

ANNUAL REPORT



2019

JAPAN SECURITIES
INCORPORATED

TABLE OF CONTENT

GENERAL INFORMATION

03



- Development Milestones
- Services and areas of the business
- Governance model
- Organization structure
- Development orientation
- Risks

OPERATION IN THE YEAR

13



- Business operation
- Organization and Human resources
- Investment, project
- Financial situation
- Shareholders and equity
- Impact on the environment and society

REPORT OF BOARD OF MANAGEMENT

26



- Business result
- Financial situation
- Improvements
- Development plan in the future
- Environmental and social responsibility

REPORT OF BOARD OF DIRECTORS

33



- Company's operation
- Board of Management's performance
- Plans, orientations

AUDITED FINANCIAL STATEMENTS

38



- Auditor's opinion
- Audited financial statement



GENERAL INFORMATION ABOUT JSI

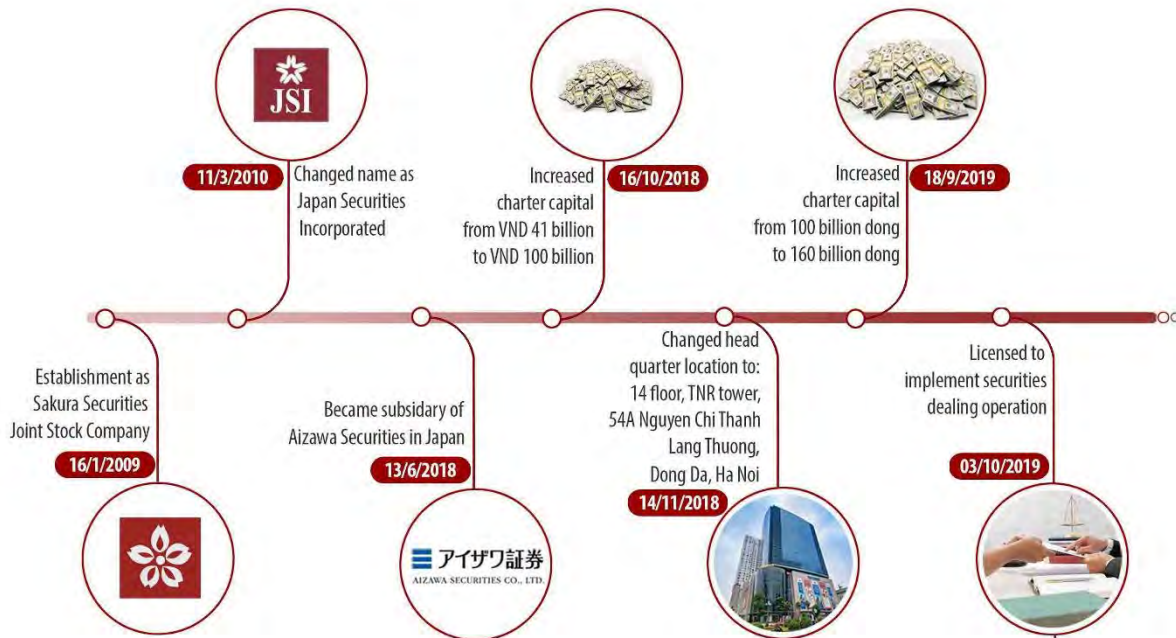
Vietnamese name:	CÔNG TY CỔ PHẦN CHỨNG KHOÁN NHẬT BẢN
English name:	JAPAN SECURITIES INCORPORATED
Abbreviation:	JSI
Charter capital:	160.000.000.000 VND (as of Dec 31, 2019) One hundred sixty billion dong./.
Owner's equity:	156.978.537.440 VND (as of Dec 31, 2019) One hundred fifty six billion, nine hundred seventy eight million, five hundred thirty seven thousand, four hundred forty dong./
Address:	14th floor, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong Ward, Dong Da District, Hanoi City
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As a pioneer and the only one securities broker in Vietnam stock market operated by Japanese financial regime, Japan Securities Incorporated (hereinafter referred to as JSI) orients to provide comprehensive securities services to all global customers in Vietnam market with a convenient, safe, accurate and constantly updated technology platform.

Although the volatility of the stock market is incessant and full of challenges, after more than 10 years of establishment and development, JSI not only fully ensures the criteria of transparency, stability, quality and safety, the Company also commits to maintaining the goal of creating the best added value for our customers, shareholders, and employees. With a long-term vision, a stable and reliable business philosophy, with the international standard of risk management and control system and with the highest sense of responsibility, JSI confidently affirmed that we will try our best to overcome all challenges to develop sustainably, and always be a reliable broker for all investors.

Established in 2009, formerly known as Sakura Securities Joint Stock Company, JSI's headquarter is located at 14th floor, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi. The only one Japanese legal entity shareholder of JSI is Aizawa Securities Co., Ltd, which accounts for nearly 99% of the Company's equity. The year 2019 marked a turning point in operation of JSI, we successfully raised the charter capital to VND 160 billion and was licensed to apply dealing operation. With these positive changes, 2020 is expected as a promising year, JSI will achieve new steps, affirming our position as a leading broker on the basis of committing “Japanese values” to our customers.

MILESTONES IN THE TIME OF FORMATION & DEVELOPMENT



To meet the development demand, support business plans and expand operation scales in the future, in less than one year from the first increase of charter capital in October 2018, JSI continued successfully raising our charter capital second time to VND 160 billion in September 2019. At the same time, JSI was licensed to apply the dealing operation by State Securities Commission. These are two events expected to create more business development opportunities, especially investment activities, to improve the Company's financial capacity, to affirm the sustainable development and create trust for the shareholders, partners and personnel of the Company.

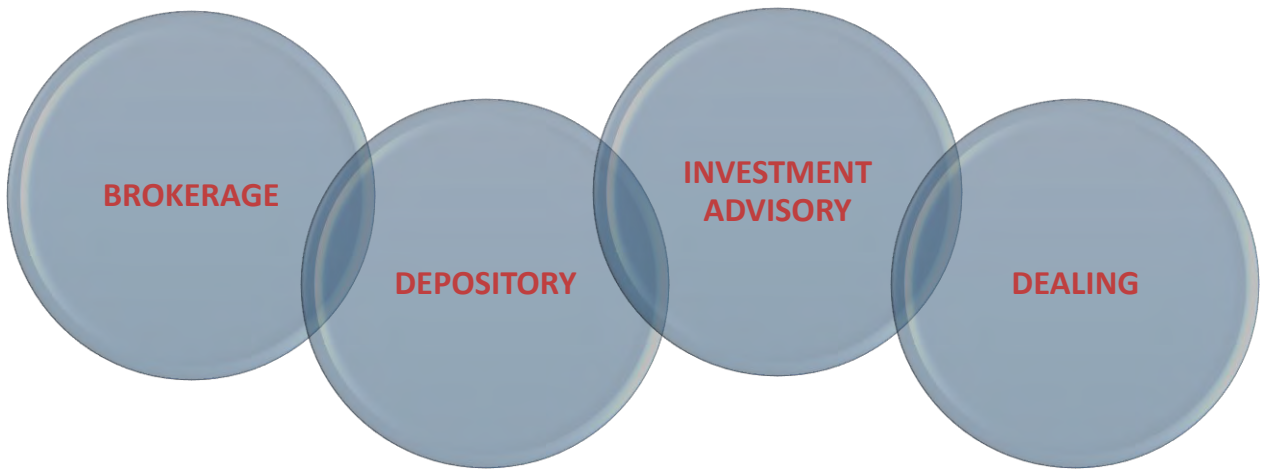
With a team of Japanese experts who experienced and comprehended international market practices, JSI always tries to satisfy higher and higher demand of customers. In 2019, JSI changed and upgraded new trading system, set up a trading platform exclusively for foreign institutional clients, in order to give investors an experience with more modern technology, more convenient, faster and more accurate service and along with higher security quality.

SERVICES AND AREAS OF THE BUSINESS

Services

Brokerage is a core activity of the Company. It is invested in people and technology to improve competitiveness

The service is directly performed by experienced Japanese experts, JSI confidently provides qualified, diversified investment advisory products to satisfy the requirements and goals of each customer.



JSI provides a full range of securities depository services to customers in a safe, secure, and timing manner

Utilizing the Company's capital to make investments for profit-making purpose, JSI operates dealing on the principle of no customers' interest conflict

Areas of the business

JSI provides securities services to all individual and institutional clients in both domestic and abroad. However, with the advantage of a big shareholder from Japan, for the international market, we aim to Japan and other Asian market. For the Vietnamese market, as the company is headquartered in Hanoi and has not yet opened branches in other provinces and cities, the Company also focuses more on Hanoi market and neighboring provinces.

INFORMATION ABOUT GOVERNANCE MODEL & MANAGERIAL APPARATUS

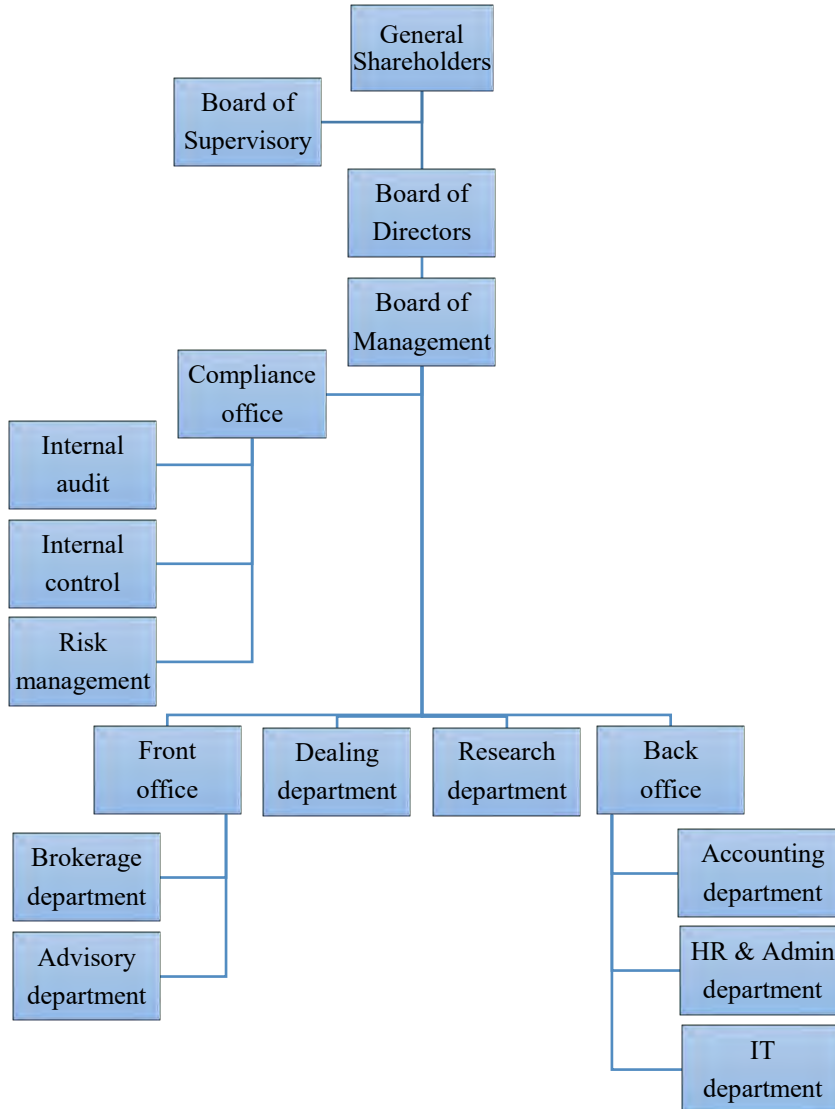
Governance model of Japan Securities Incorporated includes: General Shareholders, Board of Supervisors, Board of Directors, Board of Management, Operational Departments and Compliance Office supporting to Board of Directors and Board of Management.

Managerial apparatus of the Company was built on the principle of assigning and managing according to job functions, having a close relationship with each other:

- General Shareholders is the highest authority, having the right to decide issues within the duties and powers stipulated by the Company's Charter.
- The Board of Supervisory is a comprehensive inspection and supervision body for all activities of the Company, appraising annual financial statements, checking issues related to financial activities, reporting to the General Shareholders about the accuracy, truthfulness and legality of the financial statements as well as the operation of the internal control system to ensure the legitimate rights and interests of the company, shareholders and customers.
- Board of Directors is a governing body, regularly oversees the management activities of the Board of Management and the risk activities of the whole Company, directs the policies, medium-term and long-term orientations for the Company.
- The Board of Management manages and operates daily activities of the Company by decentralizing, implementing missions assigned by General Shareholders and Board of Directors.
- Department managers directly deal with specific tasks and take direct responsibility for all activities of these departments before Board of Directors.
- Compliance office (including Internal audit, Internal control and Risk management) works independently and is responsible for assisting Board of Directors and Board of Management in managing and controlling risks, ensuring professional operations of the Company, limiting risks arising during the operational processes.

To enhance effectiveness and management quality of the Company and international regime, Board of Directors and Board of Management issued and regularly updated work procedures for each job and department. These procedures are continually reviewed and adjusted to conform the provisions of law and the actual operation situation at times. JSI has also built a transparent KPI system, which is suitable to the size and reality of the Company, which helps to facilitate the management and human resource management.

ORGANIZATION STRUCTURE



After being licensed the dealing operation by the SSC, at the quarterly meeting on October 18, 2019, the Board of Directors approved the new organization structure of the Company. Accordingly, the Dealing department is directly under the Board of Management. Determining that this is an opportunity but also a big challenge of the Company in the context of a turbulent economy, the Board of Management has sent competent and experienced Japanese personnel to perform the work to ensure business efficiency and secure the capital of the Company. At the same time, the Company will recruit new personnel to train methodically and to be the next generation for the expertise - demanded operation like dealing.

DEVELOPMENT ORIENTATIONS

Being the first securities company in Vietnam which has the participation of Japanese experts and having the advantage in attracting Japanese customers, Japan Securities Incorporated preserves towards the target of becoming a Vietnamese leading company in stock brokerage for customers in Japan. We have been continuing our mission to become a bridge between Vietnam's capital market and Japanese investors. The company currently orients to expand to other Asian markets such as Hong Kong, Singapore, Thailand etc. with the aim of increasing market share as well as introducing international investors a Vietnamese young, dynamic, attractive and potential capital market.

On 2018, Aizawa Securities Co., Ltd in Japan officially owned Japan Securities Incorporated, and the share portion increased to about 99% from September 2019. As a reputable brand in the Japanese market with a long history of more than 100 years, Aizawa has been actively supporting JSI in campaigns promoting our products and in attracting customers in Asian markets to take advantage of existing customer networks of Aizawa as well as promote the name of Japan Securities Incorporated in Vietnam to neighboring markets.

Our business philosophy from the initial days was to build a Japanese cultural company, always putting credibility and transparency first. That is:

- Transparency and Trust;
- Stability and Quality;
- Development and Dedication.

In mid-term and long-term, Japan Securities Incorporated focuses on strategies as follows:

- **Governance:** Operate the Company more effectively on the basis of restructuring and rational use of financial, technological and human resources; improve corporate governance capacity, build up connection among finance, technology and market.
- **Market:** Launch marketing activities to promote the brand and products of the Company in the market in order to increase the number of foreign institutional customers, not only in Japan but also in other Asian market.
- **Services:** Connect to Bloomberg global securities trading network to easily reach the target customers which are foreign organizations; promote online trading for domestic and foreign individual accounts, minimize human impact on the process of securities operations.
- **System:** Improve the efficiency of the information technology system by continuing to invest in software and access advanced products to meet the transactional requirements of customers, especially international customers.
- **Finance:** Strictly manage costs, ensure efficient use of capital; improve financial capacity, ensure stable and solid development.
- **Investment:** Use capital for the purpose of optimizing profits, increasing the value of initial investment while preserving shareholders' equity.

RISKS

Operating in a constantly changing and specific field like the stock market, an urgent and crucial requirement for each securities company is a comprehensive and tight risk management system. Therefore, at Japan Securities Incorporated, identifying and actively managing risks always receives special attention of the Board of Directors and the Board of Management. The Company's activities are periodically reviewed, analyzed and evaluated to ensure compliance with internal regulations on risk management; then pointing out solutions, action plans related to risk management of the whole Company in the coming time. With such close management, JSI has gradually overcome difficulties and challenges over the years and progressed towards sustainable development.

The risk policies of the Company are to preserve capital, solvency, ability to continuously operate, preserve reputation and ensure the company to develop sustainably. In the end of 2019, JSI applied dealing operation but has not yet implemented. Thus, main business services of JSI now are brokerage and investment advisory for domestic and foreign individuals and institutions. During operation time, the Company always provides orientations, builds working processes for each operation, updates and adjusts these processes regularly to comply with legal regulations, learns from the market risk situations and minimize the loss under the risk limits set by the Company.

Risk policies are based on:

- Operation strategies of the Company
- Company's risk acceptance
- Understanding of risk-bearing financial instruments at the Company
- Professional level of risk management of the executives
- References to the risk management activities in the past and present of the market
- Compliance and application of legal regulations on risk management

Risks – which may affect business operations as well as the performance of the Company's goals – include:



Market risk

Is the risk that fair value of future cash flows of financial instruments fluctuate in the unfavorable direction of market prices. Market risk occurs when the market fluctuates in the direction of adverse factors such as macro-economic changes, interest rate fluctuations, exchange rate fluctuations, political instability ect. which affects the effectiveness in using the money for the Company's business activities

Departments in the Company are responsible to coordinating to follows stock prices, coupon rate, market trend; measure the level of risk that may occur with the stock portfolio; report to the Management Board to provide reasonable and timely solutions. In 2019, the Company has balanced our capital use plan and forecasted interest rate trends in the market to make a reasonable amount of cash deposited and deposit term.

Payment risk

Is a risk when counterparties are unable to meet financial obligations or unable to transfer assets on time as committed.

Payment risks in JSI are mostly related to customers' receivables. The management of customer receivables of the Company is based on the policies and control procedures related to the management of payment risks from the selling payment in advance service as well as custody service. By nature, selling advance activities to customers are guaranteed by their awaiting stocks selling amount which is strictly managed by the software system, thus, the Company assesses the risk for this activity at very low level, almost zero.

For securities depository operation, the Company only charges depository fees for domestic customers, most of them manage money at commercial banks under the name of JSI. Moreover, JSI's software system is built on the mechanism that customers must pay all debt obligations to the securities company before transferring/withdrawing money from the account or closing the account. Therefore, payment risk in JSI is very low.

Liquidity risk

Is the risk that the Company faces difficulties in meeting financial obligations due to lack of money.

JSI monitors liquidity risk by maintaining the demand deposits and cash equivalents at a reasonable level to provide financial support for the Company's business operations and to minimize effect of changes in cash flows. The Company also separately manages the investors' deposits and the money the Company uses for business activities. Based on the daily statement of cash balance at banks, the report of the investor's cash balance at JSI, the report of selling advance/collection of selling advance, etc. and other reports on revenues and cash, the Company balances revenue and expenditure

to meet the payment demand of due debts. The largest amount of JSI lent customers is from margin trading. However, at present, JSI has stopped disbursing for this transaction, so the liquidity risk is only related to keeping the reasonable reserve funds in order to pay the Company's regular and unexpected expenses.

Legal risk


Is the risk arising from non-compliance with legal provisions related to business activities and from the cancellation of contracts due to illegal contracts, exceeding the powers, omission of terms, incompleteness or other causes.

To avoid/minimize legal risk, the Company regularly updates the latest legal documents related to securities and securities markets as well as related fields by using legal document searching/updating service and assigns personnel to take relevant courses. Besides, the Company conducts internal control programs to monitor and report on compliance or other issues, regularly review, revise and issue the regulations as well as working procedures to ensure timely updates of law. In addition, Board of Management of JSI has paid special attention to the legal consultation from the professional legal service providers or from the professional consultation firms. Thus, the Company can limit risks related to legal issues.

Operational risk

Is risk arising from technical errors, systems errors, operation errors, human errors in the process of operation at JSI, and from errors in IT systems or mistakes in business operation which causing damage.

To minimize these risks, the Company issued the operational working procedures for all departments, especially IT and Front office, to ensure that all operations are carried out on the principle of cross-checking, maker and checker/approver. All must follow the Company's procedures. When a problem arises, trading staffs will collaborate with their head, other departments and the Board of Management to resolve. Departments often organize meetings and discussions to bring solutions to each type of risks that may occur. The Company also organizes training courses and supports employees to attend professional courses, take exams and get practice certificates to improve their professional and legal knowledge to limit human errors in the process of working. In addition, the Company made provision for financial and operation risk reserve from retained earnings of previous years to minimize the impact of these risks on the Company's operations. In fact, operational risks at JSI have been minimized.

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OPERATION IN THE YEAR

BUSINESS OPERATION

Market

The stock market is always volatile, 2019 was no exception. At the beginning of the year, the market was quite prosperous, VN-Index shot up strongly and surpassed important psychological level of 1,000 points after less than 3 months. However, the excitement did not sustain for a long time, the market entered a deep correction, sometimes even falling down to 940 points. In the second half of 2019, the market started to stabilize and gradually became more positive, the VN-Index had the second time conquered the threshold of 1,000 points at the end of October, the boom then made investors optimistic about the goal of reaching the historical peak of 1,200 points that the market had achieved in April 2018. However, the strong selling pressure once again caused VN-Index to lose its momentum and plunged to the 950 points area. At the end of the year, the VN-Index reached 960.99 points, increased of 7.7% compared to the end of 2018, higher than other countries such as Singapore, Malaysia, Thailand and Indonesia. Market capitalization increased by 10.7% compared to the end of 2018, reaching VND 4.4 million billion. However, the liquidity in the market was low with an average of VND 4,659 billion/session due to concerns about international trade instability, especially US-China trade tensions.

For the derivatives market, although it has been officially in operation for only two years, the market has had good and stable growth steps. On the derivative market, there are two products: Futures on VN30 and 5-year Government bond futures. Besides, after 7 years of "gestation", on June 28, 2019, the new product Covered Warrant was officially traded, that was the second derivative product after the futures contract. The introduction of this product supports investors to prevent fluctuations in the stock market.

JSI

In the context of ups and downs general market, JSI achieved remarkable results. Following positive signs in 2018, JSI already had a prosperous 2019 with profit of VND 7.2 billion, recording the highest profit over the past 10 years at JSI. In 2019, JSI covered approximately 2/3 accumulated losses of 4 previous years, that acknowledges the tireless efforts and reasonable orientation of the Company.

Securities brokerage was still the key operation that generates the largest revenue for the Company with a proportion of over 60%. Oriented to focus on foreign institutional customers, JSI provided secure, convenient and professional trading services, which were highly appreciated by our big customers. Currently, all of the Company's foreign institutional clients have switched to trading on the Bloomberg platform, thereby ensuring minimizing operation risks from humans, increasing order speed and order status responses, meeting international security standards.

Advisory operation did not account for a large proportion, but it is still an operation that JSI is going to focus more on in the near future. The implementation of reliable, objective, and high qualified market analysis reports which are used by institutional clients, is one of the top goals of the Company. In addition to support customers to make the right investment decisions, these reports also help JSI improve our reputation and revenue not only from advisory but also from brokerage, thereby improving the business results.

In 2019, JSI was licensed dealing operation. However, the Company now has not yet applied this operation.

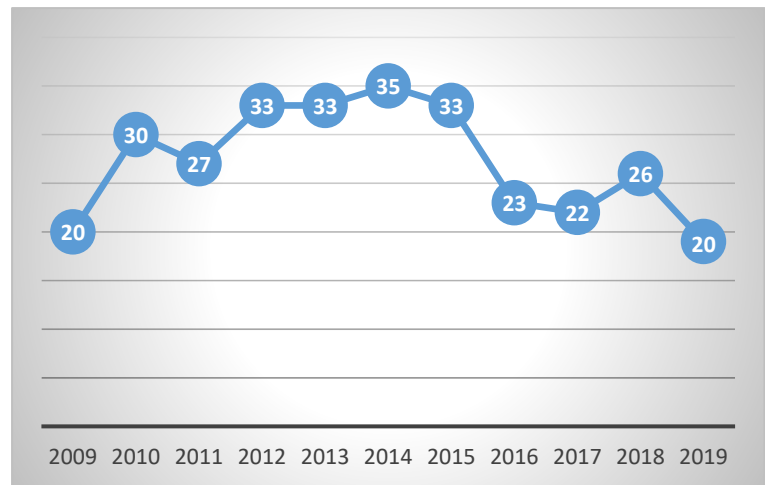
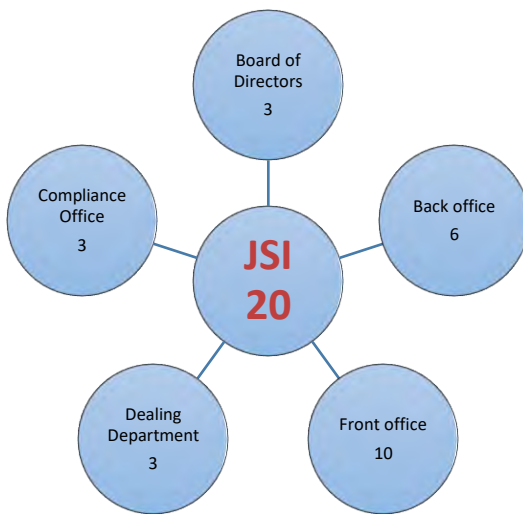
ORGANIZATION AND HUMAN RESOURCES

Executive Board

<p>Mr. TSUYOSHI IMAI</p> <ul style="list-style-type: none"> - BOD chairman - CEO - Legal representative <p>Qualification: Bachelor of Economics</p> <p>Nationality: Japanese</p> <p>Before appointed by Aizawa Securities Co., Ltd to be a CEO of JSI, Mr. Imai had more than 30 years of experience as a manager at securities companies and investment corporations in the US, Hong Kong, Japan etc.</p> <p>Ratio of share holding as of Dec 31, 2019: 0%</p>	<p>Ms. NGUYEN THI THU TRANG</p> <ul style="list-style-type: none"> - BOD member - DCEO <p>Qualification: Bachelor of Economics</p> <p>Nationality: Vietnamese</p> <p>Joining JSI since the established days, before appointed as a DCEO of JSI, Ms. Trang was responsible for some important positions in the Company. Currently, she has managed Back office</p> <p>Ratio of share holding as of Dec 31, 2019: 0%</p>	<p>Mr. TOMONORI TSUCHIYA</p> <ul style="list-style-type: none"> - BOD member - DCEO <p>Qualification: Bachelor of Economics</p> <p>Nationality: Japanese</p> <p>Before appointed as a DCEO of JSI, Mr. Tsuchiya had about 20 years of working experience in mother company of JSI as Aizawa Securities Co., Ltd . Currently, he has managed Front office</p> <p>Ratio of share holding as of Dec 31, 2019: 0%</p>	<p>Ms. KHONG THI HUONG</p> <ul style="list-style-type: none"> - Chief Accountant <p>Qualification: Bachelor of Economics</p> <p>Nationality: Vietnamese</p> <p>With about 20 years of experience in finance and accounting, joining JSI from 2010, Ms. Huong was officially appointed as Chief Accountant of JSI from the beginning of 2019.</p> <p>Ratio of share holding as of Dec 31, 2019: 0%</p>
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Since becoming JSI's Parent Company from 2018, Aizawa has sent experienced personnel to directly operate JSI. Thus, JSI's management team - including Japanese and Vietnamese - has been stabilized and developed the accumulated experiences in the domestic and international market.

Number of employees as of 31 December 2019



Although the Company operated with a minimum number of employees, in 2019, JSI achieved the best business results since the establishment. Some positions were concurrent to maximize the productivity of human resources while still meeting the requirements of the law and increasing business efficiency.

However, as a securities company, JSI understands that besides the software system, human resources is the largest and most valuable asset that the Company must strive to build up and constantly consolidate. The company continues to seek for suitable, talented and enthusiastic candidates for expanding as well as improving the quality of human resources. In addition to focus on improving professional qualifications, training on business administration skills and risk control as well, JSI also appreciates work ethics and public awareness for each members, thus, the Company has built a strong organization, which is a fulcrum for sustainable and long-term development, making a significant contribution to satisfaction and trust of the Company’s customers.

INVESTMENT ACTIVITIES, PROJECT IMPLEMENTATION

In 2018, along with changing shareholder structure and increasing capital, JSI made many changes: head office relocation, investing in infrastructure and software system to meet higher demand of customers and approach closer to the international transaction methods.

Based on the preparations of 2018, in 2019, JSI continued to research and took advantage of all available technology strengths to create the highest quality products and services, to provide customers with convenient and safe, fast and accurate, fair and transparent trading system, to become the first choice of domestic and foreign institutional/individual investors.

FINANCIAL SITUATION

The volatility of Vietnam's stock market in 2019 had a significant impact on the operation of securities companies in general and JSI in particular. However, by focusing on securities brokerage, the Company's business results in 2019 still maintained good growth compared to 2018.

Financial situation

Unit: VND

Financial indicator	2018	2019	Growth rate
Total assets	92.197.387.313	158.896.993.536	72,34
Net revenue	17.083.673.474	20.956.027.836	22,67
Profit from operating activities	340.124.874	1.643.859.272	383,31
Other profits	73.197.698	5.568.663.993	7.507,70
Profit before tax	413.322.572	7.212.523.265	1.645,01
Profit after tax	413.322.572	7.212.523.265	1.645,01
Dividend Payout Ratio	0%	0%	

Major financial indicators

Financial indicator	2018	2019	Note
Liquidity ratios			
+ Current ratio: Current asset/Current liabilities	10	64	
+ Quick ratio: $\frac{\text{Current asset} - \text{Inventories}}{\text{Current liabilities}}$	10	64	
Capital structure Ratios			
+ Liabilities/Total assets ratio	0,026	0,012	
+ Liabilities/Equity ratio	0,027	0,012	
Efficiency Ratios			
+ Net revenue/Total Assets	0,185	0,132	
Profitability Ratio			
+ Profit after tax/Net revenue Ratio	2,42%	34,42%	
+ Profit after tax/ Equity Ratio	0,46%	4,59%	
+ Profit after tax/ Total assets Ratio	0,45%	4,54%	
+ Operating profit/ Net revenue Ratio	2%	7,84%	

LIQUIDITY INDICATORS: The liquidity indicators of JSI in 2019 increased compared to 2018. The main reason was in 2019 JSI increased the charter capital from VND 100 billion to VND 160 billion. The increased amount of charter capital was added to working capital.

CAPITAL STRUCTURE INDICATORS: As the increase of working capital, Liabilities/Total assets ratio and Liabilities/Equity ratio both decreased in 2019 to 0.012%. The company's strategy was to use our own capital for business activities, thereby, we could be proactive in operations, not under pressure of interest expense and easy to mobilize cash when necessary.

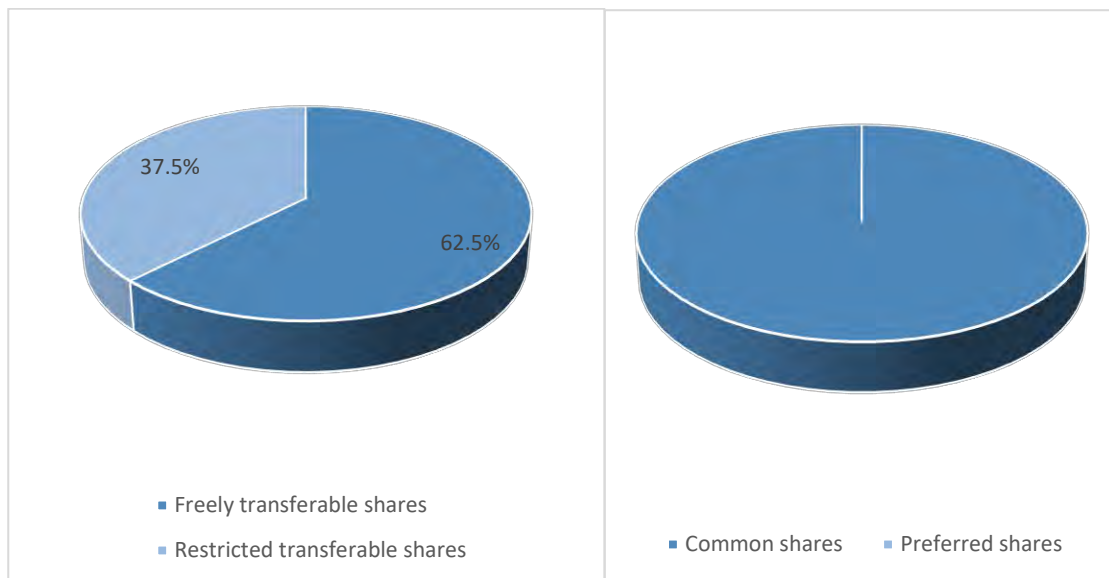
EFFICIENCY INDICATORS: JSI's indicators of Net revenue/Equity and Net revenue/Total Assets in 2019 decreased compared to 2018; main reason, however, was from the increase of charter capital in November 2019 that made owners's equity and total assets shooting up as well. On the other hand, net revenue of JSI in 2019 was recorded the increase of 22.67% compared to 2018.

PROFITABILITY INDICATORS: All indicators of the Company's profitability rose sharply over the past year. This showed that the Company strictly controlled costs and was prudent in operation in order to achieve high and stable profitability.

SHAREHOLDERS' STRUCTURE AND CHANGE IN OWNER'S EQUITY

Shares

Total outstanding shares	16.000.000 shares
Common shares (face value VND 10.000)	16.000.000 shares
Preferred shares	0 share
Freely transferable shares	10.000.000 shares
Restricted transferable shares	6.000.000 shares



Shareholders structure

No	Shareholders	Contribution ratio	Amount (VND)
Major shareholders owning from 5% or more of the company's shares			
<i>Of which:</i>			
1	Domestic institution (0)	0%	0
	Foreign institution (1)	98.72%	157,795,000,000
	Domestic individual (0)	0%	0
	Foreign individual (0)	0%	0
Institution			
<i>Of which:</i>			
	Foreign institution	98.72%	157,795,000,000
2	Vietnam institution	0%	0
Individual			
<i>Of which:</i>			
	Foreign individual	0%	0
	Domestic individual	0%	0
Domestic			
<i>Of which:</i>			
	Domestic institution	0%	0
3	Domestic individual	0%	0
Foreign			
<i>Of which:</i>			
	Foreign institution	98.72%	157,795,000,000
	Foreign individual	0%	0
4	State shareholders	0%	0

Change in the owner's equity

In 2019, JSI made an increase in charter capital from VND 100 billion to VND 160 billion. The increase was officially approved by the State Securities Commission on September 18, 2019 under the Adjustment License No. 52/GPĐC-UBCK. Accordingly, JSI now has only one major shareholder, also only one institutional shareholder – Aizawa Securities Co., Ltd in Japan which accounts for about 99% of total shares. Besides, the rest is some minority individual shareholders taking 1% of total shares.

Transaction of treasury stocks: none.

Other securities: none.

REPORT RELATED IMPACT OF THE COMPANY ON THE ENVIRONMENT AND SOCIETY

Compliance with the law on environmental protection

Penalty for failure to comply with laws and regulations on environment: None

Fine amount for failure to comply with laws and regulations on the environment: None

Policies related to employees

In 2019, JSI run business with the smallest number of employees since the establishment. As of 31 December 2019, we had 20 members including 1 representative broker in Ho Chi Minh Stock Exchange. The average number of employees was 21 persons/month with the average salary of VND 18 million/person/month.

The Company maintains competitive labor policies to ensure health, safety and welfare of employees:

- JSI always ensures that employees are entitled to salary and allowances which are in accordance with the law and appropriate to the qualifications and capacity of each person. In addition to basic salary, employees also receive allowances according to qualifications, certificates, and productivity efficiency. Salary policy is considered transparent, competitive and attracting talents. JSI understands the creating of a dynamic work environment with full of opportunities to learn, and reasonable salary scheme are factors that attract and retain the dedication and long-term commitment to the Company.
- Along with the policy of transparent and competitive salary payment, the Company also applies the reward and welfare policy based on the performance and business result in order to create a positive work motivation for employees. Work performance and personal capacity are evaluated objectively and particularly based on KPI. In 2019, besides the 13th month salary and bonuses for Tet holidays, JSI also organized company trips, team building, gala dinner, charity activities to connect the employees with each other and with the Company.
- As the Company's orientation is targeting on foreign customers, the Company focus on recruiting and developing young employees with good foreign language skills, ability to approach and work well on professional international environment. In addition, JSI is always aware that training professional knowledge about the securities industry is the task that the Company must focus on, so we encourage staffs to study, improve skills and knowledge on securities as well as create conditions for employees to participate in training courses. The knowledge of law as well as compliance regulations are also concerned by the Board of Management to ensure compliance of all employees in the Company.
- Social insurance Policy: The social insurance, health insurance and unemployment insurance policies are complied with the law to ensure legal rights for employees in the Company.

- In addition, the Company has always focused on ensuring basic benefits for employees such as fully implementing regulations on hygiene safety, occupational health, fire protection; organizing periodic health check for employees.

Employee training activities: In 2019, the average number of hours of training in the Company was about 5 hours/employee/year (about 100 hours for the whole Company), including internal training programs implemented by the Company's personnel, extracurricular training programs, academic programs carried out by professional organizations. Training on customer service, skill development programs, foreign languages, soft skills improvement courses were organized both inside and outside the Company's working location.

Report on responsibility for local community

Activities of community investment and other community development activities, including financial support to serve the community: The Company actively participates and supports the community activities of the ward and district where the Company is located.

Green capital market activities under the guidance of the SSC:

In 2019, JSI was licensed Dealing operation by SSC, however, it has not been applied yet.



REPORT OF BOARD OF MANAGEMENT

ASSESSMENT ON OPERATING RESULTS

Indicator	2018	2019	Growth rate
Net revenue	17,083,673,474	20,956,027,836	22.67%
Profit before tax	413,322,572	7,212,523,265	1645.01%
Profit before tax/Charter capital (%)	0.41%	4.51%	990.63%
Number of employees	26	20	-23.08%

In the first half of 2019, the Company's size, structure, organization, and stability in all operations basically kept unchanged. In the second half, after the increase of charter capital and being licensed the dealing operation, the Company started to change organization structure, re-organize to prepare for incoming activities in 2020.

Business result in 2019

Total revenue from business and financial activities achieved more than VND 20 billion, increased by 22.67% compared to 2018. Total profit before tax for the whole year reached VND 7.2 billion, an increase of more than 1645.01% compared to 2018. Although the return on equity ratio was not high, this was a good sign, acknowledging the Company's efforts to improve revenue structure, not only focusing on brokerage service but also paying attention on research.

The revenue from trading fees of JSI was mainly from transactions of foreign institutions. Trading volume from this group in 2019 was always maintained at a high level. During the year, JSI searched and opened new accounts for a number of institutions outside Japan to participate in Vietnam stock market with the aim of increasing revenue and expanding the market. These institutions have just entered the Vietnam stock market so the value of transactions has not been considerable, but the Company expects their regular and stable trading in 2019 will be the premise for the breakthroughs of the following years.

Major investment projects in infrastructure and software systems were completed in 2018, accordingly, the Company's operating expenses in 2019 was going stable without any large and unusual expenditures arising. Along with the rocketed revenue, the cost stability led to a better profit compared to 2018.

FINANCIAL SITUATION

Assets situation

Total assets increased by VND 66.70 billion, as JSI received new capital contribution from shareholders, with the aim for better meeting with Company's need on business operation, operation expand and long-term development strategy.

In JSI's total assets, bank deposits were maintained at a high rate. In 2019, due to the increase in capital contribution and unimplemented new operations, this ratio continues to be maintained in order to optimize profits and create liquidity to support other business activities in JSI.

In 2019, in the process of upgrading and renovating facilities, the Company paid much attention to equipment, especially the fire protection system to ensure the safety of employees and facilities. Therefore, the Company's tangible fixed assets value increased by 8.9% compared to 2018.

Liabilities situation

Liabilities decreased from VND 2.4 billion to VND 1.9 billion at the end of the year. Most of them were payables for service suppliers.

IMPROVEMENTS ON THE ORGANIZATION STRUCTURE, POLICY AND MANAGEMENT

Organization structure

Due to changes in capital and operations, at the end of 2019, the Board of Directors approved the Board of Management's proposal for the change of the organizational structure. Each member of Board of Management was directly assigned to manage the specific operations, and personally responsible to the Chief Executive Officer and the Board of Directors for the activities of their office. The Japanese members with experience in the international market were assigned to manage the brokerage segment with target customer group of foreign institutions and newly dealing operation.

Services

As the target customers of JSI are foreign institutions, after investing in new infrastructure and facilities, JSI has not expanded additional services but focusing on improving the quality of current services as well as specializing utilities for target customers, in order to bring trust and satisfaction to them. JSI believes that with serious and methodical investment, professional and customer-oriented service and with the prestige and experience of Japanese experts, the Company will develop sustainably and attract more potential customers, not only to JSI, but also to Vietnam's financial market.

Internal control and risk management activities

With the goal toward the group of professional customers, JSI has a conscious mind to ensure and maintain the reputation and trust of customers. Accordingly, internal control and risk management plays a very important role in our daily activities. This not only helps JSI limit risks during operation, but also assist the Company in discovering potential risks. Therefore, in the year 2019, JSI established Compliance department, assigned qualified, experienced and certificated personnel to perform the tasks in this department. At the same time, the Company reviewed, amended and issued internal processes and regulations to ensure compliance with laws and the Company' policies. All processes were bilingual to gradually approach international standards. In addition, the Company regularly reviewed and inspected tightly all operations, made periodic and extraordinary internal reports to ensure the quality of inspection activities.

Human resource management and salary scheme

With the specific professional foreign customers, JSI must employ personnel who are not only competent in foreign languages but also meet professional requirements. Accordingly, the Company has built a salary and bonus scheme to encourage all employees of the company (not only to those

working in front office, but also the employees of the supporting departments) participate in studying and achieving securities practicing certificates, Toeic certificate, Japanese certificate etc. The company also provides support on training costs and study time to ensure all employees understand the specifics of the securities industry, and be ready for work rotation as requested as well.

Understanding that human resources is the key factor for the success of the company, JSI is oriented towards modern management practices in the world with a welfare regime based on the capacity and contribution of each individual. In fact, all employees of the Company are evaluated by KPI annually. It is also the basis for the welfare regime of the following years. As operating in a small size, the Board of Management is confidently that we understand the competence and character of each employee, follow the development of each member's career in the contribution to the success of JSI.

PLAN IN 2020

With the support of Government members through promoting market development solutions, 2020 is expected to be a promising year for Vietnam's stock market. Reputable organizations forecast good growth of the market. Despite the risks and concerns, the market is expected to have positive movements.

Accordingly, JSI is very optimistic and believes in the growth in the coming 2020. The company is setting up specific plans to achieve the best business results.

Continuing to implement the analysis reports at the request of customers, JSI not only expects to increase the advisory revenue but also considers it as a competitive advantage to increase the Company's reputation in the eyes of international investors, then, growing up brokerage revenue. Currently, in the market, daily market information reports and analytical reports are provided free of charge by major securities companies and easily accessible. If JSI does the same thing, it is difficult to increase revenue for this segment. Accordingly, the Company focuses on making reports on request, serving each institutional customer. And with the strength of JSI in making reports in Japanese (by both native speaker and Vietnamese personnel studied in Japanese universities), JSI has found a niche market to increase revenue for this service. Therefore, the first priority of the Company is to build the Research Department, diversify its human resources to make multi-dimensional, diverse, comprehensive and optimal analysis reports. .

In 2019, JSI was licensed to apply dealing operation. From early 2020, the Board of Management will officially deploy the work of this department. However, in the beginning, the Company does not expect a considerable revenue from this operation.

ASSESSMENT REPORT ON ENVIRONMENTAL AND SOCIAL RESPONSIBILITY OF COMPANY

Always aware of the responsibility to the community, JSI is committed to carry out social responsibilities to ensure the sustainable development of the Company accompanying with the growth of the country.

The company encourages all employees to support and respond to social activities such as: Earth Hour - the last Saturday of March - upholding energy savings and reduce emissions, World Water Day - March 22 - calling for unwasted use of water and avoiding polluting fresh water, and other activities to protect the environment, protect the earth like saving energy, collecting waste batteries, limiting the use of plastic bags, disposable plastic items, minimizing - collecting - recycling waste, using environmentally friendly products etc.

Although JSI's current capacity in finance and human resources has been not yet ready to organize large-scale social programs, we always strive to make a small contribution to the activities launched by the local community out of business hours such as charity programs or social programs. This contribution not only helps to connect colleagues, builds the Company's culture, but also be a greater meaning for Company to take responsibility to society.

In JSI, the welfare regime are fully implemented. Training activities are organized to ensure the physical and mental health for the all staffs of the Company.



REPORT OF BOARD OF DIRECTORS

In 2019, the Board of Directors continued to take the role of overall management for the Company's operations, developed medium and long-term plans and orientations, as well as consolidated control and risk management activities. At regular meetings, the Board of Directors not only advised the Executive Board on development solutions but also on management tools in accordance with international practices, to help JSI's activities become more and more professional, meet the requirements of global customers, promote business activities of the whole Company.

ASSESSMENTS OF THE BOARD OF DIRECTORS ON THE COMPANY'S OPERATION

The year 2019 marked an important milestone in the development of JSI with two events: successful capital increase to VND 160 billion and being licensed the dealing operation. As the diversification of revenue sources, focusing on improving the quality of brokerage services, 2019 was the second consecutive year JSI gain profits after 4 consecutive years of losses. Specifically, the profits of 2019 was about 17 times higher than 2018's earnings, offsetting about 2/3 of the previous accumulated losses. The Board of Directors highly appreciated the effort of the Board of Management in running and managing the company, especially the efforts in finding opportunities to increase revenue as well as attract new customers.

In 2019, the Company launched a new trading software - Bloomberg that enables connections to the global trading system. This not only helped to carry out the work conveniently, quickly, accurately and to reduce risks, but also brought many utilities to foreign professional institutional customers. The active change in system to get closer to the international trading methods was a policy evaluated as an appropriate step toward to the target on customers of the Company.

Along with development and investment, the Company also focused on inspection and supervision to prevent and manage risks by reviewing, amending and issuing management and control processes to ensure the Company's activities follow the strategy in the scope and framework of the law. In the past year, the Company rebuilt and completed all bilingual processes, regulations to meet the work requirements as well as the law.

ASSESSMENTS OF THE BOARD OF DIRECTORS ON THE OPERATION OF BOARD OF MANAGEMENT

The Board of Directors assessed that the Board of Management of the Company strictly implemented the guidelines and orientations of the Board of Directors in 2019 to achieve the business plan. The reports and information disclosure for the authorities was strictly implemented and followed legal requirements.

Human resources and corporate governance was always focused and continuously strengthened by the Board of Management. The Company's orientation is currently showing its rationality that the business results are improving in a positive way through each year. The Board of Management has operated the Company positively and overcame significant challenges.

Through a system of regular and irregular internal reports, along with direct and indirect reporting channels (in writing, via email, phone etc.), members of the Board of Directors - including non-executive members - can also monitor the Company's situation closely and promptly, satisfying Board of Directors' requirements of management and supervision of the Company's operations.

The Board of Directors also highly appreciated the Board of Management of the Company for the responsibility to society. Every activity that the Company encouraged employees to participate in got the positive responses.

PLANS, ORIENTATIONS OF THE BOARD OF DIRECTORS

In the beginning of 2020, the global stock market was affected by many negative events: CoronaVirus Pandemic, wildfires in US and Australia, trade tensions etc. The Board of Directors recognizes that JSI needs to have more comprehensive innovations to take advantage of the available resources of technology and human resources, to minimize market risks, to take advantage of and exploit opportunities to develop the Company.

Marketing plan

Follow up the success of 2019, turning to 2020, JSI is carrying out the planned marketing strategy. JSI needs to actively implement promotion campaigns to the non-traditional markets such as Singapore, Hong Kong, Taiwan etc. to follow the target customers of foreign institutions and to expand the market beyond Japan. Approaching other markets will certainly be a big challenge for JSI's personnel, however, the Board of Directors still believes with the support of the Parent Company in Japan and the expert team who experienced in the traditional markets mentioned above, JSI can fully withstand the pressures of competition in large markets.

Investment plan

In 2019, JSI was granted a securities dealing license. However, with the fluctuations of world finance in late 2019 and early 2020, JSI does not rush to invest but conducting careful market research, allocating financial resources appropriately in order to ensure safety for shareholders' equity. In 2020, if the market shows good signals, the Board of Management will consider and conduct investment activities for the Company to increase revenue and diversify income sources.

Management plan

In addition to the above plans, the Board of Directors expects the Board of Management will continue to ensure the stability of the system, to build up human resources with both professional and foreign language competencies, at the same time organize regularly internal inspection activities, to ensure and enhance the Company's reputation.

The preparation of scenarios and solution to cope with potential risks is also an important requirement that the Board of Directors assigns to the Board of Management. The Company's operations need to be flexible to catch up with opportunities in the market, but still need to put internal control and risk management into consideration to ensure strict compliance with the provisions of law and follow the orientation of the General Shareholders.

The Board of Directors needs to take advantage of the parent company, which is a long-standing and typical representative in a developed market of the world to learn and continue to improve the

management and administration capacity of the Company; making it close to international practices, but still strictly following Vietnamese standards.

The plan of recruiting talents to the Research department to make reports that can meet higher and higher requirements of customers should be implemented soon, in order to create a competitive advantage for the Company in the market worldwide. These reports need to ensure quality with objective and multi-dimensional content to qualify for posting on global information sites, which are prestigious advertising channels that investors can access easily.



AUDITED REPORTS



No.: ~~067~~ /VACO/BCKiT.NV2

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders, Board of Management and Board of Directors
Japan Securities Incorporated**

We have audited the accompanying financial statements of Japan Securities Incorporated ("the Company") prepared on 10 March 2020, as set out from page 05 to page 33, which comprise the statement of financial position as at 31 December 2019, the statement of operations, the cash flow statement, the statement of changes in equity for the year then end, and the notes to the financial statements (hereafter called "the financial statements").

Board of Management's Responsibility

The Board of Management of the Company is responsible for preparing and presenting the financial statements of the Company in accordance with Vietnamese Accounting Standards, accounting regime applied for securities company and legal regulations relating to the preparation and presentation of financial statements and for such internal control as the Board of Management determines to be necessary to enable the preparation of financial statements to be free from material misstatement, whether due to frauds or errors.

Auditors' Responsibility

The auditors are responsible for expressing our opinion on the financial statements based on our audit. We have conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with the regulations and standards of professional ethics, plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements.

An audit includes implementing procedures to collect evidence supporting the amounts and disclosures in the financial statements. Audit procedures are selected based on the auditors' judgment including the assessment of the risks of material misstatements in the financial statements due to fraud or confusion. When implementing risk assessment, the auditors have to consider internal control relating to the preparation and presentation of the financial statements, which give a true and fair view, to make audit procedures that are appropriate with the actual situation, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Management, as well as evaluating the overall financial statement presentation.

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 accompanying financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2019, its statement of operations, cash flows, and changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applied for securities company and legal regulations relating to the preparation and presentation of financial statements.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other matter

The Company's financial statements for the year ended 31 December 2018 were audited and reviewed by another auditing company, in which Independent auditors' report No. HAN 2165 dated 22 March 2019 giving an unqualified opinion.





Chu Manh Hoan
Deputy General Director
Audit Practising Registration Certificate
No. 1403-2018-156-1
For and on behalf of
VACO AUDITING COMPANY LIMITED
Hanoi, 10 March 2020



Dang Thi Minh Hanh
Auditor
Audit Practising Registration Certificate
No. 3290-2020-156-1



STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
ASSETS				
A. CURRENT ASSETS (100 = 110 + 130)	100		123,606,106,872	24,166,073,729
I. Financial assets	110		122,957,152,433	23,296,601,418
1. Cash and cash equivalents	111	5	47,398,414,835	9,612,886,716
1.1. Cash	111.1		4,398,414,835	4,612,886,716
1.2. Cash equivalents	111.2		43,000,000,000	5,000,000,000
2. Short-term held to maturity investments (HTM)	113	7	73,000,000,000	6,000,000,000
3. Loans	114	8	1,295,112,294	1,284,195,294
4. Provision for impairment of financial assets and collateral	116	9	(1,282,725,848)	(1,279,862,288)
5. Receivables	117	10	1,337,621,647	829,048,358
5.1. Receivables and accrued dividends, interests on financial assets	117.2		1,337,621,647	829,048,358
5.1.1. Dividend income, interest not yet received	117.4		1,337,621,647	829,048,358
6. Advances to suppliers	118	10	5,000,000	3,349,795,560
7. Receive from the offering services	119	10	236,535,875	3,110,616,724
8. Other receivables	122	10	967,193,630	389,921,054
II. Other short-term assets (130 = 133 =>136)	130		648,954,439	869,472,311
1. Short-term prepayments	133	11	209,432,202	361,921,686
2. Short-term mortgage, collateral, deposit	134		142,900,000	210,928,388
3. Taxes and other receivables from the State budget	136	15	296,622,237	296,622,237
B. NON-CURRENT ASSETS (200 = 210 + 220 + 250)	200		35,290,886,664	68,031,313,584
I. Long-term financial assets	210		18,000,000,000	53,000,000,000
1. Investments	212	7	18,000,000,000	53,000,000,000
1.1. Held-to-maturity investments	212.1		18,000,000,000	53,000,000,000
II. Fixed assets	220		12,704,117,651	8,818,924,109
1. Tangible fixed assets	221	12	8,055,680,807	8,669,058,512
- Cost	222		11,402,293,204	10,467,623,072
- Accumulated depreciation	223.a		(3,346,612,397)	(1,798,564,560)
2. Intangible fixed assets	227	13	4,648,436,844	149,865,597
- Cost	228		8,023,892,220	2,739,892,220
- Accumulated depreciation	229.a		(3,375,455,376)	(2,590,026,623)
III. Construction in progress	240		-	62,425,682
IV. Other long-term assets	250		4,586,769,013	6,149,963,793
1. Long-term mortgage, collateral, deposit	251		801,034,880	799,834,880
2. Long-term prepayments	252	11	2,433,351,343	4,038,338,608
3. Deposit to payment support fund	254	14	1,352,382,790	1,311,790,305
TOTAL ASSETS (270 = 100 + 200)	270		158,896,993,536	92,197,387,313

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2019

Unit: VND

ITEMS	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES (300 = 310)	300		1,918,456,096	2,431,373,138
I. Short-term liabilities	310		1,918,456,096	2,431,373,138
1. Short-term trade payables	320		19,795,000	-
2. Taxes and other payables to the State budget	322	15	234,191,418	692,345,181
3. Payables to employees	323		1,088,974,850	781,222,710
4. Payables to employees benefits	324		68,397,000	68,324,000
5. Short-term accrued expenses	325	16	418,246,167	769,156,359
6. Other short-term payables	329	17	88,851,661	120,324,888
D. EQUITY (400 = 410)	400		156,978,537,440	89,766,014,175
I. Owner's equity	410	18	156,978,537,440	89,766,014,175
1. Owner's investment capital	411		160,000,000,000	100,000,000,000
1.1. Owner's contributed capital	411.1		160,000,000,000	100,000,000,000
a. Ordinary shares carrying voting rights	411.1a		160,000,000,000	100,000,000,000
2. Financial reserve and operational risk fund	415		325,801,831	325,801,831
3. Other owner's capital	416		344,013,296	344,013,296
4. Retained earnings	417		(3,691,277,687)	(10,903,800,952)
4.1. Realized retained earnings	417.1		(3,691,277,687)	(10,903,800,952)
TOTAL LIABILITIES AND EQUITY (440 = 300 + 400)	440		158,896,993,536	92,197,387,313

OFF STATEMENT OF FINANCIAL POSITION ITEMS
 As at 31 December 2019

Unit: VND

Items	Codes	Notes	Closing balance	Opening balance
A. SECURITIES COMPANY'S ASSETS AND ASSETS MANAGEMENT UNDER COMMITMENTS				
1. Foreign currency	005			
- USD			8,804.09	283.29
- JPY			115,271	115,271
2. Outstanding shares	006		16,000,000	10,000,000
Items	Codes	Notes	Closing balance	Opening balance
B. CUSTOMER'S ASSETS AND LIABILITIES ON MANAGEMENT ASSETS UNDER COMMITMENTS				
1. Financial assets are listed/registered for trading at VSD of investors	021	19	206,318,890,000	191,637,650,000
a. Free transfer of financial assets	021.1		205,844,030,000	191,238,450,000
b. Financial assets restricted transferable	021.2		229,060,000	334,000,000
c. Financial assets awaiting settlement	021.5		245,800,000	65,200,000
2. Deposited and untraded financial assets at VSD of investors	022	20	786,440,000	2,023,740,000
a. Freely transferable, untraded and deposited financial assets at VSD	022.1		786,440,000	2,023,740,000
3. Financial assets waiting return of investors	023	21	2,515,100,000	2,232,200,000
4. Undeposited financial assets at VSD of investors	024	22	4,884,762,400	4,824,335,200

OFF STATEMENT OF FINANCIAL POSITION ITEMS (CONTINUED)

As at 31 December 2019

Unit: VND

Items	Codes	Notes	Closing balance	Opening balance
5. Deposits of customers	026	23	2,820,258,223	4,705,014,600
5.1. Deposits of investors on securities trading under the management of securities company	027		2,702,485,116	3,418,867,665
5.2. Deposits on securities transactions of customers	028		112,579,350	-
5.3. Deposits to offset and settlement of securities transactions	029		-	184,861,028
a. Deposits to offset and settlement of securities transactions of domestic investors	029.1		-	172,319,917
b. Deposits to offset and settlement of securities transactions of foreign investors	029.2		-	12,541,111
5.4. Deposits of issuing organization	030		5,193,757	1,101,285,907
6. Payables to investors on deposit of securities transactions under the management of securities company	031	24	2,815,064,466	3,603,728,693
6.1. Payables to domestic investors on deposit of securities transactions under the management of securities company	031.1		2,749,335,882	3,591,187,582
6.2. Payables to foreign investors on deposit of securities transactions under the management of securities company	031.2		65,728,584	12,541,111
7. Dividends, bond interest and principal payables	035		5,193,757	1,101,285,907

Hoang Thi Thanh Huyen
Preparer

Khong Thi Huong
Chief Accountant



Tsuyoshi Imai
Chief Executive Officer
Hanoi, 10 March 2020

STATEMENT OF OPERATIONS
 For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
I. OPERATING REVENUE				
1.1 Profit from held-to-maturity investments (HTM)	02	25	5,821,337,093	1,725,234,853
1.2 Profit from loans and receivables	03	25	11,355,678	17,040,039
1.3 Revenue from securities brokerage services	06		12,700,295,042	8,848,366,616
1.4 Revenue from securities investment advisory	08		2,016,000,000	6,048,710,000
1.5 Revenue from securities depository services	09		120,622,140	174,517,109
1.6 Other revenue	11		189,405,757	117,557,926
Total operating revenue (20 = 01 ⇒ 11)	20		20,859,015,710	16,931,426,543
II. OPERATING EXPENSES				
2.1 Expenses of provisions for financial assets, doubtful debts and loss from impairment of financial assets and borrowings expenses	24	26	2,863,560	10,499,720
2.2 Expenses for brokerage services	27	26	12,309,796,047	8,242,211,857
2.3 Expenses for securities investment advisory	29	26	692,703,638	1,020,160,567
2.4 Expenses for depository services	30	26	79,547,330	99,350,956
2.5 Other expenses	32	26	-	2,800,003
Total operating expenses (40 = 21 ⇒ 32)	40		13,084,910,575	9,375,023,103
III. FINANCIAL INCOME				
3.1 Realized and unrealized foreign exchange gain	41	27	56,568	68,147,960
3.2 Revenue, accrued dividends and non-fixed interest income	42	27	96,955,558	84,098,971
Total financial income (50 = 41 ⇒ 42)	50		97,012,126	152,246,931
IV. FINANCIAL EXPENSES				
4.1 Realized and unrealized foreign exchange loss	51		1,700,594	777,294
Total financial expenses (60 = 51 + 52)	60		1,700,594	777,294
V. MANAGEMENT COST OF SECURITIES COMPANY	62	28	6,225,557,395	7,367,748,203
VI. OPERATING RESULT (70 = 20 + 50 - 40 - 60 - 62)	70		1,643,859,272	340,124,874

STATEMENT OF OPERATIONS (CONTINUED)
 For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Notes	Current year		Prior year
VII. OTHER INCOME AND OTHER EXPENSES					
7.1 Other income	71	29	5,568,729,775		73,285,385
7.2 Other expenses	72		65,782		87,687
Profit from other activities (80 = 71 - 72)	80		5,568,663,993		73,197,698
VIII. ACCOUNTING PROFIT BEFORE TAX (90 = 70+ 80)	90		7,212,523,265		413,322,572
8.1 Realized profit	91		7,212,523,265		413,322,572
IX. CORPORATION INCOME TAX EXPENSE	100		-		-
9.1 Current corporate income tax expense	100.1	30	-		-
9.2 Deferred corporate tax expense	100.2		-		-
X. ACCOUNTING PROFIT AFTER TAX (200 = 90 - 100)	200		7,212,523,265		413,322,572
11.1 Basic earnings per share (VND/ 1 share)	501	31	615		81

Hoang Thi Thanh Huyen
Preparer

Khong Thi Huong
Chief Accountant



Tsuyoshi Imai
Chief Executive Officer
Hanoi, 10 March 2020

CASH FLOW STATEMENT
(Indirect method)
For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current year	Prior year
I. Cash flows from operating activities			
1. Profit before tax	01	7,212,523,265	413,322,572
2. Adjustments for:	02	2,228,028,914	433,699,150
- Depreciation and amortisation	03	2,333,476,590	406,159,391
- Provisions	04	2,863,560	10,499,720
- Profit or loss from investing activities	7	(96,955,558)	-
- Accrued interest	8	(11,355,678)	17,040,039
3. Profits from trading before changes in working capital	30	(28,945,530,728)	(46,097,407,351)
- Increase (decrease) in held-to-maturity investments (HTM)	32	(32,000,000,000)	(36,000,000,000)
- Increase (decrease) in loans	33	(10,917,000)	250,441,553
- (-) Increase, (+) decrease in receivables, accrued dividends, interest of financial assets	36	(497,217,611)	(610,902,664)
- (-) Increase, (+) decrease in receivables from the offering services	37	2,874,080,849	(1,895,220,110)
- (-) Increase, (+) decrease in other receivables	39	(582,272,576)	(3,673,894,119)
- Increase (decrease) in accrued expenses (not include interest expense)	41	(350,910,192)	358,936,088
- Increase (decrease) in prepaid expenses	42	1,757,476,749	(3,950,595,219)
- Increase (decrease) in trade payables	45	19,795,000	(197,600,000)
- Increase (decrease) in payables to employee benefits	46	73,000	(51,886,000)
- Increase (decrease) in taxes and amounts payable to the State budget (not include corporate income tax paid)	47	(458,153,763)	448,297,167
- Increase (decrease) in payables to employees	48	307,752,140	139,960,693
- Increase (decrease) in other payables	50	(31,473,227)	43,192,277
- Other cash outflows	52	26,235,903	(958,137,017)
<i>Net cash from/ (used in) operating activities</i>	60	(19,504,978,549)	(45,250,385,629)
II. Cash flows from investing activities			
1. Acquisition and construction of fixed assets, investment real estate and other assets	61	(2,806,448,890)	(9,046,057,576)
2. Proceeds from dividends and profits received from long-term financial investments	65	96,955,558	-
<i>Net cash from (used in) investing activities</i>	70	(2,709,493,332)	(9,046,057,576)

CASH FLOW STATEMENT (CONTINUED)

(Indirect method)

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current year	Prior year
III. Cash flows from financing activities			
1. Proceeds from issuing shares and receiving equity capital contribution by the owner	71	60,000,000,000	59,000,000,000
<i>Net cash from (used in) financing activities</i>	<i>80</i>	<i>60,000,000,000</i>	<i>59,000,000,000</i>
IV. Net increase (decrease) in cash	90	37,785,528,119	4,703,556,795
V. Cash and cash equivalents at the beginning of the year	101	9,612,886,716	4,909,329,921
- Cash	101.1	4,612,886,716	1,909,329,921
- Cash equivalents	101.2	5,000,000,000	3,000,000,000
VI. Cash and cash equivalents at the end of the year	103	47,398,414,835	9,612,886,716
- Cash	103.1	4,398,414,835	4,612,886,716
- Cash equivalents	103.2	43,000,000,000	5,000,000,000

Hoang Thi Thanh Huyen
Preparer

Khong Thi Huong
Chief Accountant



Tsuyoshi Imai
Chief Executive Officer
Hanoi, 10 March 2020

CASH FLOW FROM BROKERAGE AND MANDATE ACTIVITIES OF CUSTOMERS
For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current year	Prior year
I. Cash flows from brokerage activities, entrusting of customers			
1. Cash inflows from selling brokerage securities	01	113,480,048,400	75,604,562,148
2. Cash outflows for buying brokerage securities	02	(111,661,394,200)	(70,916,398,430)
3. Receive deposits for payment of securities transactions of customers	07	118,201,148,740	154,574,019,302
4. Payment for securities transactions of customers	08	(120,662,162,003)	(160,412,718,797)
5. Payment for securities depository fees of customers	11	(146,305,164)	(172,277,135)
6. Proceeds from the securities issuing organizations	14	15,740,217,527	14,385,889,986
7. Payment for the securities issuing organizations	15	(16,836,309,677)	(13,289,259,273)
<i>Increase/decrease in net cash</i>	<i>20</i>	<i>(1,884,756,377)</i>	<i>(226,182,199)</i>
II. Cash and cash equivalents at the beginning of the year of customers	30	4,705,014,600	4,931,196,799
- Deposits of investors on securities transactions managed by securities companies	32	3,418,867,665	4,182,934,159
- Deposits to offset and settlement of securities transactions	34	184,861,028	743,607,446
- Deposits of issuing organizations	35	1,101,285,907	4,655,194
III. Cash and cash equivalents of customers at the end of the year (40 = 20 + 30)	40	2,820,258,223	4,705,014,600
- Deposits of investors on securities transactions managed by securities companies	42	2,702,485,116	3,418,867,665
- Deposits from securities transactions for customers	43	112,579,350	-
- Deposits to offset and settlement of securities transactions	44	-	184,861,028
- Deposits of issuing organizations	45	5,193,757	1,101,285,907

Hoang Thi Thanh Huyen
Preparer

Khong Thi Huong
Chief Accountant



Tsuyoshi Imai
Chief Executive Officer
Hanoi, 10 March 2020

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

Unit: VND

ITEMS	Notes	Opening Balance		Increase/Decrease				Closing Balance		
		01/01/2018	01/01/2019	Prior year		Current year		31/12/2018	31/12/2019	
				Increase	Decrease	Increase	Decrease			
1. Owner's investment capital	18	41,000,000,000	100,000,000,000	59,000,000,000	-	-	60,000,000,000	-	100,000,000,000	160,000,000,000
2. Financial reserve and operational risk fund	18	325,801,831	325,801,831	-	-	-	-	-	325,801,831	325,801,831
3. Other owner's capital	18	344,013,296	344,013,296	-	-	-	-	-	344,013,296	344,013,296
4. Retained earnings	18	(11,317,123,524)	(10,903,800,952)	413,322,572	-	-	7,212,523,265	-	(10,903,800,952)	(3,691,277,687)
Total	18	30,352,691,603	89,766,014,175	59,413,322,572	-	-	67,212,523,265	-	89,766,014,175	156,978,537,440

Details of changes in equity are presented in Note 18.

[Signature]

Hoang Thi Thanh Huyen
Preparer

[Signature]

Khong Thi Huong
Chief Accountant



Tsuyoshi Imai
Chief Executive Officer
Hanoi, 10 March 2020

NOTES TO THE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Structure of ownership

Japan Securities Incorporated (formerly known as Sakura Securities Incorporated) ("the Company") was established under Establishment and Operation License No. 103/UBCK-GP dated 16 January 2009 issued by the State Securities Commission of Vietnam and the latest amended Establishment and Operation License No. 59/GPDC-UBCK dated 03 October 2019. Accordingly, the charter capital of the Company is VND 160,000,000,000.

The Company's head office is located at 14th Floor, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong Ward, Dong Da District, Hanoi.

The Company's charter was recently revised and issued on 26 August 2019.

The number of employees of the Company as at 31 December 2019 is 20 (as at 01 January 2019: 26).

Operating industry and principal activities

- Securities brokerage;
- Securities investment consulting;
- Securities depository.
- Securities dealing.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a period of 12 months or less.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying financial statements, expresses in Vietnamese Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applied for securities company and legal regulations relating to the preparation and presentation of financial statements.

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

Financial year

The Company's financial year begins on 1 January and ends on 31 December. These financial statements are prepared for the year ended 31 December 2019.

Related parties

Related parties of the Company are:

- Members of the Board of Management and the Board of Directors.
- Aizawa Securities Co., Ltd: Parent company

3. ADOPTION OF ACCOUNTING STANDARDS AND ACCOUNTING REGIME

On 30 December 2014, the Ministry of Finance issued Circular No. 210/2014/TT-BTC (Circular 210) guiding the accounting regime applied for securities company. Circular 210 is effective for financial years beginning on or after 1 January 2016. Circular 210 supersedes Circular No. 95/2008/TT-BTC dated 24 October 2008 guiding the accounting regime applied for securities company and Circular No. 162/2010/TT-BTC dated 20 October 2010 amending and supplementing Circular No. 95/2008/TT-BTC dated 24 October 2008 of the Ministry of Finance guiding the accounting regime applied for securities company. Circular 210 provides the guidelines relating to accounting vouchers, accounting system as well as the preparation and presentation of financial statements of securities company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

3. ADOPTION OF ACCOUNTING STANDARDS AND ACCOUNTING REGIME (CONTINUED)

On 27 December 2016, the Ministry of Finance issued Circular No. 334/2016/TT-BTC ("Circular 334") amending, supplementing a number of articles of Circular No. 210/2014/TT-BTC dated 30 December 2014 of the Ministry of Finance guiding the accounting regime applied for securities companies. Circular 334 guided the accounting system, forms and explanations of financial statements, contents and structure of accounts. Circular 334 is effective for financial years beginning on or after 1 January 2016. The Board of Management applied Circular 334 on preparation and presentation of the financial statement for the year ended 31 December 2019.

Declaration of compliance with accounting standard and accounting regime

The Company carries out its accounting in accordance with the related Vietnamese Accounting Standards, accounting regime and accounting guidelines applied to securities companies under Circular 210 and Circular 334.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these financial statements, are as follows:

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime applied for securities company and legal regulations relating to the preparation and presentation of financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with the recovery or maturity within 3 months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Deposits of investors on securities transactions

Deposits of investors reflect deposits entrusted by securities investors at a specified bank for securities trading purpose. This amount is presented at off statement of financial position items.

Deposits for settlement of securities trades

Deposits offsetting securities trades represent deposits for securities clearance and settlement at Securities Trading Center and Securities Depository Center.

Held-to-maturity financial assets (HTM)

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company intends and is able to hold to maturity, except:

- Financial assets, at the time of initial recognition, were classified as recognition at fair value through the income statement;
- Financial assets are classified as available for sale;
- Financial assets meet the definition of loans and receivables.

Held-to-maturity financial assets are initially recorded at historical cost and subsequently recorded at historical cost less provision for impairment of held-to-maturity financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Loans

Loans are non-derivative financial assets with fixed or determinable payments and unlisted on the stock market, except:

- The amounts that the Company intends to sell or will sell in the near future are classified as held for trading purposes as well as types at the time of initial recognition are classified at fair value through the income statement;
- The amounts are classified as available for sale at the time of initial recognition; or
- The amounts which the holder may not recover a substantial portion of the initial investment not due to credit quality degradation are classified as available for sale.

Loans comprise margin contract and cash advance contract. Loans are initially recognized at historical cost and are subsequently recognized at historical cost less provision for impairment of loans.

Provision for impairment of financial assets and collateral

At the end of the accounting period, the Company must make provision for impairment of financial assets and collateral assets for securing borrowings provided by securities companies in accordance with the securities law.

Financial assets received as collateral are judged by 70% of the market value/ fair value at the end of accounting period.

For collateral which is the stock of the companies listed on the stock market, the market value shall be determined by the closing price at the latest trading day to the revaluation date.

For securities of companies which have not listed on the stock market but has registered for trading in the market of the unlisted public companies (UPCom), the market value is defined as the average closing price at the closest date having the transaction to the date of revaluation.

Offsetting of financial instruments

The financial assets and financial liabilities are offset and the net amount is stated on the statement of financial position when the Company has the legal right to offset the recognized value and intends to offset on a net basis or realize the assets and payment of liabilities at the same time.

Receivables and provision for doubtful debts

All receivables, accrued dividends and interest of financial assets belonging to the category of financial assets of the Company incurred in the period are monitored at the "Receivables and accrued dividends, interest of financial assets" on the statement of financial position.

Receivables are recorded at book value of receivables from customers and other receivables as well as provision for doubtful debts. Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so maybe unable to repay the debt.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed assets comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use.

Tangible fixed assets are depreciated by the straight-line method over their estimated useful life, specifically as follows:

	<u>Number of depreciation years</u> (year)
Equipment, machinery	03 - 06
Transportation and transmit instruments	06
Office equipment	05 - 06

Intangible fixed assets and amortisation

Intangible fixed assets are the value of software programs serving for business activities and are amortised by the straight-line method over the period from 03 to 06 years.

Payables to securities trading activities

Payables to securities trading activities include the amount that the Company must pay to the organizations providing financial assets trading services or customers through the Stock Exchange and Company as a member.

Payables and accrued expenses

Payables and accrued expenses are recognized for future amounts payable related to goods and services received. Accrued expenses are recognized based on reasonable estimates of the amount payable.

The classification of payables into trade payables, accrued expenses, inter-company payables and other payables are made on the following principles:

- Trade payables reflect payables arising from purchases of goods, services, assets and sellers are independent units to the Company, including accounts payable upon importation through consignee.
- Accrued expenses reflect amounts payable for goods or services received from the seller or provided to the buyer but not be paid due to lack of invoices or incomplete accounting records and documents, payments to employees for leave and prepaid production and business expenses.
- Other payables reflect non-trade payables and does not relate to the purchase, sale or supply of goods or services.

Loans

Loans are disclosed and presented at the principal outstanding at the balance sheet date.

Equity

The owner's contributed capital is recorded based on the actual capital contribution of the shareholders.

Retained earnings after setting up funds in accordance with the law and the Company's charter will be distributed under the resolution of the General Meeting of Shareholders.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings is deducted from the historical cost of those related assets.

All other borrowing costs are recognised in the income statement when incurred.

Revenue

- **Revenue from securities brokerage:**
Revenue from securities brokerage is the securities trading fee that securities firms earned from securities brokerage for investors and is defined when completing brokerage service.
- **Revenue from advisory services:**
Revenue from advisory services is recorded in the income statement when services are complete and customers agree to make payment.
- **Revenue from securities depository:**
Revenue from securities depository for investors recognized in the income statement is the securities depository fees received from the investors having securities deposited at the Securities Depository Center and is determined at the end of each month.
- **Interests from loans and receivables:**
Interest from loans and receivables is the securities fees that securities company receives from margin trading and advances for sale of securities to investors and is determined when the services are completed.
- **Other operating income:**
Other revenue includes revenue from securities investment cooperation contracts and other revenue. These amounts are recognized in the statement of income on an accrual basis.

Financial income

Financial income includes foreign exchange gain and demand deposit interest.

Management cost of securities company

Management cost of securities company includes salary, stationery, charges, fees, out-sourced services and other monetary expenses for the management of the Company.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to owner(s).

Taxation

Corporate income tax presents the sum of the currently payable tax and deferred tax.

The currently payable tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are non-taxable or non-deductible.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Taxation (Continued)

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit/loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

As at 31 December 2019, the Company recorded losses with the amount of VND 3,694,038,356 which could be used to carry forward in the following years, but not exceed 5 years from the year when the losses incurred. However, the Company does not recognize deferred corporate income tax arising from this carry forward due to uncertainty about the future profit plan.

Other taxes are applied in accordance with the prevailing tax laws in Vietnam.

5. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash in bank	4,398,414,835	4,612,886,716
Cash equivalents (i)	43,000,000,000	5,000,000,000
Total	<u><u>47,398,414,835</u></u>	<u><u>9,612,886,716</u></u>

Note:

- (i) Time deposits with the term of 1-3 months at the joint stock commercial bank.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

6. VOLUME AND VALUE OF TRANSACTIONS DURING THE YEAR

	Number of transaction during the year	Value of transaction during the year
	Share	VND
Of investors	83,024,302	2,707,412,951,900
- Shares	83,018,229	2,707,352,224,700
- Fund certificates	6,072.72	60,727,200
Total	83,024,302	2,707,412,951,900

7. HELD-TO-MATURITY INVESTMENTS (HTM)

	Closing balance	Opening balance
	VND	VND
a) Short-term	73,000,000,000	6,000,000,000
Deposits with terms from 3 to 12 months (i)	73,000,000,000	6,000,000,000
b) Long-term	18,000,000,000	53,000,000,000
Deposits with terms over 12 months (ii)	18,000,000,000	53,000,000,000
Total	91,000,000,000	59,000,000,000

Note:

- (i) Deposits with terms of 6 months and 12 months at Joint Stock Commercial Bank for Investment and Development of Vietnam and Vietnam International Commercial Joint Stock Bank, with the interest rate of 7.0% to 7.3% per year, and the interest received on a periodic basis.
- (ii) Deposit with terms from 13 months to 24 months at Vietnam International Commercial Joint Stock Bank and Vietnam Maritime Commercial Joint Stock Bank, with the interest rates from 7.2% to 8.2% per year, Vietnam International Commercial Joint Stock Bank pay interest on a periodic basis, Vietnam Maritime Commercial Joint Stock Bank pay interest on maturity.

8. LOANS

	Closing balance		Opening balance	
	Historical cost	Provision	Historical cost	Provision
Loans	1,295,112,294	1,282,725,848	1,284,195,294	1,279,862,288
Margin (i)	1,284,195,294	1,282,725,848	1,284,195,294	1,279,862,288
Advances of securities sales -	10,917,000	-	-	-

Note:

- (i) According to the announcement No. 001/2017/JSI-CBTT on 23 January 2017, the Company stops providing margin trading services. Loan balance of margin as at 31 December 2019 had arisen before 01 January 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

9. PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS AND COLLATERAL

Unit: VND

No	Type of financial assets	Book value	Current year		Opening provision value	(Provision)/ Reversal provision in this year
			Market value as at the time of financial statement preparation	Closing provision value		
I	Financial assets for loans					
	Loans	1,295,112,294	12,386,446	(1,282,725,848)	(1,279,862,288)	(2,863,560)
	Margin	1,284,195,294	1,469,446	(1,282,725,848)	(1,279,862,288)	(2,863,560)
	Advances of securities sales	10,917,000	10,917,000	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

10. RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Receivables and accrued dividends, interests of financial assets	1,337,621,647	829,048,358
Accrual interest of time deposits	1,329,495,891	820,972,602
Accrual interest of margin transactions	8,075,756	8,075,756
Accrual interest of advances transactions	50,000	-
Advances to suppliers	5,000,000	3,349,795,560
Financial Software Solutions., JSC	-	2,500,000,000
Frontier Consulting Vietnam Co., Ltd	-	697,795,560
Others	5,000,000	152,000,000
Receivables from the services provided by the Company	236,535,875	3,110,616,724
Charges and taxes from securities transactions	57,494,576	322,300,401
Receivables from corporate finance advisory	168,300,000	2,751,892,000
Receivables from depository of investors	10,741,299	36,424,323
Other receivables	967,193,630	389,921,054
Aizawa Securities Co., Ltd	932,476,716	365,671,701
Other receivables	34,716,914	24,249,353

11. PREPAYMENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a) Short-term	209,432,202	361,921,686
Maintenance costs	-	174,485,613
Other prepayments	209,432,202	187,436,073
b) Long-term	2,433,351,343	4,038,338,608
Construction cost of office furniture	2,144,666,635	3,390,434,860
Tools and supplies	203,230,322	602,750,165
Other prepayments	85,454,386	45,153,583
Total	2,642,783,545	4,400,260,294

12. INCREASE, DECREASE IN TANGIBLE FIXED ASSETS

	<u>Machinery, equipment</u>	<u>Transmission equipment</u>	<u>Office equipment</u>	<u>Total</u>
	VND	VND	VND	VND
COST				
Opening balance	5,245,885,000	1,667,939,900	3,553,798,172	10,467,623,072
Purchase	934,670,132	-	-	934,670,132
Closing balance	6,180,555,132	1,667,939,900	3,553,798,172	11,402,293,204
ACCUMULATED DEPRECIATION				
Opening balance	181,430,361	51,562,658	1,565,571,541	1,798,564,560
Charge for the year	905,444,896	277,989,984	364,612,957	1,548,047,837
Closing balance	1,086,875,257	329,552,642	1,930,184,498	3,346,612,397
NET BOOK VALUE				
Opening balance	5,064,454,639	1,616,377,242	1,988,226,631	8,669,058,512
Closing balance	5,093,679,875	1,338,387,258	1,623,613,674	8,055,680,807

As at 31 December 2019, the cost of tangible fixed assets which are fully depreciated but still in use are VND 1,483,991,178 (as at 01 January 2019: VND 1,483,991,178).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

13. INCREASE, DECREASE IN INTANGIBLE FIXED ASSETS

	<u>Software</u>	<u>Total</u>
	VND	VND
COST		
Opening balance	2,739,892,220	2,739,892,220
Purchase	5,284,000,000	5,284,000,000
Closing balance	<u>8,023,892,220</u>	<u>8,023,892,220</u>
ACCUMULATED DEPRECIATION		
Opening balance	2,590,026,623	2,590,026,623
Charge for the year	785,428,753	785,428,753
Closing balance	<u>3,375,455,376</u>	<u>3,375,455,376</u>
NET BOOK VALUE		
Opening balance	<u>149,865,597</u>	<u>149,865,597</u>
Closing balance	<u>4,648,436,844</u>	<u>4,648,436,844</u>

As at 31 December 2019, the cost of intangible fixed assets which are fully amortised but still in use are VND 2,489,892,220 (as at 01 January 2019: VND 2,489,892,220).

14. DEPOSIT TO PAYMENT SUPPORT FUNDS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Initial payment	120,000,000	120,000,000
Additional payment	920,908,679	868,496,517
Interest allocated	311,474,111	323,293,788
Total	<u>1,352,382,790</u>	<u>1,311,790,305</u>

15. TAXES AND AMOUNTS RECEIVABLE FROM/PAYABLE TO THE STATE BUDGET

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a) Receivables	296,622,237	296,622,237
Corporate income tax overpaid	296,622,237	296,622,237
b) Payables	234,191,418	692,345,181
Value added tax	45,924,799	535,689,182
Personal income tax	87,001,834	118,670,755
Foreign contractor tax	101,264,785	37,985,244

16. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Transaction and depository fee	104,353,324	115,907,047
Out-sourced services without invoice	263,892,841	472,049,800
Other expenses	50,000,002	181,199,512
Total	<u>418,246,167</u>	<u>769,156,359</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

17. OTHER PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Other payables	88,851,661	120,324,888
Total	88,851,661	120,324,888

18. OWNER'S EQUITY

Movements in owner's equity

	Owner's investment capital	Financial reserve and operation risk fund	Other owner's capital	Retained earnings	Total
Opening balance of prior year	41,000,000,000	325,801,831	344,013,296	(11,317,123,524)	30,352,691,603
Increase in charter capital	59,000,000,000	-	-	-	59,000,000,000
Profit during the year	-	-	-	413,322,572	413,322,572
Opening balance of current year	100,000,000,000	325,801,831	344,013,296	(10,903,800,952)	89,766,014,175
Increase in charter capital (i)	60,000,000,000	-	-	-	60,000,000,000
Profit during the year	-	-	-	7,212,523,265	7,212,523,265
Closing balance of current year	160,000,000,000	325,801,831	344,013,296	(3,691,277,687)	156,978,537,440

(i) Note:

- Charter capital increased during the year according to the capital raising plan approved by the General Meeting of Shareholders in the Resolution of the Annual General Meeting of Shareholders No. 1901/NQ/DHDCD dated 5 April 2019. Issuing plan: The Company intends to issue an additional 6,000,000 shares to the existing shareholders at the ratio of 1: 0.6 (shareholders owning 1 share on the last registration date will be entitled to 01 right and 01 right to buy 0.6 shares). The plan was approved by the Board of Directors in Decision No. 1901.05/NQ/ DHDCD- JSI dated 31 January 2019.
- On the last registration day to exercise the right to buy, minority shareholders do not respond to registration for buying new issued shares. Accordingly, all new shares are issued to Aizawa Securities Co., Ltd.
- The Company successfully issued 6,000,000 shares. The total amount of capital increase was collected by bank deposits on 20 August 2019 and 27 August 2019.
- The Company has been granted amended Operating License No. 62/GPDC-UBCK dated 18 September 2019 issued by the State Securities Commission of Vietnam on the capital increase.
- On 3 October 2019, the Company has been granted amended Operating License No. 59/GPDC-UBCK by the State Securities Commission of Vietnam on supplementing securities dealing activities.

Details of owner's equity

	<u>Closing balance</u>		<u>Opening balance</u>	
	VND	%	VND	%
Aizawa Securities Co., Ltd	157,950,000,000	98.72%	97,950,000,000	97.95%
Other shareholders	2,050,000,000	1.28%	2,050,000,000	2.05%
Total	160,000,000,000	100%	100,000,000,000	100%

Share issuance of the Company was as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>	
Common shares			
+ Number of shares allowed to be issued	16,000,000	10,000,000	shares
+ Number of issued shares and fully paid	16,000,000	10,000,000	shares
+ Par value of share	10,000	10,000	VND/shares
+ Number of outstanding shares at the end of the year	16,000,000	10,000,000	shares

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

19. FINANCIAL ASSETS LISTED/ TRADED AT VSD OF INVESTORS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Free transfer of financial assets	205,844,030,000	191,238,450,000
Restricted transferable financial assets	229,060,000	334,000,000
Financial assets awaiting settlement	245,800,000	65,200,000
Total	<u><u>206,318,890,000</u></u>	<u><u>191,637,650,000</u></u>

20. NON-TRADED FINANCIAL ASSETS DEPOSITED AT VSD OF INVESTORS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Free transferable, non-traded financial assets deposited at VSD	786,440,000	2,023,740,000
Total	<u><u>786,440,000</u></u>	<u><u>2,023,740,000</u></u>

21. FINANCIAL ASSETS WAITING RETURN OF INVESTORS

The balance of financial assets waiting return of investors as at 31 December 2019 and 01 January 2019 are VND 2,515,100,000 and VND 2,232,200,000 respectively.

22. FINANCIAL ASSETS NON-DEPOSITED AT VSD OF INVESTORS

The balance of financial assets non-deposited of investors as at 31 December 2019 and 01 January 2019 are VND 4,884,762,400 and VND 4,824,335,200 VND respectively.

23. DEPOSITS OF CUSTOMERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Deposits of investors on securities trading under the management of securities company	2,702,485,116	3,418,867,665
Deposits from securities transactions for customers	112,579,350	-
Deposits to offset and settlement of securities transactions	-	184,861,028
<i>Deposits to offset and settlement of securities transactions of domestic investors</i>	-	172,319,917
<i>Deposits to offset and settlement of securities transactions of foreign investors</i>	-	12,541,111
Deposits of issuing organization	5,193,757	1,101,285,907
Total	<u><u>2,820,258,223</u></u>	<u><u>4,705,014,600</u></u>

24. PAYABLES TO INVESTORS ON DEPOSIT FOR SECURITIES TRADING MANAGED BY SECURITIES COMPANY

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Payables to domestic investors on deposit of securities transactions under the management of securities company	2,749,335,882	3,591,187,582
Payables to foreign investors on deposit of securities transactions under the management of securities company	65,728,584	12,541,111
Total	<u><u>2,815,064,466</u></u>	<u><u>3,603,728,693</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

25. DIVIDEND, INTEREST FROM FVTPL, LOANS, HTM, AFS	<u>Current year</u>	<u>Prior year</u>
	VND	VND
From HTM (interest allocated)	5,821,337,093	1,725,234,853
From loans (loan interest)	11,355,678	17,040,039
Total	5,832,692,771	1,742,274,892
26. OPERATING EXPENSES	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Expenses for brokerage services	12,309,796,047	8,242,211,857
Expenses for depository services	79,547,330	99,350,956
Expenses for securities investment advisory	692,703,638	1,020,160,567
Expenses of provisions for financial assets, doubtful debts and loss from impairment of financial assets and borrowings expenses	2,863,560	10,499,720
Other expenses	-	2,800,003
Total	13,084,910,575	9,375,023,103
27. FINANCIAL INCOME	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Foreign exchange gain	56,568	68,147,960
Non- fixed interest income	96,955,558	84,098,971
Total	97,012,126	152,246,931
28. GENERAL AND ADMINISTRATION EXPENSES	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Salary, wages	3,152,551,828	3,565,568,551
Stationery	196,599,021	152,443,707
Depreciation and amortisation	252,695,384	46,067,142
Taxes, fees and charges	5,000,000	3,000,000
Out-sourced services	2,321,213,432	3,367,181,620
Other expenses	297,497,730	233,487,183
Total	6,225,557,395	7,367,748,203
29. OTHER INCOME	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Revenue of brokerage sales bonus (i)	5,565,825,476	-
Others	2,904,299	73,285,385
Total	5,568,729,775	73,285,385

Note:

(i) Japan Securities Incorporated received the revenue of brokerage sales bonus from Aizawa Securities Co., Ltd according to conditions and bonus as follows:

- According to commitment in the agreement No. 19122018JSI-AZW dated 19 December 2018, from 15 January 2019, when Japan Securities Incorporated performs brokerage service matching stock orders for Aizawa Securities Co., Ltd which total value of matching orders of 2 securities accounts of Aizawa reaches VND 2 billion per day, the bonus is 0.25% on total value of matching orders of 2 securities accounts;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

29. OTHER INCOME (CONTINUED)

Note (Continued):

- According to commitment in the appendix No. 19122018JSI-AZW/ANX1 dated 29 August 2019, from 01 September 2019, when Japan Securities Incorporated performs brokerage service matching stock orders for Aizawa Securities Co., Ltd which total value of matching orders of 2 securities accounts of Aizawa reaches VND 50 billion per month, the bonus is 0.25% on total value of matching orders of 2 securities accounts.

30. CURRENT CORPORATE INCOME TAX EXPENSES

	Current year	Prior year
	VND	VND
Accounting profit before tax	7,212,523,265	413,322,572
Adjustments for taxable income	(7,212,523,265)	(413,322,572)
Deduct: Loss carried forward	(7,212,523,265)	(413,322,572)
Add: Non-deductible expenses	-	-
Assessable income	-	-
Normal tax rate	20%	20%
Corporate income tax payable	-	-

Loss carry forward plan

This taxable loss has not been finalized by tax authorities. The Company has not recognized deferred tax assets for this taxable loss due to the uncertainty about the time of receiving future profits.

Unit: VND

Year arising loss	Loss transfer period	Loss incurred	Loss transferred	Loss carried forward	Status
2014	2015 - 2019	3,058,622,908	3,058,622,908	-	Not yet finalized
2015	2016 - 2020	3,421,830,827	3,421,830,827	-	Not yet finalized
2016	2017 - 2021	4,409,479,799	1,145,392,102	3,264,087,697	Not yet finalized
2017	2018 - 2022	429,950,659	-	429,950,659	Not yet finalized
Total		11,319,884,193	7,625,845,837	3,694,038,356	

31. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the ordinary shareholders of the Company is based on the following figures:

	Current year	Prior year
	VND	VND
Profit after corporate income tax	7,212,523,265	413,322,572
Adjustment of bonus and welfare fund	-	-
Average number of outstanding ordinary shares	11,726,027	5,083,333
Basic earnings per share	615	81

The Company has accumulated loss, so it has no plan to set up bonus and welfare fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

32. OPERATING LEASE COMMITMENTS

Operating lease is the office rental under the Contract No. 15052018/HDCTVP/TNL-JSI dated 15 May 2018 with TNL Lease Property and Investment Joint Stock Company at Units 2, 3, 4, and 5, the 14th Floor, TNR Tower, 54A Nguyen Chi Thanh, Dong Da, Hanoi; the lease term is from 15 August 2018 to 14 August 2023. The operating lease expense was recorded in the income statement with the amount of VND 2,554,541,660.

As at 31 December 2019, the Company had outstanding commitments under non-cancelable operating leases, which fall due as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Within a year	2,554,541,660	2,554,541,660
From the second to the fifth year	9,249,912,946	11,804,454,606

33. SEGMENT REPORT INFORMATION

Items	Securities brokerage	Lending and investment activities	Advisory activities	Securities depository activities	Other activities	Total
	VND		VND	VND	VND	VND
Net revenue from business activities	12,700,295,042	5,929,648,329	2,016,000,000	120,622,140	189,462,325	20,956,027,836
Direct department expenses	12,309,796,047	2,863,560	692,703,638	79,547,330	1,700,594	13,086,611,169
Non-allocated expenses	-	-	-	-	-	6,225,557,395
Profit and loss	<u>390,498,995</u>	<u>5,926,784,769</u>	<u>1,323,296,362</u>	<u>41,074,810</u>	<u>187,761,731</u>	<u>1,643,859,272</u>

34. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Company entered into the following significant transactions with related parties:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Aizawa Securities Co., Ltd		
Revenue of securities brokerage fee	11,226,544,064	7,101,908,673
Advisory revenue	2,016,000,000	6,048,710,000
Revenue of brokerage sales bonus	5,565,825,476	-
Receive capital contribution	60,000,000,000	59,000,000,000

Significant balances with related parties at the end of the year:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Aizawa Securities Co., Ltd		
Receivables of securities transaction fees and taxes	54,636,446	298,191,184
Receivables of securities investment activities	168,300,000	2,751,892,000
Other receivables	932,476,716	365,671,701

Salary and bonus of the Board of Management were as follows:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Salary and bonus of the Board of Management	1,159,547,440	1,217,453,996
Total	<u>1,159,547,440</u>	<u>1,217,453,996</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

35. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debit and equity balance.

The capital structure of the Company consists of net debt (borrowings less cash and cash equivalents) and shareholders' equity (comprising contributed capital, reserves and retained earnings).

Financial leverage ratio

The financial leverage ratios of the Company as at the balance sheet date was as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Borrowings	-	-
Less: Cash and cash equivalents	47,398,414,835	9,612,886,716
Net debt	-	-
Equity	<u>156,978,537,440</u>	<u>89,766,014,175</u>
Net debt to equity ratio	<u>0%</u>	<u>0%</u>

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and financial instrument are stated in Note 4.

Categories of financial instruments

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Financial assets		
Cash and cash equivalents	47,398,414,835	9,612,886,716
Held-to-maturity investments	91,000,000,000	59,000,000,000
Loans	1,295,112,294	1,284,195,294
Trade and other receivables	2,541,351,152	4,329,586,136
Deposits	<u>943,934,880</u>	<u>1,010,763,268</u>
Total	<u><u>143,178,813,161</u></u>	<u><u>75,237,431,414</u></u>
Financial liabilities		
Trade accounts payable	108,646,661	120,324,888
Accrued expenses	<u>418,246,167</u>	<u>769,156,359</u>
Total	<u><u>526,892,828</u></u>	<u><u>889,481,247</u></u>

The Company has not assessed fair value of its financial assets and liabilities as at the end of accounting period since there are no comprehensive guidance under Circular 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with International Financial Reporting Standards.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

35. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives

The Company has developed risk management systems in order to detect and assess the risk that the Company suffered, establish policies and procedures to control risks at acceptable level. Risk management system is reviewed regularly to reflect changes in market conditions and the operation of the Company. Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates and prices. The Company does not hedge these risk exposures due to the lack of active market for the trading activities of financial instruments.

Interest rate risk management

The Company is exposed to interest rate risk arising from interest of loans contracts signed. This risk will be managed by the Company to maintain a reasonable level of loans and analysed the competitive situation in the market to get the beneficial interest for the Company to borrow from the appropriate sources.

Share price risk management

Shares held by the Company are affected by market risks arising from the uncertainty about future prices of such shares. The Company manages this risk exposure by setting up investment limits. The Board of Management of the Company also considers and approves decisions on share investments as well as operating industry, company for investment. The Company assesses the share price risk to be immaterial.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Company does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company's policies is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term.

The following table details the contractual maturities for the remaining financial assets, non-derivative financial liabilities and payment terms as agreed. The table is presented based on the undiscounted cash flows of financial assets and the undiscounted cash flows of financial liabilities based on the earliest date on which the Company must pay. The table shows the cash flows of principal and interest payments. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

35. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management (Continued)

	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
Closing balance			
Cash and cash equivalents	47,398,414,835	-	47,398,414,835
Held-to-maturity investments	73,000,000,000	18,000,000,000	91,000,000,000
Loans	1,295,112,294	-	1,295,112,294
Trade and other receivables	2,541,351,152	-	2,541,351,152
Deposits	142,900,000	801,034,880	943,934,880
Total	124,377,778,281	18,801,034,880	143,178,813,161
Closing balance			
Trade accounts payable	108,646,661	-	108,646,661
Accrued expenses	418,246,167	-	418,246,167
Total	526,892,828	-	526,892,828
Net liquidity gap	123,850,885,453	18,801,034,880	142,651,920,333
	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
Opening balance			
Cash and cash equivalents	9,612,886,716	-	9,612,886,716
Held-to-maturity investments	6,000,000,000	53,000,000,000	59,000,000,000
Loans	1,284,195,294	-	1,284,195,294
Trade and other receivables	4,329,586,136	-	4,329,586,136
Deposits	210,928,388	799,834,880	1,010,763,268
Total	21,437,596,534	53,799,834,880	75,237,431,414
Opening balance			
Trade accounts payable	120,324,888	-	120,324,888
Accrued expenses	769,156,359	-	769,156,359
Total	889,481,247	-	889,481,247
Net liquidity gap	20,548,115,287	53,799,834,880	74,347,950,167

36. OTHER INFORMATION

About the addition of securities dealing

According to the amended license No. 59/GPDC-UBCK dated 03 October 2019, the Company was allowed to supplement its securities dealing operation.

37. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND 2,652,000,000, representing an addition in fixed assets and construction in progress during the year that had been paid from last year. Consequently, changes in accounts receivable have been adjusted by the same amount.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

38. COMPARATIVE FIGURES

Comparative figures are those on the financial statements for the year ended 31 December 2018 which were audited by another auditing company.



Hoang Thi Thanh Huyen
Preparer



Khong Thi Huong
Chief Accountant

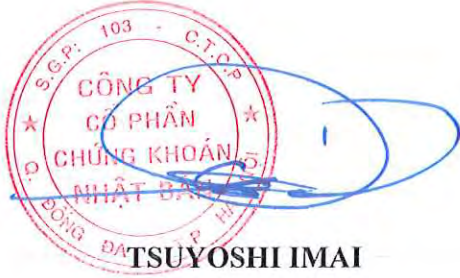


Tsuyoshi Imai
Chief Executive Officer
Hanoi, 10 March 2020





CONFIRMATION BY THE COMPANY'S LEGAL REPRESENTATIVE



TSUYOSHI IMAI
Chairman cum CEO