

KIM ENG VIETNAM SECURITIES JOINT STOCK COMPANY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

Kim Eng Vietnam Securities Joint Stock Company

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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 and the latest amended license No.57/GPDC-UBCK dated 12 October 2011 were 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 2011 was VND300 billion.

| | | |
|-----------------------------|---|--|
| Board of Management | Mr Lam Hoang Loc Mr Le Minh Tam Ms Nguyen Thi Thanh Hien Mr Ong Cheow Kheng Mr Ronald Ooi | Chairman Member Member Member Member |
| Board of Directors | Mr Le Minh Tam Mr Nguyen Van Manh Mr Duong Cam Da | General Director Deputy General Director Deputy General Director (appointed on 31 May 2011) |
| Compliance Committee | Mr Pham Thanh Tien Mr Tan Pei-San Ms Eunice Ho | |
| Auditor | PricewaterhouseCoopers (Vietnam) Limited | |

KIM ENG VIETNAM SECURITIES JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for financial statements which give a true and fair view of the financial position of the Company as at 31 December 2011 and the results of its operations and cash flows for the year then ended. In preparing these financial statements, the Board of Directors 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.

We, the Board of Directors 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. We are 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

We hereby approve the accompanying financial statements as set out on pages 5 to 28 which give a true and fair view of the financial position of the Company as at 31 December 2011 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and regulations applicable to securities companies operating in SR Vietnam.

On behalf of the Board of Directors



Le Minh Tam
General Director

Ho Chi Minh City, SR Vietnam
9 February 2012



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 9 February 2012. The financial statements comprise the balance sheet as at 31 December 2011, 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 28.

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, the Vietnamese Accounting System 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 2011, and its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and regulations applicable for securities companies operating in SR Vietnam.

Richard Peters
AC No. N:0561/KTV
Deputy General Director
Authorised signatory

Le Van Hoa
AC No. 0248/KTV

PricewaterhouseCoopers (Vietnam) Limited
Ho Chi Minh City, SR Vietnam
Audit report number HCM3000
9 February 2012

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.

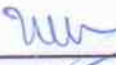
BALANCE SHEET

| Code | ASSETS | Note | As at 31 December | |
|------------|---|-------|------------------------|------------------------|
| | | | 2011 VND | 2010 VND |
| A | CURRENT ASSETS | | 512,886,641,351 | 485,167,463,123 |
| I | Cash and cash equivalents | 4 | 93,146,157,437 | 17,927,814,920 |
| 1 | Cash | | 30,662,157,437 | 17,927,814,920 |
| 2 | Cash equivalents | | 62,484,000,000 | - |
| II | Short-term investments | 5(a) | 118,163,000 | 6,605,500 |
| 1 | Short-term investments | | 118,163,000 | 6,605,500 |
| III | Accounts receivable | | 415,212,573,734 | 464,254,996,739 |
| 2 | Prepayments to suppliers | | 1,445,322,050 | 544,560,997 |
| 4 | Receivables from securities transactions | 6 | 422,732,086,971 | 469,374,781,408 |
| 5 | Other receivables | 8 | - | 1,868,957,084 |
| 6 | Provision for doubtful debts | 7 | (8,964,835,287) | (7,533,302,750) |
| V | Other current assets | | 4,409,747,180 | 2,978,045,964 |
| 1 | Short-term prepayments | | 1,564,622,583 | 636,560,144 |
| 3 | Other taxes receivable | 9 | 448,550,092 | - |
| 4 | Other current assets | 10 | 2,396,574,505 | 2,341,485,820 |
| B | LONG-TERM ASSETS | | 28,592,402,199 | 30,443,461,670 |
| II | Fixed assets | | 17,255,524,786 | 20,718,090,118 |
| 1 | Tangible fixed assets | 11(a) | 12,440,978,268 | 13,689,666,069 |
| | Cost | | 36,134,317,358 | 30,841,960,550 |
| | Accumulated depreciation | | (23,693,339,090) | (17,152,294,481) |
| 3 | Intangible fixed assets | 11(b) | 4,814,546,518 | 7,028,424,049 |
| | Cost | | 14,282,056,497 | 13,303,624,507 |
| | Accumulated amortisation | | (9,467,509,979) | (6,275,200,458) |
| IV | Long-term investments | 5(b) | 2,186,136,000 | 4,363,050,000 |
| 3 | Long-term investments in securities - available for sale | | 2,186,136,000 | 4,363,050,000 |
| V | Other long-term assets | | 9,150,741,413 | 5,362,321,552 |
| 1 | Long-term prepayments | 12 | 2,065,032,197 | 1,158,467,402 |
| 2 | Deferred income tax assets | 18 | 2,259,194,188 | 1,877,339,122 |
| 3 | Cash in the Settlement Supporting Fund | 13 | 4,826,515,028 | 2,326,515,028 |
| | TOTAL ASSETS | | 541,479,043,550 | 515,610,924,793 |

The notes on pages 9 to 28 are an integral part of these financial statements.

BALANCE SHEET
(continued)

| Code | RESOURCES | Note | As at 31 December | |
|-----------|---|--------|------------------------|------------------------|
| | | | 2011 VND | 2010 VND |
| A | LIABILITIES | | 217,150,185,134 | 194,802,126,389 |
| I | Current liabilities | | 216,514,908,201 | 194,311,275,452 |
| 1 | Short term borrowings | 14 | 158,865,447,363 | 138,291,764,137 |
| 2 | Trade accounts payable | | 143,200,255 | 448,121,193 |
| 3 | Advances from customers | | 645,032,000 | 850,732,000 |
| 4 | Taxes and other payables to the State Budget | 15 | 1,342,280,897 | 4,317,469,423 |
| 5 | Payables to employees | | 3,363,297 | 44,533,432 |
| 6 | Accrued expenses | 16 | 7,618,138,043 | 8,005,070,420 |
| 7 | Intercompany payables | 26(b) | 189,773,502 | 10,395,432 |
| 8 | Payables for securities transactions | 17 | 47,044,217,513 | 41,535,105,444 |
| 9 | Dividends payable and bond principals and interest payables to client | | 12,164,497 | 502,968,610 |
| 11 | Other payables | | 651,290,834 | 305,115,361 |
| II | Long-term liabilities | | 635,276,933 | 490,850,937 |
| 6 | Provision for severance allowances | | 635,276,933 | 490,850,937 |
| B | OWNERS' EQUITY | | 324,328,858,416 | 320,808,798,404 |
| I | Capital and reserves | 20 | 324,328,858,416 | 320,808,798,404 |
| 1 | Owners' capital | 19 | 300,000,000,000 | 300,000,000,000 |
| 5 | Differences upon asset revaluation | 2.6(b) | (2,099,235,000) | (588,937,500) |
| 8 | Financial reserve funds | | 2,671,404,671 | 2,419,886,795 |
| 9 | Capital supplementary reserve funds | | 2,671,404,671 | 2,419,886,795 |
| 10 | Retained earnings | | 21,085,284,074 | 16,557,962,314 |
| | TOTAL RESOURCES | | 541,479,043,550 | 515,610,924,793 |



 Ngo Thanh Thuy
 Chief Accountant


 Le Minh Tam
 General Director
 9 February 2012

The notes on pages 9 to 28 are an integral part of these financial statements.

INCOME STATEMENT

| Code | Note | Year ended 31 December | |
|-----------|--|-------------------------|-------------------------|
| | | 2011 VND | 2010 VND |
| 1 | Revenue | 114,047,978,993 | 113,257,794,447 |
| | In which: | | |
| | On securities brokerage activities | 32,175,844,655 | 45,578,276,055 |
| | On securities investments and capital contribution | 13,077,267 | 177,517,950 |
| | On investment consultant activities | 809,781,817 | 6,864,365,787 |
| | On securities depository | 189,760,703 | 171,318,776 |
| | On capital use | 584,329,330 | 517,085,590 |
| | Others | 80,275,185,221 | 59,949,230,289 |
| 2 | Less deductions | - | - |
| 3 | Net revenue | 114,047,978,993 | 113,257,794,447 |
| 4 | Operating expenses | (67,753,089,552) | (50,713,291,786) |
| 5 | Gross operating profit | 46,294,889,441 | 62,544,502,661 |
| 6 | General and administration expenses | (39,478,406,252) | (40,040,185,288) |
| 7 | Net operating profit before tax | 6,816,483,189 | 22,504,317,373 |
| 8 | Other income | 133,174,738 | 1,090,862,772 |
| 9 | Other expenses | (120,370,396) | (7,727,300) |
| 10 | Net other income | 12,804,342 | 1,083,135,472 |
| 11 | Net accounting profit before tax | 6,829,287,531 | 23,587,452,845 |
| 12 | Business income tax - current | (1,532,168,585) | (6,397,193,087) |
| 13 | Business income tax - deferred | (266,761,434) | 694,754,666 |
| 14 | Net profit after tax | 5,030,357,512 | 17,885,014,424 |


 Ngo Thanh Thuy
 Chief Accountant



 S. Q. Đ: 71 - C. T. C. P.
 CÔNG TY
 CỔ PHẦN
 CHỨNG KHOÁN
 KIM ENG
 VIỆT NAM
 QUẬN 1 TP. HỒ CHÍ MINH

 Le Minh Tam
 General Director
 9 February 2012


The notes on pages 9 to 28 are an integral part of these financial statements.

CASH FLOW STATEMENT
(Indirect method)

| Code | Note | Year ended 31 December | |
|------------|--|------------------------|-------------------|
| | | 2011 VND | 2010 VND |
| I | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| 01 | Net profit before tax | 6,829,287,531 | 23,587,452,845 |
| | Adjustments for: | | |
| 02 | Depreciation and amortisation | 9,742,370,049 | 9,162,597,208 |
| 03 | Provisions | 1,431,532,537 | 5,613,415,501 |
| 05 | Losses from investing activities | 36,775,681 | 7,727,300 |
| 06 | Interest expenses | 7,440,520,983 | 2,730,623,531 |
| 08 | Operating profit before changes in working capital | 25,480,486,781 | 41,101,816,385 |
| 09 | Decrease/(increase) in receivables | 45,055,801,783 | (208,372,656,785) |
| 11 | Increase/(decrease) in payables | 2,603,136,714 | (167,562,580,104) |
| 12 | Increase in prepaid expenses | (1,834,627,234) | (650,911,070) |
| 13 | Interest paid | (6,981,360,794) | (2,730,623,531) |
| 14 | Business income tax paid | (3,272,046,175) | (12,575,384,251) |
| 20 | Net cash inflows/(outflows) from operating activities | 61,051,391,075 | (350,790,339,356) |
| II | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| 21 | Purchases of fixed assets | (6,323,176,898) | (6,541,780,059) |
| 23 | Term deposits at banks with maturity over 3 months | (77,100,000,000) | (145,000,000,000) |
| 24 | Collection of term deposits at banks with maturity over 3 months | 77,100,000,000 | 275,000,000,000 |
| 25 | Investments in other entities | (829,506,563) | (27,414,093,486) |
| 26 | Proceeds from divestment in other entities | 742,222,147 | 22,780,647,986 |
| 30 | Net cash (outflows)/inflows from investing activities | (6,410,461,314) | 118,824,774,441 |
| III | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| 31 | Capital contribution | - | 100,000,000,000 |
| 33 | Proceeds from borrowings | 276,014,654,640 | 202,564,579,362 |
| 34 | Repayments of borrowings | (255,437,241,884) | (66,644,578,451) |
| 36 | Dividends paid | - | (17,000,000,000) |
| 40 | Net cash inflows from financing activities | 20,577,412,756 | 218,920,000,911 |
| 50 | Net increase/(decrease) in cash and cash equivalents | 75,218,342,517 | (13,045,564,004) |
| 60 | Cash and cash equivalents at beginning of year | 4 17,927,814,920 | 30,973,378,924 |
| 70 | Cash and cash equivalents at end of year | 4 93,146,157,437 | 17,927,814,920 |


 Ngo Thanh Thuy
 Chief Accountant




 Le Minh Tam
 General Director
 9 February 2012

The notes on pages 9 to 28 are an integral part of these financial statements.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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 2011, the Company had 327 employees (2010: 223 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, the Vietnamese Accounting System 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 investments at fair value.

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 marginal lending activities, 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. This will be paid as a lump sum when the employee leaves the Company. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees. Pursuant to Law on Social Insurance, effective from 1 January 2009, the Company is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Company is no longer required to provide for the service period after 1 January 2009. However, provision for severance allowance as of 31 December 2011 is determined based on the employees' number of years of service up to 31 December 2008 and their average salary for the six-month period prior to 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 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. They establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by Treasury section of Finance department and Risk management.

The related department measures actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the Board of Directors.

3 FINANCIAL RISK MANAGEMENT (continued)**3.1 Market risk***(i) Currency risk*

The Company's business is exposed to the United States Dollar ("USD") risk as significant borrowings with related party are denominated in USD. The Company manages this risk by depositing the borrowings in USD to a local bank and then signing another borrowing contract in Vietnamese Dong.

The Company's currency exposure to the USD is as follows:

| | 2011 VND'000 | 2010 VND'000 |
|------------------------------|-----------------------|-----------------|
| Financial assets | 62,484,000,000 | - |
| Cash and bank deposits | 62,484,000,000 | - |
| Financial liabilities | 62,484,000,000 | - |
| Borrowings | 62,484,000,000 | - |
| Currency exposure | - | - |

(ii) Price risk

The Company is exposed to equity securities price risk arising from the investments classified as proprietary trading and available-for-sale. The strategy of the Company is not focusing on trading securities. The short-term investments of VND118,163,000 was to correct wrong securities command conducted by brokers. The long-term investments were measured at fair value and there was not any additional long-term investment during the year. However the risk exposure is low given the amount of long-term investment is not material.

(iii) Interest rate risk

The Company is exposed to interest rate risk on its borrowings. The interest rate risk from the loans from related party is low given the loans after that were deposited to a local bank with the interest rate is not much lower than the borrowing interest rate. The fluctuation of interest rate from borrowings from banks and individual customers affects to the interest rate of the Company's financing activities. Therefore the net effect of the fluctuation of interest rate to the profit after tax is assessed not material.

3 FINANCIAL RISK MANAGEMENT (continued)**3.2 Credit risk**

The Company is exposed to credit risk from receivables from securities transactions. The Company adopts the policy of dealing with credit risk according to Decision 637/QD-UBCK dated 30 August 2011.

Customers' payment profile and credit exposure are continuously monitored by Risk department and reported to the Board of Directors.

(a) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings in the local market.

Other current assets mainly include of deposits for office rental with high credit lessors that are neither past due nor impaired.

(b) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for receivables from securities transactions.

| | 2011 VND | 2010 VND |
|-----------------------------|-----------------------|-----------------------|
| Past due 1 to 30 days (*) | 10,194,078,202 | 3,230,229,844 |
| Past due 31 days to 60 days | - | - |
| Past due 61 days to 90 days | - | - |
| Past due over 90 days (**) | 10,605,815,587 | 13,479,801,001 |
| | <u>20,799,893,789</u> | <u>16,710,030,845</u> |

(*) The past due 1 to 30 days was fully received in January 2012.

(**) The exposure past due over 90 days was provided for provision an amount of VND8,964,835,287 (2010: VND7,533,302,750). The remaining amount of VND1,640,980,300 (2010: VND5,946,498,251) was secured by collateral assets.

3 FINANCIAL RISK MANAGEMENT (continued)**3.3 Liquidity risk**

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Within 3 month VND | Between 3 and 6 months VND | Between 6 and 12 months VND | Between 12 and 24 months VND |
|-------------------------------------|--------------------------|-------------------------------------|--------------------------------------|---------------------------------------|
| At 31 December 2011 | | | | |
| Borrowings | 160,557,780,411 | - | - | - |
| Payable from securities transaction | 47,044,217,513 | - | - | - |
| Other payables | 8,912,910,277 | - | - | - |
| At 31 December 2010 | | | | |
| Borrowings | 138,291,764,137 | - | - | - |
| Payable from securities transaction | 41,535,105,444 | - | - | - |
| Other payables | 14,484,405,871 | - | - | - |

3.4 Fair value measurements

Investments are initially recorded at cost of acquisition. Subsequently, they are measured at fair value.

The carrying value less provision of receivables from securities transactions, deposits, other current assets, borrowings, payables for securities transactions and other payables approximate to their fair values.

4 CASH AND CASH EQUIVALENTS

| | 31.12.2011 VND | 31.12.2010 VND |
|----------------------------------|-----------------------|-----------------------|
| Cash on hand | 69,156,348 | 83,084,558 |
| Cash at bank | 163,176,440 | 1,523,549,150 |
| Deposits for clearing settlement | 30,429,824,649 | 16,321,181,212 |
| Cash equivalents (*) | 62,484,000,000 | - |
| | <u>93,146,157,437</u> | <u>17,927,814,920</u> |

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

5 INVESTMENTS

(a) Short-term investments

| | Historical cost VND | 31.12.2011 | | Fair/Book value VND | Variance VND |
|--------------------------|---------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | | Compared to fair value | | | |
| | | Increase VND | Decrease VND | | |
| Listed equity securities | 118,486,416 | - | (323,416) | 118,163,000 | (323,416) |

| | Historical cost VND | 31.12.2010 | | Fair/Book value VND | Variance VND |
|--------------------------|---------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | | Compared to fair value | | | |
| | | Increase VND | Decrease VND | | |
| Listed equity securities | 4,557,004 | 2,048,496 | - | 6,605,500 | 2,048,496 |

(b) Long-term investments

| | Historical cost VND | 31.12.2011 | | Fair/Book value VND | Variance VND |
|--|---------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | | Compared to fair value | | | |
| | | Increase VND | Decrease VND | | |
| Listed equity securities – available-for-sale | 5,130,300,000 | - | (2,944,164,000) | 2,186,136,000 | (2,944,164,000) |

| | Historical cost VND | 31.12.2010 | | Fair/Book value VND | Variance VND |
|--|---------------------------|----------------------------------|-----------------|---------------------------|-----------------|
| | | Compared to fair/market value | | | |
| | | Increase VND | Decrease 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 | - |
| | 5,148,300,000 | - | (785,250,000) | 4,363,050,000 | (785,250,000) |

6 RECEIVABLES FROM SECURITIES TRANSACTIONS

| | 2011 VND | 2010 VND |
|--|------------------------|------------------------|
| Receivables from margin contracts | 280,628,504,436 | - |
| Receivables from cash advanced to customers for selling securities during T+3 period | 36,404,219,724 | 70,472,058,560 |
| Receivables from cash advanced to investors for securities investment corporation agreement | 88,072,778,730 | 384,842,976,617 |
| Interest receivables from financing activities | 7,432,505,879 | 5,678,001,236 |
| Other receivable from securities transactions | 10,194,078,202 | 8,381,744,995 |
| As at 31 December | <u>422,732,086,971</u> | <u>469,374,781,408</u> |

7 PROVISION FOR DOUBTFUL DEBTS

| | 2011 VND | 2010 VND |
|---|----------------------|----------------------|
| As at 1 January | 7,533,302,750 | 1,919,887,249 |
| Addition | 5,307,024,219 | 7,533,302,750 |
| Reversal of provisions made in previous years | (3,875,491,682) | - |
| Write-off | - | (1,919,887,249) |
| As at 31 December | <u>8,964,835,287</u> | <u>7,533,302,750</u> |

8 OTHER RECEIVABLES

This represents receivables from employees that were fully paid by employees in 2011.

9 OTHER TAXES RECEIVABLE

This represents business income tax refundable that was overpaid in 2011.

10 OTHER CURRENT ASSETS

Other current assets primarily include deposits for office rental and cash advanced to employees for business trip.

11 FIXED ASSETS

(a) Tangible fixed assets

| | Office leasehold improvements VND | Machinery, equipment VND | Motor vehicles VND | Office equipment VND | Total VND |
|---------------------------------|---|--------------------------------|--------------------------|----------------------------|----------------|
| Historical cost | | | | | |
| At 1 January 2011 | 7,885,798,987 | 18,226,190,627 | 3,052,011,905 | 1,677,959,031 | 30,841,960,550 |
| New purchases | - | 4,629,005,642 | - | 715,739,266 | 5,344,744,908 |
| Disposals | - | (41,348,100) | - | (11,040,000) | (52,388,100) |
| At 31 December 2011 | 7,885,798,987 | 22,813,848,169 | 3,052,011,905 | 2,382,658,297 | 36,134,317,358 |
| Accumulated depreciation | | | | | |
| At 1 January 2011 | 4,564,944,563 | 10,995,435,155 | 963,223,791 | 628,690,972 | 17,152,294,481 |
| Charge for the year | 1,577,159,802 | 4,023,446,012 | 508,668,654 | 440,786,060 | 6,550,060,528 |
| Disposals | - | (6,869,250) | - | (2,146,669) | (9,015,919) |
| At 31 December 2011 | 6,142,104,365 | 15,012,011,917 | 1,471,892,445 | 1,067,330,363 | 23,693,339,090 |
| Net book value | | | | | |
| At 1 January 2011 | 3,320,854,424 | 7,230,755,472 | 2,088,788,114 | 1,049,268,059 | 13,689,666,069 |
| At 31 December 2011 | 1,743,694,622 | 7,801,836,252 | 1,580,119,460 | 1,315,327,934 | 12,440,978,268 |

(b) Intangible fixed assets

| | Computer software VND |
|---------------------------------|--------------------------|
| Historical cost | |
| At 1 January 2011 | 13,303,624,507 |
| New purchases | 978,431,990 |
| At 31 December 2011 | 14,282,056,497 |
| Accumulated amortisation | |
| At 1 January 2011 | 6,275,200,458 |
| Charge for the year | 3,192,309,521 |
| At 31 December 2011 | 9,467,509,979 |
| Net book value | |
| At 1 January 2011 | 7,028,424,049 |
| At 31 December 2011 | 4,814,546,518 |

12 LONG-TERM PREPAYMENTS

| | 2011 VND | 2010 VND |
|---------------------------|----------------------|----------------------|
| Beginning of year | 1,158,467,402 | 354,712,772 |
| Additions | 2,774,450,906 | 1,291,680,435 |
| Amortisation for the year | (1,867,886,111) | (487,925,805) |
| End of year | <u>2,065,032,197</u> | <u>1,158,467,402</u> |

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

13 CASH IN THE SETTLEMENT SUPPORTING FUND

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

14 SHORT-TERM BORROWINGS

| | 31.12.2011 VND | 31.12.2010 VND |
|---|------------------------|------------------------|
| Short-term borrowings from banks (*) | 83,599,147,363 | 130,664,764,137 |
| Short-term borrowings from related party (**) | 62,484,000,000 | - |
| Short-term borrowings from individual customers (***) | 12,782,300,000 | 7,627,000,000 |
| | <u>158,865,447,363</u> | <u>138,291,764,137</u> |

(*) Short-term borrowings from banks represent drawdowns from two loan agreements from a facility with a local bank of VND70 billion and VND 59 billion to finance the daily securities transactions. The loans bear interest at floating rate to be determined by the bank from time to time. The loans are secured by the term deposits account and the receivables from securities transactions account on Balance Sheet. The loan agreement is renewed on a monthly basis.

(**) Short-term borrowings from related party represent drawdowns from a facility with Kim Eng Holdings Singapore of US\$3,000,000 to guarantee for the loan with a local bank. The loans bear interest at monthly Eximbank's deposit rate + 0.125%. The loan agreement is renewed on a monthly basis.

(***) Short-term borrowings from individual represent cash of investors that the Company kept to buy treasury bonds on behalf of investors. If the Company could not buy the agreed bonds at the contract termination date, the Company will pay interest at the agreed rate to investors for these entrusted cash.

15 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

| | 31.12.2011 VND | 31.12.2010 VND |
|-------------------------------|----------------------|----------------------|
| VAT on domestic services | 538,849,657 | 1,134,842,507 |
| Business income tax - current | - | 1,291,327,498 |
| Personal income tax | 339,532,406 | 356,569,459 |
| Other taxes (*) | 463,898,834 | 1,534,729,959 |
| | <u>1,342,280,897</u> | <u>4,317,469,423</u> |

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

16 ACCRUED EXPENSES

| | 31.12.2011 VND | 31.12.2010 VND |
|-----------------------------|----------------------|----------------------|
| 13th month salary and bonus | 5,474,191,931 | 4,700,000,000 |
| Securities transaction fees | 711,362,257 | 1,184,065,487 |
| Others (*) | 1,432,583,855 | 2,121,004,933 |
| | <u>7,618,138,043</u> | <u>8,005,070,420</u> |

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

17 PAYABLES FOR SECURITIES TRANSACTIONS

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

18 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:

| | 2011 VND | 2010 VND |
|--|----------------------|----------------------|
| At 1 January | 1,877,339,122 | 986,271,956 |
| (Debited)/credited to the income statement | (266,761,434) | 694,754,666 |
| Credited to the reserves | 648,616,500 | 196,312,500 |
| At 31 December | <u>2,259,194,188</u> | <u>1,877,339,122</u> |

18 DEFERRED INCOME TAX (continued)

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

19 OWNERS' CAPITAL**(a) Number of shares****Ordinary shares**

| | |
|------------------------------------|-------------------|
| Number of shares registered | 30,000,000 |
| Number of existing shares in issue | <u>30,000,000</u> |

(b) Details of owners' shareholding

| | Ordinary shares | % |
|---------------------------------|----------------------------|---------------|
| Kim Eng Holdings Singapore | 14,565,000 | 48.55 |
| Local private shareholders | 15,435,000 | 51.45 |
| Total number of shares in issue | <u>30,000,000</u> | <u>100.00</u> |

KIM ENG VIETNAM SECURITIES JOINT STOCK COMPANY

Form B 09 – CTCK

20 MOVEMENTS IN OWNERS' EQUITY

| | Owners' capital | Difference upon assets revaluation | Financial reserve funds | Capital supplementary reserve funds | Other funds | Retained earnings | Total |
|---|-----------------|------------------------------------|-------------------------|-------------------------------------|---------------|-------------------|------------------|
| | VND | VND | VND | VND | VND | VND | VND |
| At 1 January 2010 | 200,000,000,000 | - | 1,525,636,074 | 1,525,636,074 | 500,000,000 | 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) | - |
| Transfer to capital supplementary reserve funds | - | - | - | - | (500,000,000) | - | (500,000,000) |
| Transfer from other funds | - | - | - | 500,000,000 | - | - | 500,000,000 |
| 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 |
| Profit for the year | - | - | - | - | - | 5,030,357,512 | 5,030,357,512 |
| Appropriation to reserves | - | - | 251,517,876 | 251,517,876 | - | (503,035,752) | - |
| Revaluation of long term investments | - | (1,510,297,500) | - | - | - | - | (1,510,297,500) |
| At 31 December 2011 | 300,000,000,000 | (2,099,235,000) | 2,671,404,671 | 2,671,404,671 | - | 21,085,284,074 | 324,328,858,416 |

21 OTHER REVENUE

Other revenue comprises interest income from cash advances to investors, income from agreement for securities investment cooperation and income from deposits at banks.

22 OPERATING EXPENSES

| | 2011 | 2010 |
|-------------------------------|-----------------------|-----------------------|
| | VND | VND |
| Brokerage fees | 5,797,652,376 | 8,088,540,928 |
| Agency commission | 1,185,552,885 | 2,154,113,650 |
| Securities trading expenses | 77,224,534 | 147,971,190 |
| Interest expenses | 7,440,520,983 | 1,842,620,782 |
| Staff costs | 30,699,129,248 | 21,934,219,270 |
| Depreciation and amortisation | 2,820,669,530 | 2,376,536,490 |
| Office rental | 8,031,612,261 | 5,282,185,433 |
| Other direct costs | 11,700,727,735 | 8,887,544,043 |
| | <u>67,753,089,552</u> | <u>50,713,731,786</u> |

23 GENERAL AND ADMINISTRATION EXPENSES

| | 2011 | 2010 |
|-------------------------------|-----------------------|-----------------------|
| | VND | VND |
| Depreciation and amortisation | 6,921,700,519 | 6,786,060,718 |
| Staff costs | 18,769,713,705 | 15,511,380,955 |
| Materials, stationery | 125,431,203 | 136,685,432 |
| Tools | 150,159,495 | 121,587,208 |
| Provision for doubtful debts | 1,431,532,537 | 7,515,849,681 |
| Tax and other related fees | 15,155,900 | 46,659,297 |
| Office rental | 2,093,632,346 | 1,614,769,436 |
| Software maintenance costs | 2,416,544,687 | 2,049,938,256 |
| Leaseline costs | 1,044,424,576 | 1,030,536,643 |
| Advertising expenses | 1,557,122,668 | 970,383,112 |
| Travelling expenses | 1,318,108,164 | 800,881,998 |
| Other expenses (*) | 3,634,880,452 | 3,455,452,552 |
| | <u>39,478,406,252</u> | <u>40,040,185,288</u> |

(*) Other expenses include electricity expenses, audit fee, bank charges ect.

24 NET OTHER INCOME

| | 2011 VND | 2010 VND |
|--|----------------------|----------------------|
| Other income | | |
| Bad debts written off recovery | 122,000,000 | - |
| Other commission income | 11,174,738 | 1,090,862,772 |
| | <u>133,174,738</u> | <u>1,090,862,772</u> |
| Other expenses | | |
| Additional VAT output charges from tax audit of 2008 and 2009 | (76,998,215) | - |
| Losses on disposals of fixed assets | (43,372,181) | (7,727,300) |
| | <u>(120,370,396)</u> | <u>(7,727,300)</u> |
| Net other income | <u>12,804,342</u> | <u>1,083,135,472</u> |

25 BUSINESS INCOME TAX ("BIT")

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 25% as follows:

| | 2011 VND | 2010 VND |
|--|----------------------|----------------------|
| Net accounting profit before tax | 6,829,287,531 | 23,587,452,845 |
| Tax calculated at a rate of 25% | 1,707,321,883 | 5,896,863,212 |
| Effect of: | | |
| Expenses not deductible for tax purposes | 47,664,317 | 52,209,325 |
| Income not subject to tax | - | (246,634,116) |
| Underprovision in previous years | 43,943,819 | - |
| Business income tax charge | <u>1,798,930,019</u> | <u>5,702,438,421</u> |

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 2011 have not yet been finalised by the Tax Authority.

26 RELATED PARTY TRANSACTIONS

(a) Related party transactions

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

i) Securities brokerage fees

| | 2011 VND | 2010 VND |
|--------------------------------------|-------------------|--------------------|
| Fellow group subsidiaries | | |
| Kim Eng Securities Pte. Ltd-Trust | - | 33,218,725 |
| Kim Eng Securities Pte. Ltd. | 45,592,446 | - |
| Kim Eng Securities (Thailand) Public | - | 12,191,741 |
| Other related parties | - | 93,806,641 |
| | <u>45,592,446</u> | <u>139,217,107</u> |

ii) Commission expenses

| | 2011 VND | 2010 VND |
|--|--------------------|-------------|
| Commission expenses charged by Kim Eng Securities Pte. Ltd-Trust | <u>106,331,764</u> | <u>-</u> |

iii) Compensation of key management

| | 2011 VND | 2010 VND |
|-----------------------------------|----------------------|----------------------|
| Gross salaries and other benefits | <u>3,653,630,914</u> | <u>1,737,908,682</u> |

26 RELATED PARTY TRANSACTIONS (continued)

(a) Related party transactions (continued)

iv) Other related party transactions

| | 2011 VND | 2010 VND |
|---|-----------------------------|-----------------------------|
| Expenses paid by Kim Eng Hong Kong on behalf of the Company | 64,929,237 | - |
| Expenses paid by the Kim Eng USA on behalf of the Company | 65,158,898 | - |
| 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 | 120,534,432 | - |
| 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 USA | 13,099,939 | - |
| Expenses paid by the Company on behalf of Kim Eng Thailand | 8,954,423 | - |
| Expenses paid by the Company on behalf of Kim Eng Securities Pte. Ltd | - | 2,981,328 |
| | <u> </u> | <u> </u> |

(b) Year end balances with related parties

| | 2011 VND | 2010 VND |
|--|-----------------------------|-----------------------------|
| Borrowings and interest expense payables to Kim Eng Holdings Singapore | 62,591,771,449 | - |
| Payable to Kim Eng Securities Singapore | 82,002,053 | 10,395,432 |
| | <u> </u> | <u> </u> |

27 COMMITMENTS UNDER OPERATING LEASES

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

| | Office rental | |
|------------------------|----------------------|----------------------|
| | 2011 VND | 2010 VND |
| Within 1 year | 2,313,287,347 | 954,172,800 |
| Between 1 and 5 years | - | 3,105,636,401 |
| Total minimum payments | <u>2,313,287,347</u> | <u>4,059,809,201</u> |

28 COMPARATIVE FIGURES

Certain comparative figures in the financial statements have been reclassified to conform with the current year's presentation.

The financial statements were approved by the Board of Directors on 9 February 2012.



 Ngo Thanh Thuy
 Chief Accountant



 De Minh Tam
 General Director

