,148,300,000</u>	<u>-</u>	<u>(785,250,000)</u>	<u>4,363,050,000</u>	<u>(785,250,000)</u>

All the available-for-sale and held-to-maturity investments carried forward from 2008 were sold in 2009. There was no new long-term investment in 2009.

**5 RECEIVABLES FROM SECURITIES TRANSACTIONS**

All the receivables from securities transactions include cash advanced to customers and for agreement for trading securities cooperation with other investors.

**6 PROVISION FOR DOUBTFUL DEBTS**

	2010 VND	2009 VND
As at 1 January	1,919,887,249	-
Addition	7,533,302,750	1,919,887,249
Write off	(1,919,887,249)	-
As at 31 December	<u>7,533,302,750</u>	<u>1,919,887,249</u>



## 7 OTHER RECEIVABLES

	31.12.2010 VND	31.12.2009 VND
Interest receivables	5,642,097,341	-
Receivables from employees	1,868,957,084	3,290,950,000
Interest receivables from cash deposit at bank	-	483,466,665
Others	-	386,710,556
	<u>7,511,054,425</u>	<u>4,161,127,221</u>

## 8 FIXED ASSETS

## (a) Tangible fixed assets

	Office leasehold improvements VND	Machinery, equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Historical cost</b>					
At 1 January 2010	7,885,798,987	15,380,454,479	1,934,047,405	1,152,056,412	26,352,357,283
New purchases	-	2,873,554,428	1,117,964,500	525,902,619	4,517,421,547
Disposals	-	(27,818,280)	-	-	(27,818,280)
At 31 December 2010	<u>7,885,798,987</u>	<u>18,226,190,627</u>	<u>3,052,011,905</u>	<u>1,677,959,031</u>	<u>30,841,960,550</u>
<b>Accumulated depreciation</b>					
At 1 January 2010	2,987,784,762	6,570,854,214	563,246,132	354,759,242	10,476,644,350
Charge for the year	1,577,159,801	4,444,671,921	399,977,659	273,931,730	6,695,741,111
Disposals	-	(20,090,980)	-	-	(20,090,980)
At 31 December 2010	<u>4,564,944,563</u>	<u>10,995,435,155</u>	<u>963,223,791</u>	<u>628,690,972</u>	<u>17,152,294,481</u>
<b>Net book value</b>					
At 1 January 2010	<u>4,898,014,225</u>	<u>8,809,600,265</u>	<u>1,370,801,273</u>	<u>797,297,170</u>	<u>15,875,712,933</u>
At 31 December 2010	<u>3,320,854,424</u>	<u>7,230,755,472</u>	<u>2,088,788,114</u>	<u>1,049,268,059</u>	<u>13,689,666,069</u>

**8 FIXED ASSETS (continued)****(b) Intangible fixed assets****Computer software  
VND****Historical cost**

At 1 January 2010

11,279,265,995

New purchases

2,024,358,512

At 31 December 2010

13,303,624,507**Accumulated amortisation**

At 1 January 2010

3,808,344,361

Charge for the year

2,466,856,097

At 31 December 2010

6,275,200,458**Net book value**

At 1 January 2010

7,470,921,634

At 31 December 2010

7,028,424,049**9 LONG-TERM PREPAYMENTS****2010  
VND****2009  
VND**

Beginning of year

354,712,772

1,245,109,836

Additions

1,291,680,435

449,151,588

Amortisation for the year

(487,925,805)

(1,339,548,652)

End of year

1,158,467,402354,712,772

Long-term prepayments mainly comprise of expenses for setting up new branches and are amortised to the income statement over 2 years.

**10 CASH IN THE SETTLEMENT SUPPORTING FUND**

This is cash deposits in the Settlement Supporting Fund of Securities Depository Center as required by prevailing regulations.

**11 SHORT TERM BORROWINGS****31.12.2010  
VND****31.12.2009  
VND**

Short term loan from banks

130,664,764,137

2,371,763,226

Short term loan from individual customers

7,627,000,000

-

138,291,764,1372,371,763,226



**12 TAXES AND OTHER PAYABLES TO THE STATE BUDGET**

	<b>31.12.2010</b> <b>VND</b>	<b>31.12.2009</b> <b>VND</b>
VAT on domestic sales	1,134,842,507	23,830,508
Business income tax - current	1,291,327,498	7,469,518,662
Personal Income Tax	356,569,459	174,943,005
Other taxes (*)	1,534,729,959	160,235,984
	<u>4,317,469,423</u>	<u>7,828,528,159</u>

(\*) Other taxes are mostly personal income taxes payables to the State Budget on behalf of customers.

**13 ACCRUED EXPENSES**

	<b>31.12.2010</b> <b>VND</b>	<b>31.12.2009</b> <b>VND</b>
13th month salary and bonus	4,700,000,000	5,393,939,394
Securities transaction fees	1,184,065,487	1,770,664,538
Others (*)	2,121,004,933	1,187,350,673
	<u>8,005,070,420</u>	<u>8,351,954,605</u>

(\*) Other accruals include accrued expenses for office rental, Freewill software maintenance, management fee, agency commission, borrowing interest expense, professional fee, ect.

**14 PAYABLES FOR SECURITIES TRANSACTIONS**

Payables for securities transactions represent deposits from investors at the Company for their investment activities.

**15 DEFERRED INCOME TAX**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

The movement in deferred tax assets, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	<b>2010</b> <b>VND</b>	<b>2009</b> <b>VND</b>
At 1 January	986,271,956	-
Credited to the income statement	694,754,666	986,271,956
Credited to the capital and reserves	196,312,500	-
At 31 December	<u>1,877,339,122</u>	<u>986,271,956</u>

The deferred income tax asset mainly arises from the provision for doubtful debts, decline in value of long term investment and provision for severance allowances.

## 16 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Difference upon assets revaluation VND	Financial reserve funds VND	Other funds VND	Retained earnings VND	Total VND
At 1 January 2009	200,000,000,000	3,250,098,214	-	-	(1,682,656,162)	201,567,442,052
Profit for the year	-	-	-	-	32,195,377,642	32,195,377,642
Appropriation to reserves	-	-	1,525,636,074	2,025,636,074	(3,551,272,148)	-
Dividends paid	-	-	-	-	(10,000,000,000)	(10,000,000,000)
Other movements	-	(3,250,098,214)	-	-	-	(3,250,098,214)
At 31 December 2009	200,000,000,000	-	1,525,636,074	2,025,636,074	16,961,449,332	220,512,721,480
Increase in owners' capital	100,000,000,000	-	-	-	-	100,000,000,000
Profit for the year	-	-	-	-	17,885,014,424	17,885,014,424
Appropriation to reserves	-	-	894,250,721	394,250,721	(1,288,501,442)	-
Dividends paid	-	-	-	-	(17,000,000,000)	(17,000,000,000)
Revaluation of long term investments	-	(588,937,500)	-	-	-	(588,937,500)
At 31 December 2010	300,000,000,000	(588,937,500)	2,419,886,795	2,419,886,795	16,557,962,314	320,808,798,404



**17 REVENUE – OTHERS**

Revenue other comprises of interest income from cash advances to investors and income from agreement for securities investment cooperation.

**18 OPERATING EXPENSES**

	<b>2010 VND</b>	<b>2009 VND</b>
Brokerage fees	8,088,540,928	11,310,205,157
Agency commission	2,154,113,650	2,288,572,881
Securities trading expenses	147,971,190	1,609,665,214
Financial expenses	1,842,620,782	6,483,436,876
Staff costs	21,934,219,270	20,862,938,160
Depreciation and amortisation	2,376,536,490	1,646,520,949
Office rental	5,282,185,433	3,811,802,140
Other direct costs	8,887,544,043	7,616,163,649
	<u>50,713,731,786</u>	<u>55,629,305,026</u>

**19 GENERAL AND ADMINISTRATION EXPENSES**

	<b>2010 VND</b>	<b>2009 VND</b>
Depreciation and amortisation	6,786,060,718	6,574,161,432
Staff costs	15,511,380,955	9,628,002,114
Materials, stationery	136,685,432	94,086,810
Tools	121,587,208	577,806,174
Provision for doubtful debts	7,515,849,681	1,919,887,249
Tax and other related fees	46,659,297	15,827,000
Office rental	1,614,769,436	2,387,155,948
Software maintenance costs	2,049,938,256	1,382,917,134
Other expenses	6,257,254,305	6,591,009,723
	<u>40,040,185,288</u>	<u>29,170,853,584</u>

**20 NET OTHER INCOME**

	<b>2010 VND</b>	<b>2009 VND</b>
<b>Other income</b>		
Commission income from PVFI and other parties	<u>1,090,862,772</u>	<u>1,019,321,703</u>
<b>Other expenses</b>		
Losses on disposals of fixed assets	<u>(7,727,300)</u>	<u>(22,504,089)</u>
Net other income	<u>1,083,135,472</u>	<u>996,817,614</u>

**21 BUSINESS INCOME TAX ("BIT")**

Business income tax charge at the rate of 25% for the year is based on the estimated taxable income

	2010 VND	2009 VND
Net accounting profit before tax	23,587,452,845	38,678,624,348
Tax calculated at a rate of 25%	5,896,863,212	9,669,656,087
Effect of:		
Expenses not deductible for tax purposes	52,209,325	10,389,645
Impact of change in BIT rate in 2009 on deferred taxes	-	(295,409,381)
Income not subject to tax	(246,634,116)	-
Tax deduction (*)	-	(2,901,389,645)
Business income tax charge	5,702,438,421	6,483,246,706

The Company's tax returns are subject to periodic examination and possible adjustment by the Tax Authority. The tax assessments for the years 2010 and 2009 have not yet been finalised by the Tax Authority.

(\*) On 13 January 2009, the Ministry of Finance issued Circular 03/2009/TT-BTC announcing a reduction of the BIT liability for the whole of 2009 for Small and Medium Enterprises (SMEs), of which SMEs shall be entitled to a 30% BIT reduction in 2009. In accordance with the Circular 03/2009/TT-BTC, the Company assessed that it meets the criteria as an SME, therefore, it applied the 30% BIT deduction for the whole of 2009.

**22 RELATED PARTY TRANSACTIONS**

The Company is controlled by Kim Eng Holdings Singapore which owns 46.6% of the Company's legal capital.

**(a) Related party transactions**

During the year, the following transactions were carried out with related parties:

**i) Securities brokerage fees and confirming fees**

	2010 VND	2009 VND
Fellow group subsidiaries		
Kim Eng Securities Pte. Ltd-Trust	33,218,725	58,925,560
Kim Eng Securities (Thailand) Public	12,191,741	12,780,000
Other related parties	93,806,641	40,025,489
	139,217,107	111,731,049



## KIM ENG VIETNAM SECURITIES JOINT STOCK COMPANY

Form B 09 – CTCK

## 22 RELATED PARTY TRANSACTIONS (continued)

## (a) Related party transactions (continued)

*ii) Consultation fee*

	2010 VND	2009 VND
Kim Eng Securities Pte. Ltd	-	161,000,000

*iii) Compensation of key management*

	2010 VND	2009 VND
Gross salaries and other benefits	1,737,908,682	1,559,077,754

*iv) Other related party transactions*

	2010 VND	2009 VND
Expenses paid by Kim Eng Securities Pte. Ltd on behalf of the Company	-	48,349,727
Expenses paid by the Company on behalf of Kim Eng Holdings	131,582,482	-
Expenses paid by Kim Eng Research Pte. Ltd on behalf of the Company	-	16,375,359
Expenses paid by the Company on behalf of Kim Eng Research Pte. Ltd	2,690,649	-
Expenses paid by the Company on behalf of Kim Eng Securities Pte. Ltd	2,981,328	101,257,994

## (b) Year end balances with related parties

	2010 VND	2009 VND
Payable to Kim Eng Holdings Singapore	-	50,022,653
Payable to Kim Eng Securities Singapore	10,395,432	-

**23 COMMITMENTS UNDER OPERATING LEASES**


The future minimum lease payments under non-cancellable operating leases are as follows:

	Office rental	
	2010 VND	2009 VND
Within 1 year	954,172,800	-
Between 1 and 5 years	3,105,636,401	-
Total minimum payments	<u>4,059,809,201</u>	<u>-</u>

**24 COMPARATIVE FIGURES**

The cash flow statement for the year ended 31 December 2009 has been restated using indirect method to conform to the current year presentation.

The financial statements were approved by the General Director on 28 February 2011.

  
 \_\_\_\_\_  
 Ngo Thanh Thuy  
 Chief Accountant

  
  
 \_\_\_\_\_  
 Le Minh Tam  
 General Director