



**Thang Long Securities Joint Stock Company**

Report of the Board of Directors and  
Audited Financial Statements

for the year ended 31 December 2008

# Thang Long Securities Joint Stock Company

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# Thang Long Securities Joint Stock Company

## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Thang Long Securities Joint Stock Company ("The Company") presents this report and the Company's financial statements for year ended 31 December 2008.

### THE COMPANY

Thang Long Securities Joint Stock Company ("The Company") is a joint stock company established in Vietnam under Business Registration Certificate No. 0104000003 issued by Hanoi Department of Planning and Investment on 05 June 2000 and amended on 20 December 2006. The Company then received Operating License No. 05/GPHĐKD issued by State Securities Commission of Vietnam ("SSC"), dated on 11 May 2000 and subsequently amended on 01 September 2003, 01 October 2007 and 28 December 2007 ("hereafter collectively called Operating Licenses").

The principal activities of the Company are brokerage service; securities trading; corporate finance and securities investment advisory service; underwriting for securities issuance.

The Company's head office is located on 6<sup>th</sup> Floor, Toserco Building, 273 Kim Ma Street, Hanoi. The Company also has a branch in Ho Chi Minh city.

### RESULTS AND DIVIDENDS

The net profit after tax for the year ended 31 December 2008 was 373,160 thousand VND (2007's net profit after tax was 84,390,599 thousand VND).

### EVENTS SINCE THE BALANCE DATE

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

### BOARD OF DIRECTORS

The members of Board of Directors during the year 2008 and at the date of this report are:

Mr. Le Van Be	Chairman	Appointed on 31 December 2007
Mr. Le Dinh Ngoc	Deputy-Chairman	Appointed on 31 December 2007
Mr. Pham Tuan	Member	Appointed on 31 December 2007
Mr. Pham Viet Thich	Member	Appointed on 31 December 2007
Mr. Trinh Khac Hau	Member	Appointed on 31 December 2007

### BOARD OF MANAGEMENT

Members of Board of Management during the year 2008 and at the date of this report are:

Mr. Le Dinh Ngoc	Chief Executive Officer	Appointed on 02 January 2008
Mr. Trinh Khac Hau	Deputy Chief Executive Officer	Appointed on 02 January 2008
Mr. Quach Manh Hao	Deputy Chief Executive Officer	Temporarily appointed on 01 August 2008

### AUDITORS

The auditors, Ernst & Young Vietnam Limited, have expressed their willingness to accept the reappointment.



# Thang Long Securities Joint Stock Company

REPORT OF THE BOARD OF DIRECTORS (continued)

## STATEMENTS OF BOARD OF MANAGEMENT'S RESPONSIBILITIES WITH RESPECT TO THE FINANCIAL STATEMENTS

The Board of Management is responsible for ensuring that the financial statements for each financial period give a true and fair view of the state of affairs of the Company and of its results and cash flows for the period. In preparing those financial statements, the Board of Management is required to:

- ▶ select the suitable accounting policies and apply them consistently;
- ▶ make judgments and estimates reasonably and prudently;
- ▶ state clearly that whether accounting standards applied for the Company have been followed, subject to any material departures disclosed and explained in financial statement; and
- ▶ prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

The Board of Management confirms that the Company has complied with the above requirements in preparing the financial statements.

The Board of Management is responsible for ensuring that all proper accounting records are kept which disclose the Company's separate financial position with reasonable accuracy at anytime, and for ensuring that those accounting records comply with the registered accounting system. The Board of Management is also responsible for the safeguarding of the Company's assets, and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## APPROVAL OF FINANCIAL STATEMENTS

We hereby approve the accompanied financial statements which give a true and fair view of the Company's financial position as at 31 December 2008, the results of its operation and cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and accounting policies applicable for securities companies under Decision 99/2000/QĐ-BTC dated 13 June 2000 issued by the Ministry of Finance and comply with relevant statutory requirements.

On behalf of the Board of Directors  
  


Mr. Le Van Be  
Chairman

Hanoi, Vietnam

16 February 2009

Reference: 60755036/13618593

## INDEPENDENT AUDITOR'S REPORT

To: **The Board of Directors  
Thang Long Securities Joint Stock Company**

We have audited the balance sheet as at 31 December 2008 of Thang Long Securities Joint Stock Company ("The Company"), the income statement and cash flow statement for the year then ended and the notes thereto ("the financial statements") as set out on pages 5 to 33. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The Company's financial statements for the year ended 31 December 2007 were audited by another auditors whose reports dated 13 March 2008 expressed a qualified opinion on those financial statements.

### *Basis of Opinion*

Except for matters discussed in the following paragraphs, we conducted our audit in accordance with Vietnamese Standards on Auditing applicable in Vietnam. These standards require that we plan and perform the auditing process to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes accessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statement. We believe that our audit provides a reasonable basis for our opinion.

### *Qualifications*

- ▶ Another auditors expressed a qualified opinion on the Company's financial statements for the year ended 31 December 2007 on the basis that the Company had not recognised income from reverse repurchase contracts and advances to investors of the years 2006 and 2007 in proper periods. Although having no impact on the statement of income for the year 2008, this matter affected the 2007's comparative figures of revenues, expenses and undistributed earnings items presented in the accompanying financial statements;
- ▶ We would like to draw attention to the Company's short-term investments amounting to 22,524,000 thousand VND as presented in Note III.5.1, and Non-listed shares amounting to 303,628,932 thousand VND as presented in Note III.11.1. These items are presented at historical cost. Some of these investments have been impaired due to the adverse economic conditions during the year. However, the Management of Company has not made any provision because the Management believes there is no reliable information about the fair value of these securities in the market. In addition, the Management did not assess the fair value for these securities using other acceptable valuation techniques apparently due to the unavailability of reliable information. Because of such limitations, we are unable to determine the provision for the investments, is any, in order to present them at their recoverable amount as at 31 December 2008;
- ▶ We would like to draw attention to Non-listed fund certificates amounting to 45,525,000 thousand VND as presented in Note III.11.2. These securities are presented at historical cost. The Company has not made any provision for impairment for these fund certificates. As at 31 December 2008, total owners' equity of these investment funds were lower than the total contributed capital. Accordingly, the provision for impairment is estimated to be 17,239,275 thousand VND as presented in Note III.11.2 – Non-listed fund certificates.



**Qualifications** (continued)

- ▶ We would like to draw attention to Receivables from agreements on financial assistance for investors in Note III.6.1 and Receivables from reverse repurchase agreements in Note III.6.2. These receivables are presented at cost. These receivables are secured by the underlying shares, which during the term of the contracts ownership of these shares is transferred to the Company. As at 31 December 2008, there were certain impairment indicators on these receivables including the decline in market value of underlying shares below their cost and restructuring and extension of some of these contracts. The Company did not make any provision for these receivables on the basis that they believe the investors would fulfill their obligation of repaying the assisted fund or repurchasing the securities. Due to lack of guidance on provisioning for such financial assistance and reverse repurchase contracts, we are unable to determine the provision, if any, in order to present these receivables at their recoverable amount as at 31 December 2008.

**Opinion**

In our opinion, except for matters discussed in preceding paragraphs, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2008, the results of its operation and the cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and accounting policies prescribed under Decision 99/2000/QĐ-BTC dated 13 June 2000 issued by the Ministry of Finance and in compliance with relevant statutory requirements.



*Ernst & Young Vietnam Ltd*

Ernst & Young Vietnam Ltd

*Vo Tan Hoang Van*

Vo Tan Hoang Van  
Deputy General Director  
Registered Auditor  
Certificate No: 0264/KTV

Hanoi, Vietnam

16 February 2009

*Vo Xuan Minh*

Vo Xuan Minh  
Auditor in charge  
Registered Auditor  
Certificate No: 0923/KTV

BALANCE SHEET  
as at 31 Dec 2008

Currency: thousand VND

Code	ASSETS	Notes	31 December 2008	31 December 2007
<b>100</b>	<b>A - CURRENT ASSETS AND SHORT-TERM INVESTMENTS</b>		<b>1,276,831,105</b>	<b>2,190,031,497</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>		<b>243,572,340</b>	<b>436,522,408</b>
111	1. Cash on hand		422,002	324,145
112	2. Cash at banks	III.1	111,706,528	126,420,692
114	3. Bank accounts for securities trading of investors	III.2	127,340,202	287,118,089
115	4. Bank accounts for selling of issued securities		4,103,608	22,659,482
<b>120</b>	<b>II. Short-term securities investments and other short-term investments</b>		<b>252,229,589</b>	<b>443,681,156</b>
121	1. Proprietary trading securities	III.3	178,491,456	277,918,782
122	2. Short-term investment securities of trust investors	III.4	-	171,435,600
123	3. Other short-term investments	III.5	122,524,000	-
124	- Company's short-term investments	III.5.1	22,524,000	-
125	- Short-term investments of partners under securities trading co-operation contracts	III.5.2	100,000,000	-
126	4. Provision for diminution in price of proprietary trading securities	III.3	(48,785,867)	(5,673,226)
<b>130</b>	<b>III. Receivables</b>		<b>773,915,847</b>	<b>1,299,193,504</b>
132	1. Receivables from investors	III.6	745,512,645	1,271,725,629
133	2. Receivables from securities issuers		233,045	-
135	3. Advances to suppliers		774,308	2,197,125
136	4. Internal receivables		-	1,454,000
137	5. Other receivables	III.7	28,285,842	23,873,750
138	6. Provision for doubtful debts	III.8	(889,993)	(57,000)
<b>150</b>	<b>IV. Other current assets</b>		<b>7,113,329</b>	<b>10,634,429</b>
151	1. Advances	III.9	5,385,642	5,286,586
152	2. Prepaid expenses		1,676,687	908,175
156	3. Short terms deposits, mortgages and collaterals		51,000	4,378,001
143	4. Tools and equipments		-	61,667

The accompanying notes from I to IV form part of this financial report.



BALANCE SHEET (continued)  
as at 31 Dec 2008

Unit: thousand VND

Code	ASSETS	Notes	31 December 2008	31 December 2007
<b>200</b>	<b>B - FIXED ASSETS AND LONG-TERM INVESTMENTS</b>		<b>665,139,032</b>	<b>250,338,803</b>
<b>210</b>	<b>I. Fixed assets</b>		<b>30,260,739</b>	<b>18,016,651</b>
211	1. Tangible fixed assets	III.10.1	24,944,111	11,396,239
212	Cost		34,463,447	14,769,772
213	Accumulated depreciation		(9,519,336)	(3,373,533)
217	2. Intangible fixed assets	III.10.2	5,316,628	6,620,412
218	Cost		7,087,990	6,658,655
219	Accumulated depreciation		(1,771,362)	(38,243)
<b>220</b>	<b>II. Long-term securities investments and other long-term investments</b>		<b>454,818,932</b>	<b>230,250,000</b>
221	1. Long-term securities investments of securities company	III.11	349,173,932	65,250,000
223	2. Long-term securities of trust investors	III.12	-	162,000,000
224	3. Other long-term investments	III.13	105,645,000	3,000,000
225	- Long-term investments of the Company	III.13.1	37,420,000	3,000,000
226	- Long-term investments of partners under securities investment co-operation contracts	III.13.2	68,225,000	-
227	4. Provision for diminution in price of long-term securities investment and other long-term investments	III.11	-	-
<b>230</b>	<b>III. Invested real estates</b>		<b>174,413,980</b>	<b>-</b>
	Cost		174,413,980	-
	Accumulated depreciation		-	-
<b>240</b>	<b>IV. Other long-term assets</b>		<b>5,645,381</b>	<b>2,072,152</b>
241	1. Long terms deposits, mortgages and collaterals	III.14	2,057,515	1,423,308
242	2. Payment for Settlement Assistance Fund	III.15	3,587,866	648,844
<b>250</b>	<b>TOTAL ASSETS</b>		<b>1,941,970,137</b>	<b>2,440,370,300</b>

The accompanying notes from I to IV form part of this financial report.



BALANCE SHEET (continued)  
as at 31 Dec 2008

Currency: thousand VND

Code	LIABILITIES AND OWNERS' EQUITY	Notes	31 December 2008	31 December 2007
<b>300</b>	<b>A – LIABILITIES</b>		<b>1,501,674,133</b>	<b>2,049,748,726</b>
<b>310</b>	<b>i. Current liabilities</b>		<b>930,270,993</b>	<b>1,587,748,726</b>
312	1. Short-term loans		-	405,898,581
313	2. Short-term issued bonds	III.17	630,000,000	500,000,000
318	3. Payables to suppliers		6,007,559	380,283
319	4. Advances from customers		669,000	100,565,000
321	5. Dividends, principal and interest payables		13,004,797	1,417,176
323	6. Statutory obligations		1,447,091	16,072,177
324	7. Payables to employees		-	1,179,861
325	8. Accrued expenses	III.18	47,453,399	17,330,124
326	9. Internal payables		-	790,000
327	10. Payables to securities issuers		3,730,584	25,561,835
328	11. Other payables	III.19	100,760,754	231,435,600
332	12. Deposits for securities trading of investors		127,197,809	287,118,089
<b>340</b>	<b>ii. Non-current liabilities</b>		<b>571,403,140</b>	<b>462,000,000</b>
343	1. Long-term issued bonds	III.20	500,000,000	300,000,000
344	2. Long-term deposits and mortgages received		3,178,140	-
345	3. Payable to trust investors		-	162,000,000
346	4. Other long-term payables	III.21	68,225,000	-
<b>400</b>	<b>B – OWNERS' EQUITY</b>		<b>440,296,004</b>	<b>390,621,574</b>
<b>410</b>	<b>i. Initial capital</b>	<b>III.22</b>	<b>420,000,000</b>	<b>300,000,000</b>
411	1. Share capital		420,000,000	300,000,000
<b>430</b>	<b>iii. Reserves and undistributed earnings</b>	<b>III.22</b>	<b>20,296,004</b>	<b>90,621,574</b>
431	1. Investment and Development reserves		988,985	695,906
432	2. Financial reserves		17,814,755	13,979,435
438	3. Undistributed earnings		438,509	74,722,516
439	4. Bonus and welfare funds		1,053,755	1,223,717
<b>450</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,941,970,137</b>	<b>2,440,370,300</b>


The accompanying notes from I to IV form part of this financial report.

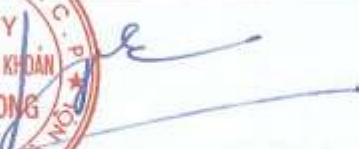
BALANCE SHEET (continued)  
as at 31 Dec 2008

## OFF-BALANCE SHEET ITEMS

Currency: thousand VND

Code	ITEMS	Notes	31 December 2008	31 December 2007
1.	Fixed assets under operating lease	001	-	-
2.	Goods held under trust	002	743,943,420	274,420,910
3.	Bad debts written off	003	-	-
4.	Foreign currencies	004	-	-
5.	Depreciation source	005	2,118,980	1,763,456
6.	Custody securities of local members	006	5,989,132,650	1,291,810,335
	<i>In which:</i>			
6.1	Trading securities of local custody members	007	5,913,591,360	1,019,365,525
6.1.1	Trading securities of local entities	008	99,552,100	11,312,950
6.1.2	Trading securities of local individuals	009	5,814,039,260	1,008,052,575
6.1.3	Trading securities of local trust investors	010	-	-
6.2	Temporarily un-tradable securities of local members	011	55,241,100	79,062,780
6.3	Mortgaged-securities of local members	015	20,300,190	192,923,230
6.4	Temporarily-blocked securities of local members	019	-	-
6.5	Securities pending for trading	020	-	458,800
7.	Custody securities of foreign investors	023	25,804,550	-
	<i>In which:</i>			
7.1	Trading securities of foreign investors	024	13,279,410	-
7.2	Temporarily un-tradable securities of foreign investors	028	12,525,140	-
7.3	Mortgaged-securities of foreign investors	032	-	-
7.4	Temporarily-blocked securities of foreign investors	036	-	-
8.	Securities held by the Company for sold under trust	040	-	-
9.	Retailed securities	044	130,091,770	127,253,340

  
Ms. Trương Tu Anh  
Chief Accountant

  
Mr. Lê Đình Ngọc  
Chief Executive Officer



Hanoi, Vietnam  
16 February 2009

The accompanying notes from I to IV form part of this financial report.



INCOME STATEMENT  
for the year ended at 31 Dec 2008

## PART 1: PROFIT - LOSS

Currency: thousand VND

Code	ITEMS	Notes	2008	2007
01	<b>1. Revenues from operating activities</b>		<b>320,819,823</b>	<b>205,933,166</b>
	In which:			
02	- Revenue from brokerage services		35,021,105	73,743,632
03	- Revenue from proprietary trading activities		55,203,411	49,290,389
04	- Revenue from investment portfolio management services for trust investors		1,355,893	1,670,182
05	- Revenue from underwriting and agency services for securities issuance		750,159	897,351
06	- Revenue from corporate finance advisory services		3,120,728	4,105,055
07	- Revenue from securities custody services		1,765,860	860,967
08	- Reversal of provisions		-	-
09	- Revenue from treasury activities		223,454,864	75,275,590
10	- Revenue from leasing and usage of equipment and information		147,803	90,000
11	<b>2. Deductions</b>		<b>(1,993,015)</b>	<b>(6,492,933)</b>
12	<b>3. Net revenues</b>		<b>318,826,808</b>	<b>199,440,233</b>
13	<b>4. Investment income</b>		<b>25,655,819</b>	<b>9,302,751</b>
14	<b>5. Income from operating and investment activities</b>		<b>344,482,627</b>	<b>208,742,984</b>
15	<b>6. Operating expenses</b>	III.24	<b>(323,245,596)</b>	<b>(96,505,576)</b>
20	<b>7. Gross profit</b>		<b>21,237,031</b>	<b>112,237,408</b>
30	<b>8. General and administrative expenses</b>	III.25	<b>(20,866,914)</b>	<b>(9,075,036)</b>
40	<b>9. Net profit from operating activities</b>		<b>370,117</b>	<b>103,162,372</b>
41	- Other income		7,219	7,744
42	- Other expense		(4,176)	(7,555)
50	<b>10. Other profit</b>		<b>3,043</b>	<b>189</b>
60	<b>11. Profit before tax</b>		<b>373,160</b>	<b>103,162,561</b>
70	<b>13. Enterprise income tax</b>	III.16	-	<b>(18,771,962)</b>
80	<b>14. Net profit after tax</b>		<b>373,160</b>	<b>84,390,599</b>
90	<b>15. Basic earnings per share</b>	IV.1	<b>0.01</b>	<b>5.13</b>

The accompanying notes from I to IV form part of this financial report.



# Thang Long Securities Joint Stock Company

B02-CTCK

INCOME STATEMENT (Continued)  
for the year ended 31 Dec 2008

## PART II: STATUTORY OBLIGATIONS

Items	Code	Opening balance	Payable for the year	Paid during the year	Adjustment due to		Ending balance
					Tax final termination	in prior years	
<b>I Tax</b>	<b>10</b>	<b>16,072,177</b>	<b>2,386,135</b>	<b>(17,051,954)</b>	<b>26,528</b>	<b>1,432,886</b>	
1 VAT for domestic sales	11	-	323,090	(456,691)	242,009	108,408	
2 VAT for imported goods	12	-	-	-	-	-	
3 Import duties	13	-	-	-	-	-	
4 Enterprise income tax	14	16,071,605	325,224	(15,277,387)	(215,481)	903,961	
5 Housing tax	15	-	-	-	-	-	
6 Land rental	16	-	-	-	-	-	
7 Other taxes	17	572	1,737,821	(1,317,876)	-	420,517	
Personal income tax		572	1,737,821	(1,317,876)	-	420,517	
Registration tax		-	-	-	-	-	
Others		-	-	-	-	-	
<b>II Other obligations</b>	<b>18</b>	-	<b>24,443</b>	<b>(10,238)</b>	-	<b>14,205</b>	
1 Fees and charges	19	-	-	-	-	-	
2 Others	20	-	24,443	10,238	-	14,205	
		<b>16,072,177</b>	<b>2,410,578</b>	<b>(17,062,192)</b>	<b>26,528</b>	<b>1,447,091</b>	

*Truong Tu Anh*

Chief Accountant  
Truong Tu Anh

Hanoi, Vietnam  
16 February 2009



Chief Executive Officer  
Le Dinh Ngoc

The accompanying notes from I to IV form part of this financial report.

CASH FLOW  
for the year ended at 31 Dec 2008

Currency: thousand VND


Code	ITEMS	Notes	2008	2007
	<b>I. CASHFLOWS FROM OPERATING ACTIVITIES</b>			
1	Profit before tax		373,160	103,162,561
	<i>Adjustment for:</i>			
2	Depreciation of fixed assets	III.24, III.25	8,376,891	1,873,170
3	Provisions	III.24	43,945,634	5,704,214
4	Enterprise income tax paid	III.16	(15,277,387)	(8,029,059)
5	Other adjustment on undistributed earnings and reserves		-	262,973
6	Adjustment on undistributed earnings due to Tax final determination for the year 2006, 2007	III.22	(151,431)	-
7	Profit transfer to Military Joint Stock Bank	III.22	(59,897,958)	(5,275,617)
8	Payments from bonus and welfare fund		(2,981,316)	(2,428,204)
9	Payments from investment and development funds		(1,739,125)	-
10	Gain/(Loss) from the disposal of fixed assets		3,803	-
11	Interest expenses on deposits		(4,079,817)	(40,407,566)
12	Interest income		27,785,547	14,003,327
13	Interest expense on issued bonds and loans		(172,256,648)	(24,938,317)
20	<b>Operating income before changes in working capitals</b>		<b>(175,898,647)</b>	<b>43,927,482</b>
21	Increase in receivables		280,691,715	(1,331,459,609)
22	Increase/(decrease) in payables		(314,862,781)	689,662,545
23	(Increase)/ decrease in prepaid expenses		3,521,100	(7,165,799)
24	(Increase)/decrease in deposits, mortgages, collaterals		(3,573,229)	(1,263,644)
25	Increase in deposits, mortgages and collaterals received		3,178,140	(8,897,515)
40	<b>Net cashflow from/(used in) operating activities</b>		<b>(206,943,702)</b>	<b>(615,196,540)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
41	Purchases of fixed assets		(20,624,782)	(17,903,426)
42	Purchases of real estates for investment		(174,413,980)	-
43	Payments for investments in subsidiaries		(76,230,006)	(323,938,975)
44	Investment income received		215,967,402	69,525,366
50	<b>Net cashflow from investing activities</b>		<b>(55,301,366)</b>	<b>(272,317,035)</b>

The accompanying notes from I to IV form part of this financial report.


CASH FLOW (continued)  
for the year ended at 31 Dec 2008

Currency: thousand VND

Code	ITEMS	Notes	2008	2007
	<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>			
51	Proceeds from share issuance	III.22	120,000,000	180,000,000
52	Loan proceeds		1,148,807,000	1,516,325,730
54	Loan repayments		(1,199,512,000)	(501,255,875)
60	<b>Net cashflows from financing activities</b>		<b>69,295,000</b>	<b>1,195,069,855</b>
70	<b>Net increase/(decrease) in cash and cash equivalents during the year</b>		<b>(192,950,068)</b>	<b>307,556,280</b>
80	<b>Opening cash and cash equivalent balance</b>		<b>436,522,408</b>	<b>128,966,128</b>
90	<b>Ending cash and cash equivalent balance</b>		<b>243,572,340</b>	<b>436,522,408</b>

  
Ms. Trương Tu Anh  
Chief Accountant



  
Mr. Lê Đình Ngọc  
Chief Executive Officer

Hanoi, Vietnam

16 February 2009

The accompanying notes from I to IV form part of this financial report.



NOTES TO THE FINANCIAL STATEMENTS  
as at and for the year ended 31 Dec 2008

**I. COMPANY PROFILE**

Thang Long Securities Company ("The Company") is a joint stock company established in Vietnam.

**Operation**

Thang Long Securities Joint Stock Company ("The Company") is a joint stock company established in Vietnam under Business Registration Certificate No. 0104000003 issued by Hanoi Department of Planning and Investment on 05 June 2000 and amended on 20 December 2006. The Company then received Operating License No. 05/GPHĐKD issued by State Securities Commission of Vietnam ("SSC"), dated on 11 May 2000 and subsequently amended on 01 September 2003, 01 October 2007 and 28 December 2007 ("hereafter collectively called Operating Licenses").

The principal activities of the Company are brokerage service; securities trading; corporate finance and securities investment advisory service; underwriting for securities issuance.

The Company's head office is located on 6<sup>th</sup> Floor, Toserco Building, 273 Kim Ma Street, Hanoi. The Company also has a branch in Ho Chi Minh city.

**Chartered capital**

The Company's initial chartered capital according to Business Registration Certificate No. 0104000003 issued by Hanoi Department of Planning and Investment dated on 05 June 2000 was 9 billion Vietnam dong. The chartered capital has been supplemented over time in compliance with amended operating licenses. As at 31 December 2008, the Company's total chartered capital was 420,000,000 thousand VND (2007: 300,000,000 thousand VND).

During 2008, additions to the Company's chartered capital are presented as followed:

<u>Increased chartered capital</u> <u>( thousand VND )</u>	<u>Approved in</u>	<u>Date</u>
420,000,000	Operating License No. 182/UBCK-GP	31 December 2008

**Board of Directors**

Members of Board of Directors during the year 2008 and at the date of this report are:

Mr. Le Van Be	Chairman	Appointed on 31 December 2007
Mr. Le Dinh Ngoc	Deputy-Chairman	Appointed on 31 December 2007
Mr. Pham Tuan	Member	Appointed on 31 December 2007
Mr. Pham Viet Thich	Member	Appointed on 31 December 2007
Mr. Trinh Khac Hau	Member	Appointed on 31 December 2007

**Board of Management**

Members of Board of Management during the year 2008 and at the date of this report are:

Mr. Le Dinh Ngoc	Chief Executive Officer	Appointed on 02 January 2008
Mr. Trinh Khac Hau	Deputy Chief Executive Officer	Appointed on 02 January 2008
Mr. Quach Manh Hao	Deputy Chief Executive Officer	Temporarily appointed on 01 August 2008

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

## I. COMPANY PROFILE (continued)

**Board of Supervisors**

Members of the Board of Supervisors during the year 2008 and at the date of this report are:

Ms. Vu Cam La Huong	Head of the Board of Supervisors	Appointed on 31 December 2007
Ms. Le Thu Van	Member	Appointed on 31 December 2007
Ms Tham Thi Thuy	Member	Appointed on 31 December 2007

**Location and network**

The Company's head office is located on 6th Floor, Toserco Building, 273 Kim Ma Street, Hanoi. As at 31 December 2008, the Company has one (01) head office, and one (01) branch in HoChiMinh city.

**Employees**

The total employees of the Company as at 31 December 2008 was 228 employees (2007: 223 people).

## II. SIGNIFICANT ACCOUNTING POLICIES

## 1. Basis of presentation

The financial statements of the Company are presented in thousand of Vietnamese dong unit ("thousand VND" or "VND'000"), which are prepared in compliance with the accounting policies applicable to securities companies as prescribed in the Decision No. 99/2000/QĐ-BTC dated 13 June 2000 by Ministry of Finance, and Vietnam Accounting Standards issued by the Ministry of Finance as per the:

- ▶ Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- ▶ Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

In accordance with the official correspondence No. 15040/BTC-CDKT issued by Minister of Finance, the Company continues applying the Decision 99/2000/QĐ-BTC in preparing and presenting these financial statements. The Company would apply Circular 95/2008/TT-BTC dated 24 October 2008 guiding on the accounting policies for securities companies from 1 January 2009.

The Company maintains its accounting records in Vietnamese currency.

The accompanying balance sheet, income statement, statement of cash flows and related notes, including their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and territories other than Vietnam.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

II. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2. **Registered accounting documentation system**

The registered accounting documentation system is the General Journal.

3. **Fiscal year**

The Company's fiscal year starts on 1 January and ends on 31 December.

4. **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original term-to-maturity of less than or equal to three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

5. **Receivables**

Receivables are presented in the financial statements at the carrying amounts due from customers and other debtors, along with the provision for doubtful debts.

The provision for doubtful debts represents the estimated loss due to non-payment arising from receivables that were outstanding at the balance sheet date. Increases and decreases to the provision balance are recorded as general and administrative expense in the income statement.

6. **Fixed assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation.

The historical cost of an asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure on additions, improvements and renewals are capitalised and expenditure on maintenance and repairs are charged to the income statement. When assets are sold or disposed, their historical cost and accumulated depreciation are removed from the balance sheet and any gain or loss resulting from their disposals is included in the income statement.

7. **Depreciation and amortization**

Depreciation and amortization of tangible and intangible fixed assets are calculated on a straight-line depreciation basis over the estimated useful life of each asset in accordance to Decision No. 206/2003/QĐ-BTC dated 12 December 2003 by Ministry of Finance, as follows:

Machinery	3-6 years
Vehicle	6 years
Building	5-6 years

8. **Operating lease**

Rentals under operating leases are charged to income statement on a straight-line basis over the term of the leasing contract



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

**II. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**9 Investment in securities**

**9.1 Proprietary trading securities**

Trading securities are recognised at historical cost less provisions for diminution in price of trading securities. Dividends received during the year are recognised as an investment income in the income statement. Debt securities' interests received are recognised as a deduction in carrying value of trading securities for the portion incurred before the purchasing date and as an investment income for the portion incurred since the purchasing date. Provision for diminution in price is made for individual stocks traded in the market which have market values lower than book values. Market value is defined as closing price at 31 December 2008 as for listed stocks on HoChiMinh Stock Exchange (HOSE), or average price at 31 December 2008 as for listed stocks on Hanoi Securities Trading Center. Non-listed securities are recognised at cost.

**9.2 Other short-term and long-term investment securities**

Short-term and long-term investment recognised at historical cost less provisions for diminution in price. Provision for diminution in price is made for individual stocks traded in the market which have market values lower than book values. Market value is defined as closing price at 31 December 2008 as for listed stocks on HoChiMinh Stock Exchange (HOSE), or average price at 31 December 2008 as for listed stocks on Hanoi Securities Trading Center. Non-listed securities are recognised at cost.

**10. Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase at a specified future date ("repos") are not derecognized from the balance sheet. The corresponding cash received is recognized as a liability in the separate balance sheet. The difference between the selling price and repurchasing price is recognised as an expense or an asset pending allocation and is allocated to the separate income statement over the life of the agreement using the straight-line method.

Conversely, securities purchased under agreements to resell at a specified future date ("reverse repos") (if any) are not recognized on the balance sheet. The corresponding cash paid is recognized as an asset in the separate balance sheet. The difference between the purchasing price and reselling price is recognized as an income or a liability pending allocation and is allocated to the separate income statement over the life of the agreement using the straight-line method.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

**II. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**11. *Trust contract on investment portfolio management***

Trusted assets and funds received from trust individuals and entities under trust contracts are recognised and presented as investment assets of and payables to trust investors in the Company's balance sheet.

At the end of 2008, the Company has stopped conducting trusted investment portfolio management activities.

**12. *Payables and accrued expenses***

Payables and accrued expenses are recognized for amount to be paid in the future for goods and services received, whether or not billed to the Company.

**13. *Foreign currency-based transactions***

Transactions in currencies other than the Company's reporting currency are recorded at the inter-bank exchange rates on the transaction date. At the end of the fiscal year, monetary assets and liabilities denominated in foreign currencies are revalued at interbank exchange rates ruling at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the income statement.

**14. *Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

*Revenue from services provision*

Revenue is recognized to the extent of work-completeness when the result of the contract can be ensured. In case when the contractual result cannot be ensured, the revenue will only be recognized as recoverable expenses.

*Revenue from trading securities*

Revenue from trading securities are determined by the differences between selling prices and the average cost of securities sold.

*Interest*

Interest income is recognised in the income statement on accrual basis.

*Dividend*

Revenue is recognised when the Company is entitled to receive dividend.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

II. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

15. **Cost of securities sold**

The company applies moving weighted average method to calculate cost of equity securities sold.

16. **Enterprise income tax**

*Current tax*

Current tax assets and tax liabilities for the current period and 2008 are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the balance sheet date.

*Deferred tax*

Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purpose.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss;
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilized, except :

- ▶ where the deferred tax arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Previously unrecognised deferred income tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

II. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

16. **Enterprise income tax** (continued)

*Deferred tax* (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the income statement, except when it relates to items recognised 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 taxable entity and the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

17. **Reserves**

In accordance with the Circular No. 11/2000/TT-BTC issued by Ministry of Finance on 1 February 2000, the Company uses undistributed earnings to create reserves as follow:

	<u>Percentage of profit after tax</u>	<u>Maximum level</u>
Capital Supplementary Reserve	5%	10% of chartered capital
Statutory Reserve	5%	10% of chartered capital

Other reserves and funds are created in accordance with resolutions of shareholders' meetings.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

### III. DETAILS OF SELECTED ITEMS IN THE FINANCIAL STATEMENTS

#### III.1 Cash at banks

	31 December 2008 VND'000	31 December 2007 VND'000
Military Joint Stock Bank	59,193,475	64,294,658
Pacific Commercial Joint Stock Bank	25,000,000	-
Saigon Commercial Bank	15,000,000	-
Cement Finance JS Company	12,000,000	-
Bank for Investment and Development of Vietnam	438,112	1,521,669
Joint Stock Commercial Bank for Foreign Trade of Vietnam	31,837	-
An Binh Joint Stock Bank	11,477	60,001,949
Vietnam Bank for Agricultural and Rural Development	10,909	11,674
Other banks	20,718	590,742
	<u>111,706,528</u>	<u>126,420,692</u>

#### III.2 Bank accounts for securities trading of investors

	31 December 2008 VND'000	31 December 2007 VND'000
Military Joint Stock Bank	119,193,854	161,061,279
Bank for Investment and Development of Vietnam	8,019,659	58,293,890
Vietnam Bank for Agricultural and Rural Development	126,689	67,762,920
	<u>127,340,202</u>	<u>287,118,089</u>

#### III.3 Proprietary trading securities

Details of the Company's proprietary trading securities are as followed:

	31 December 2008 VND'000	31 December 2007 VND'000
<b>Proprietary trading securities</b>		
Listed shares	125,266,884	123,033,305
Non-listed shares (*)	-	154,885,477
Bonds	53,224,572	-
	<u>178,491,456</u>	<u>277,918,782</u>
<b>Provisions for diminution in price of proprietary trading securities</b>		
Listed shares	(48,785,867)	(5,673,226)
	<u>129,705,589</u>	<u>272,245,556</u>

(\*): At 31 December 2008, all proprietary non-listed shares was moved to long-term investment securities' account corresponding to the change in holding purpose. Please refer to Note III.11.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

**III. DETAILS OF SELECTED ITEMS IN THE THE FINANCIAL STATEMENTS (continued)**

**III.4 Short-term investment securities of trust investors**

Short-term investment securities of trust investors were securities that the Company is delegated to manage under short-term trust contracts and earns fixed fee over the life of those contracts. These securities are recorded at cost as the Company does not bear any related risks. At 31 December 2008, the Company has liquidated all trust contracts.

**III.5 Other short-term investments**

	31 December 2008	31 December 2007
	<u>VND'000</u>	<u>VND'000</u>
<b>Company's short-term investments</b>		
Investment shares under Trust contract with Thang Long Invest Joint Stock Company (TLI)	22,524,000	-
<b>Short-term investment of partners under securities trading co-operation contracts</b>		
Short-term bills of Saigon Commercial Joint Stock Bank	100,000,000	-
	<u>122,524,000</u>	<u>-</u>

**III.5.1 Company's short-term investments**

According to Trust contract with Thang Long Invest Joint Stock Company (TLI), the Company will bear all risk related to investment portfolio. At 31 December 2008, the above-mentioned investment portfolio comprised non-listed stocks, which was presented at cost

**III.5.2 Short-term investment of partners under securities trading co-operation contracts**

Under bill trading co-operation contract with partners, the Company invested in Saigon Commercial Joint Stock Bank's short-term bills, in which the Company earns fixed income at 0.1% per year on partner's fund contribution.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

### III. DETAILS OF SELECTED ITEMS IN THE FINANCIAL STATEMENTS (continued)

#### III.6 Receivables from investors

	31 December 2008 VND'000	31 December 2007 VND'000
Receivables from agreements on financial assistance for investors (Note III.6.1)	241,719,393	184,843,410
Receivables from reverse repurchase agreements (Note III.6.2)	500,250,659	1,046,402,514
Receivables from advances to investors (Note III.6.3)	3,542,593	40,479,705
	<u>745,512,645</u>	<u>1,271,725,629</u>

#### III.6.1 Receivables from agreements on financial assistance for investors

Receivables from agreements on financial assistance for investors are receivables under assistance contracts on bidding securities, settlement on trading, purchasing securities on assisted value. Those contracts are secured by assisted securities portfolio ("underlying securities") or net asset value of investors; which their terms varies from 2 to 6 months, and interest rates ranges from 1,35% to 1,8% per month. Over the validity period of those contracts, ownership of underlying securities is transferred to the Company.

The Company believes that investors will pay the assisted funds in re-receiving of collateralized securities, and hence, the collectibility of these receivables is not affected.

#### III.6.2 Receivables from reverse repurchase agreements

Receivables from reverse repurchase agreements validate from 3 to 6 months and earn interest rates ranging from 1.35% to 1.8% per month. Over the validity period of those contracts, ownership of underlying securities is transferred to the Company. These receivables are recognised at cost, i.e. purchasing price.

The Company believes that investors will re-purchase underlying shares of these reverse repurchase contracts, and hence, collectibility of these receivables is not affected.

#### III.6.3 Receivables from advances to investors

Receivables from advances to investors are advances made to investors who successfully sell their securities on the date of successful selling transactions. In accordance with current regulations of the Vietnam Securities Trading Center, the investors will receive money on the third day (day T+3) starting from the date of the successful selling transaction. The advances made to the investors for the period from the selling transaction date to the money receiving date (T+3) bear the fees varied from 0,04% to 0,58% per day.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

### III. DETAILS OF SELECTED ITEMS IN THE FINANCIAL STATEMENTS (continued)

#### III.7 Other receivables

	31 December 2008 VND'000	31 December 2007 VND'000
Interest receivable (*)	25,760,765	23,831,947
Dividend receivable	1,918,138	-
Other receivables	606,939	41,803
	<u>28,285,842</u>	<u>23,873,750</u>

(\*): Interest receivables mostly are interest receivables from reverse repurchase contracts and agreements on financial assistance for investors as mentioned in note III.6.

#### III.8 Provisions for doubtful debts

Provisions for doubtful debts are made mainly for reverse repurchase contracts and agreements on financial assistance for investors which were due, but the customers had not fulfilled their obligations accordingly to Circular 13/2006/TT-BTC.

#### III.9 Advances

	31 December 2008 VND'000	31 December 2007 VND'000
Advances for operating activities	876,200	2,300,108
Advances for corrections of operational errors	4,506,982	2,862,630
Other advances	2,460	123,848
	<u>5,385,642</u>	<u>5,286,586</u>

#### III.10. Fixed assets

##### III.10.1 Tangible fixed assets

	Buildings VND'000	Machineries and equipments VND'000	Vehicles VND'000	Office equipments VND'000	Total VND'000
<b>COST</b>					
At 31 December 2007	2,816,412	10,084,225	1,719,216	149,919	14,769,772
Purchases	339,834	19,855,612	-	-	20,195,446
Disposals	53,570	448,201	-	-	501,771
At 31 December 2008	<u>3,102,676</u>	<u>29,491,636</u>	<u>1,719,216</u>	<u>149,919</u>	<u>34,463,447</u>
<b>ACCUMULATED DEPRECIATION</b>					
At 31 December 2007	256,104	2,660,740	442,782	13,907	3,373,533
Depreciation	496,807	5,830,444	286,536	29,984	6,643,771
Decrease	49,767	448,201	-	-	497,968
At 31 December 2008	<u>703,144</u>	<u>8,042,983</u>	<u>729,318</u>	<u>43,891</u>	<u>9,519,336</u>
<b>NET BOOK VALUE</b>					
At 31 December 2007	2,560,308	7,423,485	1,276,434	136,012	11,396,239
At 31 December 2008	<u>2,399,532</u>	<u>21,448,653</u>	<u>989,898</u>	<u>106,028</u>	<u>24,944,111</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

### III. DETAILS OF SELECTED ITEMS IN THE FINANCIAL STATEMENTS (continued)

#### III.10 Fixed assets (continued)

##### III.10.2 Intangible fixed assets

	<i>Computer software VND'000</i>	<i>Total VND'000</i>
<b>COST</b>		
At 31 December 2007	6,658,655	6,658,655
Purchase	429,335	429,335
Disposal	-	-
Adjustment	-	-
At 31 December 2008	<u>7,087,990</u>	<u>7,087,990</u>
<b>ACCUMULATED DEPRECIATION</b>		
At 31 December 2007	38,243	38,243
Depreciation	1,733,119	1,733,119
Disposal	-	-
Adjustment	-	-
At 31 December 2008	<u>1,771,362</u>	<u>1,771,362</u>
<b>NET BOOK VALUE</b>		
At 31 December 2007	<u>6,620,412</u>	<u>6,620,412</u>
At 31 December 2008	<u>5,316,628</u>	<u>5,316,628</u>

#### III.11 Long-term securities investments of the Company

Detail of long-term securities investment of the Company is as followed:

	<i>31 December 2008 VND'000</i>	<i>31 December 2007 VND'000</i>
<b>Long-term securities investment</b>		
Non-listed shares (Note III.11.1)	303,628,932	4,500,000
Non-listed fund certificates (Note III.11.2)	45,525,000	60,750,000
Bonds	20,000	-
<b>Provision for impairment</b>	-	-
	<u>349,173,932</u>	<u>65,250,000</u>

##### III.11.1 Non-listed shares

At 31 December 2008, those shares were recognised at costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

### III. DETAILS OF SELECTED ITEMS IN THE FINANCIAL STATEMENTS (continued)

#### III.11 Long-term securities investments of the Company (continued)

##### III.11.2 Non-listed fund certificates

As at 31 December 2008, the above fund certificates are recognised at cost. Owners' equity at those investment funds is presented as below:

	<i>Company's contributed capital</i>	<i>Company's portion in Owners' Equity</i>	<i>Difference</i>
	<u>VND'000</u>	<u>VND'000</u>	<u>VND'000</u>
The portion is free to transfer	35,425,000	22,696,725	(12,728,275)
The portion is restricted from transfer	10,100,000	5,589,000	(4,511,000)
	<u>45,525,000</u>	<u>28,285,725</u>	<u>(17,239,275)</u>

#### III.12 Long-term securities investment of trust investors

Long-term investment securities of trust investors were securities which the Company is delegated to manage under long-term trust contracts and earns fixed fee over the life of those contracts. These securities are recorded at cost as the Company does not bear any related risks. At 31 December 2008, the Company has liquidated all trust contracts.

#### III.13 Other long-term investments

	<i>31 December 2008</i>	<i>31 December 2007</i>
	<u>thousand VND</u>	<u>thousand VND</u>
<b>Long-term investment of the Company</b>		
Long-term deposit contract with bank	29,420,000	-
Long-term equity investment	8,000,000	3,000,000
<b>Long-term investments of partners under securities investment co-operation contracts</b>		
Sai Gon A2 security investment fund certificates (SFA2)	53,000,000	-
Hanoi Security Investment fund certificates	15,225,000	-
	<u>105,645,000</u>	<u>3,000,000</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

### III. DETAIL OF SELECTED ITEMS IN FINANCIAL STATEMENTS (continued)

#### III.13 Other long-term investments (continued)

##### III.13.1 Long-term investment of the Company

Long-term deposit contract with banks is 2-year deposit contract with VPBANK on which the Company earns an annual interest rate of 13.9%.

Detail of the Company's equity investments as at 31 December 2008 is as followed:

Company name	Face value	Carrying value	% holding of
	VND'000	VND'000	the Company VND'000
Hanoi Fund Management Company (HFM)	3,000,000	3,000,000	7.5%
MBLAND Joint Stock Company	5,000,000	5,000,000	1%
	<u>8,000,000</u>	<u>8,000,000</u>	

##### III.13.2 Long-term investment of partnet under incorporate securities business contracts

Sai Gon A2 security investment fund certificates (SFA2) is the portfolio which the Company invested under Securities investment co-operation contract with representative of individual trust investors, in which the Company earns a fixed annual rate of 0.2% on the actual trusted fund.

Hanoi Security Investment fund certificates is the portfolio which the Company invested under securities investment co-operation contract with Military Bank.

#### III.14 Long-term mortgages and collaterals

Long-term mortgages and collaterals are deposits for office rental of the Company.

#### III.15 Payment to Settlement Assistance fund

Settlement Assistance Fund records the margin deposits at Securities Trading Centers.

According to Decision No 60/2004/QĐ-BTC dated on 15 July 2004 and Decision No 72/2005/QĐ-BTC dated 21 October 2005 issued by Ministry of Finance, the Company has to deposit the first installment of VNDm 120 at each Securities Trading Center and annually add further 0.008% of previous year's total brokerage securities value.

Increasing/Decreasing in Settlement Assistance Fund during the year as follows:

	2008 VND'000	2007 VND'000
Beginning balance	648,844	225,942
Additions	2,939,022	422,902
Ending balance	<u>3,587,866</u>	<u>648,844</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

### III. DETAIL OF SELECTED ITEMS IN THE FINANCIAL STATEMENTS (continued)

#### III.16 Enterprise income tax

According to Circular 100/2004/TT-BTC dated 20 October 2004 and Official Document No. 3354/TC-CST dated 24 March 2005 by Ministry of Finance, the Company is exempted from enterprise income tax for 2 years 2001 and 2002 (2001 is the first year the Company made profit), the Company has to pay enterprise income tax at tax rate of 10% for years from 2003 to 2005, 20% for years from 2006 to 2010, and 25% for the remaining years.

	2008 VND'000	2007 VND'000
Profit before tax	373,160	103,162,561
Less:		
Dividend income exempted from EIT	25,655,819	9,302,751
Taxable income	(25,282,600)	93,859,810
EIT at applicable tax rate of 20%	-	(18,771,962)
EIT payable at the beginning of the year	16,071,605	5,328,702
EIT payable during the year	325,224	18,771,962
EIT payable on behalf of Hanoi Fund Management Company (*)	325,224	-
EIT paid during the year	(15,277,387)	(8,029,059)
EIT paid for the previous periods	(15,277,387)	(5,328,702)
EIT paid during this year	-	(2,700,357)
Adjustment on EIT due to Tax final determination for years 2006,2007	(215,481)	-
<b>EIT payable at the end of the year</b>	<b>903,961</b>	<b>16,071,605</b>

(\*): Tax on income of security investment fund which Hanoi Fund Management Company had yet to withhold at source and requested the Company to pay on their behalf.

#### III.17 Short-term issued bonds

Short-term issued bonds includes bonds issued by the Company having terms vary from 11 to 12 months, bear interest rates from 9.6 – 12% per year (2007: 9.6% per year) and paid once at maturity date.

#### III.18 Accrued expenses

	31 December 2008 VND'000	31 December 2007 VND'000
Accrued bond interest expenses	46,760,690	15,468,250
Accrued expense for received services	472,395	1,861,144
Termination allowances	220,314	732
	<b>47,453,399</b>	<b>17,330,124</b>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

**III. DETAIL OF SELECTED ITEMS IN THE FINANCIAL STATEMENTS (continued)**

**III.19 Other payables**

	31 December 2008	31 December 2007
	VND'000	VND'000
Payables to partners under short-term securities trading co-operation contracts	100,000,000	-
Union fee, medical insurance and social insurance payables	287,384	-
Payable to Military Insurance JS Company	-	60,000,000
Payable to trust investors	-	171,435,600
Other payables	473,370	-
	<u>100,760,754</u>	<u>231,435,600</u>

**III.20 Long-term issued bonds**

Long-term issued bonds includes bonds issued by the Company to partners, which have 2-year term, bear interest rates from 9 – 16.5% per year (2007: 9% per year); interest paid annually.

**III.21 Other long-term payables**

Other long-term payables are payables prescribed under long-term securities investment co-operation contracts with partners. Please refer to note III.13.2.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

### III. DETAILS OF SELECTED ITEMS IN THE FINANCIAL STATEMENTS (continued)

#### III.22 Owners' Equity

##### III.22.1 Increase/decrease in owners' equity

	Chartered capital	Investment and development reserves	Financial reserves	Undistributed earnings	Bonus and welfare funds	Total
	VND'000	VND'000	VND'000	VND'000	VND'000	VND'000
<b>At 1 January 2007</b>	<b>120,000,000</b>	<b>392,776</b>	<b>5,843,227</b>	<b>7,000,273</b>	<b>435,547</b>	<b>133,671,823</b>
Share issued	180,000,000	-	-	-	-	180,000,000
Profit after-tax in year 2007	-	-	-	84,390,599	-	84,390,599
Creation of reserves	-	712,345	8,228,083	(11,607,810)	2,667,382	-
Use of reserves	-	(409,215)	(91,875)	-	(1,927,114)	(2,428,204)
Profit transfer to Military Joint Stock Bank	-	-	-	(5,275,617)	-	(5,275,617)
Others	-	-	-	215,071	47,902	262,973
<b>At 31 December 2007</b>	<b>300,000,000</b>	<b>695,906</b>	<b>13,979,435</b>	<b>74,722,516</b>	<b>1,223,717</b>	<b>390,621,574</b>
<b>At 1 January 2008</b>	<b>300,000,000</b>	<b>695,906</b>	<b>13,979,435</b>	<b>74,722,516</b>	<b>1,223,717</b>	<b>390,621,574</b>
Share issued	120,000,000	-	-	-	-	120,000,000
Adjustment on undistributed earnings due to Tax final determination for year 2006, 2007	-	-	-	-	-	-
Increase reserves of 2007 following to Meeting Minutes No. 03/2008/TSC/HĐQT-BB of Board of Directors	-	1,516,773	3,990,367	(14,607,778)	9,100,638	-
Use of reserves	-	(1,223,694)	(155,047)	-	(9,270,600)	(10,649,341)
Profit transfer to Military Joint Stock Bank	-	-	-	(59,897,958)	-	(59,897,958)
Profit after tax for the year	-	-	-	373,160	-	373,160
<b>At 31 December 2008</b>	<b>420,000,000</b>	<b>988,985</b>	<b>17,814,755</b>	<b>438,509</b>	<b>1,053,755</b>	<b>440,296,004</b>

At 31 December 2008, the Company received Decision No. 182/UBCK-GP issued by State Securities Commission of Vietnam on approval of capital increase to 420,000,000 thousand Vietnam dong.



# Thang Long Securities Joint Stock Company

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

## III. DETAIL OF SELECTED ITEMS IN THE FINANCIAL STATEMENTS (continued)

### III.22 Owners' Equity (continued)

#### III.22.2 Ordinary shares

As at 31 December 2008, total number of the Company's outstanding ordinary shares was 42,000,000 (2007: 30,000,000). The Company did not issue preference or convertible shares during the year.

### III.23 Reserves

	<i>Beginning balance VND'000</i>	<i>Increase VND'000</i>	<i>Decrease VND'000</i>	<i>Ending balance VND'000</i>
Investment and development reserves	695,906	1,516,773	(1,223,694)	988,985
Reserves	13,979,435	3,990,367	(155,047)	17,814,755
<i>Statutory reserves</i>	6,421,324	99,217	-	6,520,541
<i>Chartered capital supplementary reserves</i>	6,421,324	99,217	-	6,520,541
<i>Financial reserves</i>	1,136,787	3,791,933	(155,047)	4,773,673
Bonus and welfare funds	1,223,717	9,100,638	(9,270,600)	1,053,755
	<b>15,899,058</b>	<b>14,607,778</b>	<b>(10,649,341)</b>	<b>19,857,495</b>

### III.24 Operating expenses

	<i>2008 VND'000</i>	<i>2007 VND'000</i>
Brokerage expenses	7,508,554	18,890,027
Securities trading expenses	53,666,158	454,837
Consultancy service expenses	356,946	605,539
Custody service expenses	152,091	-
Provision expenses	43,945,635	5,567,214
Expenses from treasury activities	179,944,152	40,407,566
Direct expenses for operating activities:		
<i>Staff cost</i>	16,235,264	11,598,183
<i>Depreciation and amortization</i>	3,205,740	977,069
<i>Office supplies</i>	1,365,707	6,332,908
<i>Outsourced services</i>	10,763,131	3,671,473
<i>Other expenses</i>	6,102,219	8,000,760
	<b>323,245,596</b>	<b>96,505,576</b>

### III.25 General and administrative expenses

	<i>2008 VND'000</i>	<i>2007 VND'000</i>
Staff cost	10,019,310	2,941,557
Materials and tools	852,992	1,921,181
Depreciation and amortization	5,171,151	896,100
Expense for external services	3,298,846	806,564
Tax and fees expense	57,571	12,781
Other expenses in cash	1,467,044	2,496,853
	<b>20,866,914</b>	<b>9,075,036</b>

# Thang Long Securities Joint Stock Company

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

## IV. OTHER INFORMATION

### IV.1 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to the ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. During the year ended 31 December 2008, the outstanding weighted average number of ordinary shares is 32,252,055 (2007:16,435,617 shares).

### IV.2 Transactions with related parties

Material transactions with related parties during the year are:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Value VND'000</i>
Military Bank Joint Stock Bank	Parent company	Capital contribution	100,000,000
		Short-term deposit contracts	12,114,572,500
		Trust contracts	119,200,000
		Securities investment co-operation contracts	15,225,000
		Interest income	25,172,958
		Brokerage fee	1,500,354
		Trust investment fee	80,000
MBLAND Joint Stock Company	A subsidiary of parent company	Capital contribution	5,000,000

Balance with related parties at 31 December 2008 are:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Receivables VND'000</i>	<i>Payables VND'000</i>
Military Bank Joint Stock Bank	Parent company	Current account	18,920,975	-
		Short-term deposit contract	40,272,500	-
		Securities investment co-operation contract	-	(15,225,000)
Hanoi Fund Management Company	A subsidiary of parent company	Capital contribution	3,000,000	-
MBLAND Joint Stock Company	A subsidiary of parent company	Capital contribution	5,000,000	-

### Transactions with other related parties

Total remuneration of members of Board of Directors and Board of Management for the year 2008 was 1,748,326 thousand VND.



# Thang Long Securities Joint Stock Company

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008

## IV. OTHER INFORMATION (continued)

### IV.3 Commitments And Contingent Liabilities

#### Operating lease commitments

The Company is renting offices under operating lease contracts. As at 31 December 2008, office rental commitments under these contracts are as follows:

	2008 VND'000	2007 VND'000
Due within 1 year	-	-
Due within 1 – 5 years	22.083.070	12.427.164
Due after 5 years	-	-

These rentals are estimated based on the rental fee stated in the lease contracts valid as at 31 December 2008. The rentals denominated in US dollars were converted to Vietnamese currency using the inter-bank exchange rate of 16,977 ruling at 31 December 2008.

### IV.4 Indices on overall financial position and performance of the Company

Index	Unit	Current year	Previous year
<b>Asset ratios</b>			
Fixed assets/Total assets	%	1.56	0.74
Current assets/Total assets	%	65.75	89.74
<b>Liquidity ratios</b>			
General liquidity ratio	%	77.33	83.99
<i>Liabilities/Total assets</i>			
Current liquidity ratio	times	1.28	1.55
<i>Current assets/Current liabilities</i>			
Quick liquidity ratio	times	1.28	1.55
<i>(Current assets – Inventories)/Current liabilities</i>			
Cash liquidity ratio	times	0.24	0.31
<i>Cash and cash equivalents/Current liabilities</i>			
<b>Profitability ratios</b>			
Profit before tax/Revenue	%	0.11	40.43
Profit after tax/Total asset	%	0.02	3.46
Profit after tax/Chartered capital	%	0.08	21.60

### IV.5 Comparative information

Certain figures on the financial statements for the year 2007 have been restated to be consistent with this year's presentation.

# Thang Long Securities Joint Stock Company

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2008


## IV. OTHER INFORMATION (continued)

### IV.6 Events since the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.



Chief Accountant  
Ms. Trương Tú Anh

  
Chief Executive Officer  
Mr. Lê Đình Ngọc

Hanoi, Vietnam

16 February 2009

