



Vietcombank Fund Management

Financial Statements for the year ended
31 December 2013



Vietcombank Fund Management Content

	Pages
Corporate information	2
Statement of the Board of Management	3
Independent auditor's report	4 - 5
Balance sheet	6 - 8
Statement of income	9
Statement of cash flows	10
Statement of changes in equity	11
Notes to the financial statements	12 - 35

Vietcombank Fund Management Corporate Information

Operation Licence No	06/UBCK-GPHDQLQ	2 December 2005
	21/UBCK-GPDC	3 September 2008
	70/UBCK-GPDC	17 May 2010
	76/ GPDC-UBCK	3 August 2010
	01/GPDC-UBCK	10 January 2011
	06/GPDC-UBCK	20 April 2011
	28/GPDC-UBCK	21 February 2012
	19/GPDC-UBCK	21 June 2013

The operation licence and updates were issued by the State Securities Commission of Vietnam and are valid for 30 years since the initial licence date.

Board of Directors	Mr. Pham Quang Dzung	Chairman
	Mr. Stephen Grundlingh	Vice Chairman
	Mr. Pham Chi Quang	Member
	Mr. Dennis Lim	Member
	Mr. Dam Hai Giang	Member

Board of Management	Mr. Avinash Deepak Satwalekar	Chief Executive Officer
	Mr. Dam Hai Giang	Deputy Chief Executive Officer

Registered Office	Vietcombank Tower, 15 th Floor 198 Tran Quang Khai Street Hoan Kiem District, Hanoi Vietnam
--------------------------	---

Auditors	KPMG Limited Vietnam
-----------------	-------------------------

Vietcombank Fund Management Statement of the Board of Management

The Board of Management of Vietcombank Fund Management (“the Company”) is responsible for the preparation and presentation of the financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for securities investment fund management companies stipulated in Circular No.125/2011/TT-BTC dated 05 September 2011 by the Ministry of Finance and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Management:

- (a) the financial statements set out on pages 6 to 35 give a true and fair view of the financial position of the Company as at 31 December 2013, and of the results of operations and the cash flows and the changes in equity of the Company for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and changes in equity for securities investment fund management companies stipulated in Circular No.125/2011/TT-BTC dated 5 September 2011 by the Ministry of Finance and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



Avinash Deepak Satwalekar
Chief Executive Officer

Hanoi, 20 March 2014



KPMG Limited
46th Floor, Keangnam Hanoi Landmark Tower,
72 Building, Plot E6, Pham Hung Street,
Me Tri, Tu Liem, Hanoi city
The Socialist Republic of Vietnam

Telephone + 84 (4) 3946 1600
Fax + 84 (4) 3946 1601
Internet www.kpmg.com.vn

INDEPENDENT AUDITORS' REPORT

To the Investors Vietcombank Fund Management

We have audited the accompanying financial statements of Vietcombank Fund Management ("the Company"), which comprise the balance sheet as at 31 December 2013, the statements of income, cash flows and changes in equity for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 20 March 2014, as set out on pages 6 to 35.

Management's Responsibility for the Financial Statements

The Company's Board of Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for securities investment fund management companies stipulated in Circular No.125/2011/TT-BTC dated 5 September 2011 by the Ministry of Finance and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Vietcombank Fund Management
Balance sheet as at 31 December 2013

Form B01 - CTQ

	Code	Note	31/12/2013 VND	31/12/2012 (reclassified) VND
ASSETS				
A - CURRENT ASSETS	100		65,715,808,038	87,849,664,245
I. Cash and cash equivalents	110	4	7,075,828,705	30,177,123,986
1. Cash	111		5,075,828,705	5,177,123,986
2. Cash equivalents	112		2,000,000,000	25,000,000,000
II. Short-term investments	120	5	52,046,314,656	51,300,000,000
1. Short-term investments	121		52,100,000,000	51,300,000,000
2. Allowance for diminution in the value of short-term investments	129		(53,685,344)	-
III. Short-term accounts receivable	130		5,935,132,698	5,794,502,317
1. Accounts receivable – trade	131	6	3,186,203,771	2,078,856,471
3. Prepayment to suppliers	132		412,172,986	-
4. Other receivables	135	7	2,336,755,941	3,715,645,846
V. Other current assets	150		658,531,979	578,037,942
1. Short-term prepayments	151		634,446,653	554,952,616
3. Taxes and other receivables from the State	154		22,485,326	22,485,326
5. Other current assets	158		1,600,000	600,000
B - NON-CURRENT ASSETS	200		11,447,499,742	5,454,679,916
I. Long-term accounts receivable	210		1,222,358,378	405,214,041
1. Accounts receivable - trade	211		1,222,358,378	405,214,041
II. Fixed assets	220		3,970,245,432	3,078,491,944
1. Tangible fixed assets	221	8	1,707,874,072	737,194,184
Cost	222		5,548,216,139	5,335,063,648
Accumulated depreciation	223		(3,840,342,067)	(4,597,869,464)
3. Intangible fixed assets	227	9	1,078,236,465	1,157,162,865
Cost	228		1,578,528,000	1,598,335,200
Accumulated amortisation	229		(500,291,535)	(441,172,335)
4. Construction in progress	230	10	1,184,134,895	1,184,134,895
IV. Other long-term assets	260		6,254,895,932	1,970,973,931
2. Deferred tax assets	262	11	5,101,358,846	763,648,028
3. Other long-term assets	268	12	1,153,537,086	1,207,325,903
TOTAL ASSETS	270		77,163,307,780	93,304,344,161

The accompanying notes are an integral part of these financial statements

Vietcombank Fund Management
Balance sheet as at 31 December 2013 (continued)

Form B01 - CTQ

	Code	Note	31/12/2013 VND	31/12/2012 (reclassified) VND
RESOURCES				
A - LIABILITIES	300		6,791,243,092	8,555,304,841
I. Current liabilities	310		6,791,243,092	8,402,869,782
2. Accounts payable	312		82,071,996	175,405,896
4. Taxes payable to State Treasury	314	13	2,249,312,525	2,232,866,908
5. Payables to employees	315		2,817,709,735	2,969,018,935
6. Accrued expenses	316		84,000,000	895,178,198
8. Other payables	319		313,115,998	1,096,784,558
10. Bonus and welfare funds	323		675,540,502	533,385,779
12. Unearned revenue	328		569,492,336	500,229,508
II. Long-term liabilities	330		-	152,435,059
6. Provision for severance allowance	336		-	152,435,059
B - EQUITY	400		70,372,064,688	84,749,039,320
I. Equity	410		70,372,064,688	84,749,039,320
1. Contributed capital	411	14	55,000,000,000	55,000,000,000
7. Investment and Development fund	417		5,055,381,937	6,635,207,284
8. Financial reserve	418		2,888,934,197	2,888,934,197
10. Retained profits	420		7,427,748,554	20,224,897,839
TOTAL RESOURCES	440		77,163,307,780	93,304,344,161

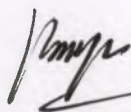
The accompanying notes are an integral part of these financial statements

Vietcombank Fund Management
Statement of income for the year ended 31 December 2013

Form B02 - CTQ

	Code	Note	2013 VND	2012 VND
1. Revenue	01	15	18,106,406,869	36,750,634,627
3. Net revenue from operating activities	10		18,106,406,869	36,750,634,627
4. Operating expenses	11	16	(11,661,375,298)	(8,058,241,030)
5. Gross profit	20		6,445,031,571	28,692,393,597
6. Financial income	21	17	10,446,155,880	7,789,783,427
7. Financial expense	22		(216,047,067)	(9,939,427)
8. General and administration expenses	25	18	(32,962,435,546)	(31,117,950,951)
9. Net operating (loss)/profit	30		(16,287,295,162)	5,354,286,646
10. Other income	31		152,435,059	-
12. Net other income	40		152,435,059	-
13. (Loss)/Profit before tax	50		(16,134,860,103)	5,354,286,646
15. Deferred tax benefit/(expense)	52	19	4,337,710,818	(2,101,191,339)
16. Net (loss)/profit after tax	60		(11,797,149,285)	3,253,095,307

Prepared by:



Ms. Nguyen Bang Tam
Chief Accountant

Approved by:



Mr. Avinash Deepek Satwalekar
Chief Executive Officer

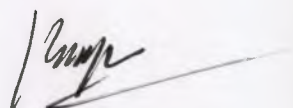
20 March 2014

The accompanying notes are an integral part of these financial statements

Statement of cash flows for the year ended 31 December 2013 (Direct method)

	Code	2013 VND	2012 VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from fund management activities	01	17,096,654,560	24,837,707,426
Payments to suppliers	02	(17,509,809,642)	(13,614,801,957)
Payments to employees	03	(21,809,812,531)	(18,053,002,974)
Payments for corporate income tax	05	-	(2,999,017,125)
Other receipts from operating activities	06	239,325,740	229,008,882
Other payments for operating activities	07	(9,544,751,268)	(7,565,242,574)
Net cash flows from operating activities	20	(31,528,393,141)	(17,165,348,322)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchases of fixed assets	21	(1,679,437,100)	(144,326,000)
Payments for investments in debt instruments of other entities	23	(14,000,000,000)	(45,000,000,000)
Proceeds from disposal of debt instruments of other entities	24	28,000,000,000	-
Payments for investments in other entities	25	(17,500,000,000)	-
Proceeds from disposals of investments	26	2,700,000,000	24,000,000,000
Dividends and interest received	27	11,051,341,556	5,352,485,009
Net cash flows from investing activities	30	8,571,904,456	(15,791,840,991)
Net cash flows during the year	50	(22,956,488,685)	(32,957,189,313)
Cash and cash equivalents at the beginning of the year	60	30,177,123,986	63,144,362,122
Currency translation differences	61	(144,806,596)	(10,048,823)
Cash and cash equivalents at the end of the year	70	7,075,828,705	30,177,123,986

Prepared by:



Ms. Nguyen Bang Tam
Chief Accountant

20 March 2014

Approved by:



Mr. Avinash Deepak Satwalekar
Chief Executive Officer

The accompanying notes are an integral part of these financial statements


Vietcombank Fund Management

Form B05 - CTQ

Statement of changes in equity for the year ended 31 December 2013

	Contributed capital VND	Investment and Development fund VND	Financial reserve VND	Retained profits VND	Total VND
Balance at 1 January 2012	55,000,000,000	8,826,764,300	2,888,934,197	16,971,802,532	83,687,501,029
Net profit for the year	-	-	-	3,253,095,307	3,253,095,307
Utilisation of reserves	-	(2,191,557,016)	-	-	(2,191,557,016)
Balance at 1 January 2013	55,000,000,000	6,635,207,284	2,888,934,197	20,224,897,839	84,749,039,320
Net profit for the year	-	-	-	(11,797,149,285)	(11,797,149,285)
Utilisation of reserves	-	(1,579,825,347)	-	-	(1,579,825,347)
Allocation to Bonus and welfare funds	-	-	-	(1,000,000,000)	(1,000,000,000)
Balance at 31 December 2013	55,000,000,000	5,055,381,937	2,888,934,197	7,427,748,554	70,372,064,688

Prepared by:


Ms. Nguyen Bang Tam
Chief Accountant




Mr. Avinash Deepak Satwalekar
Chief Executive Officer

20 March 2014

The accompanying notes are an integral part of these financial statements

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

1. Reporting entity

Vietcombank Fund Management ("the Company") is a joint venture company incorporated in Vietnam. The joint venture partners are Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank") (incorporated in Vietnam) and Franklin Templeton Capital Holdings Private Limited (incorporated in Singapore) with ownership interest of 51% and 49%, respectively. The principal activities of the Company are to establish and manage investment funds; and to manage investment portfolios.

As at 31 December 2013 the Company had 28 employees (31 December 2012: 24 employees).

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and changes in equity for securities investment fund management companies stipulated in Circular No.125/2011/TT-BTC dated 5 September 2011 by the Ministry of Finance and the relevant statutory requirements applicable to financial reporting.

(b) Basis of measurement

The financial statements, except for the statement of cash flows are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the direct method.

(c) Annual accounting period

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

(d) Accounting currency

The financial statements are prepared and presented in Vietnam Dong ("VND").

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates of exchange ruling at the transaction dates.

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

(b) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(c) Investments

(i) Classification

The Company classifies its listed and unlisted securities which are purchased for trading purpose as securities held for trading.

(ii) Recognition

The Company recognises securities held for trading on the date it becomes a party to the contractual provisions of the investments (trade date accounting).

(iii) Measurement

Listed securities held for trading are stated at cost less allowance for diminution in the value by reference to market prices of securities from the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange at the reporting date.

Unlisted securities held for trading are stated at cost less allowance for diminution in value which is estimated by the Company's management after taking into consideration to cost, market conditions, current and projected operating performance and expected cash flows.

The allowance for diminution in the value of investments is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(iv) Derecognition

Securities held for trading are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Cost of securities held for trading is determined on a weighted average basis.

(d) Account receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(e) Tangible fixed assets**(i) Cost**

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

(ii) Depreciation

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

- office equipment 3 years
- motor vehicles 6 years

(f) Intangible fixed assets**(i) Software**

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over its useful life of 3 years.

(ii) Golf club memberships

Golf club memberships are recorded at cost and amortised on a straight-line basis over 20 years.

(g) Construction in progress

Construction in progress represents the costs of software which has not been fully installed. No depreciation is provided for construction in progress during the period of installation.

(h) Accounts payable

Trade and other payables are stated at their cost.

(i) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(j) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Company's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Company classifies its financial instruments as follow:

(i) Financial assets*Financial assets at fair value through profit or loss*

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by the Company as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company as at fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Company has the positive intention and ability to hold to maturity, other than:

- those that the Company upon initial recognition designates as at fair value through profit or loss;
- those that the Company designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Company intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Company upon initial recognition designates as available-for-sale; or
- for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified as:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

(ii) Financial liabilities*Financial liabilities at fair value through profit or loss*

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by the Company as held for trading. A financial liability is considered as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company as at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

(k) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Reserves and funds

Investment and Development fund is allocated from profit after tax and is to expand the Company's operations and investments.

Financial reserve is allocated from profit after tax and is to cover losses incurred during the normal course of business.

Bonus and welfare fund are allocated from profit after tax and are used primarily to make payments to the Company's employees.

Reserve and funds are allocated at the Company's decision.

(m) Revenue**(i) Services rendered**

Revenue from services rendered is recognised in the statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due

(ii) Dividend income

Dividend income is recognised the right to receive the dividend is established.

(iii) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(n) Operating lease payments

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

(o) Related parties

Related parties include the investors, their ultimate parent companies and their subsidiaries, associates.

(p) Off balance sheet items

Amounts which are defined as off balance sheet items under the Circular 125/2011/TT-BTC dated by 5 September 2011 issued by the Ministry of Finance on promulgation of accounting system of securities investment fund management company ("Circular 125") are disclosed in the relevant notes to these financial statements.

(q) Nil Balances

Items or balances required by the Circular 125 that are not shown in these financial statements indicate nil balances.

4. Cash and cash equivalents

	31/12/2013 VND	31/12/2012 VND
Cash on hand	16,766,197	6,153,447
Cash at banks	5,059,062,508	5,170,970,539
Cash equivalents (i)	2,000,000,000	25,000,000,000
	<hr/> 7,075,828,705	<hr/> 30,177,123,986

- (i) Cash equivalents at 31 December 2013 earned interest at fixed rate of 6.8% per annum (31/12/2012: 9% per annum).

5. Short-term investments

	31/12/2013 VND	31/12/2012 VND
Investments in fund units (i)	21,100,000,000	6,300,000,000
Other short-term investments (ii)	31,000,000,000	45,000,000,000
Allowance for diminution in the value of investments (iii)	(53,685,344)	-
	<hr/> 52,046,314,656	<hr/> 51,300,000,000

- (i) Details of short-term investments in fund units are as follows:

	31/12/2013		31/12/2012	
	Quantity	Cost VND	Quantity	Cost VND
Vietcombank Partners Fund 3 ("VPF3")	3,300	3,600,000,000	6,000	6,300,000,000
VCBF Tactical Balanced Fund ("VCBF-TBF")	1,743,027.88	17,500,000,000	-	-
	1,746,327.88	21,100,000,000	6,000	6,300,000,000

- (ii) These balances represent term deposits at banks with original term to maturity of more than three months to one year. These balances are denominated in VND and earn annual interest rates ranging from 7% to 10% per annum (31 December 2012: from 9% to 14% per annum).
- (iii) Movements in the allowance for diminution in the value of short-term investments during the year were as follows:

	2013 VND	2012 VND
Opening balance	-	-
Increase in allowance during the year	53,685,344	-
Closing balance	53,685,344	-

6. Accounts receivable – trade

	31/12/2013 VND	31/12/2012 VND
Management fee receivable	3,186,203,771	2,078,856,471
	3,186,203,771	2,078,856,471

7. Other receivables

	31/12/2013 VND	31/12/2012 VND
Interest receivable from deposits at banks	2,126,149,999	3,592,972,223
Other receivables	210,605,942	122,673,623
	2,336,755,941	3,715,645,846

8. Tangible fixed assets

2013	Office equipment VND	Motor vehicles VND	Total VND
Cost			
Opening balance	1,851,707,934	3,483,355,714	5,335,063,648
Additions	1,679,437,100	-	1,679,437,100
Written-off (*)	(252,679,971)	-	(252,679,971)
Disposals	(1,213,604,638)	-	(1,213,604,638)
Closing balance	2,064,860,425	3,483,355,714	5,548,216,139
Accumulated depreciation			
Opening balance	1,725,466,469	2,872,402,995	4,597,869,464
Charge for the year	337,250,088	320,581,990	657,832,078
Written-off (*)	(201,754,837)	-	(201,754,837)
Disposals	(1,213,604,638)	-	(1,213,604,638)
Closing balance	647,357,082	3,192,984,985	3,840,342,067
Net book value			
Opening balance	126,241,465	610,952,719	737,194,184
Closing balance	1,417,503,343	290,370,729	1,707,874,072

- (*) The written-off represents net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND30 million or more. The net book values of these assets were fully charged to the statement of income during the year.

2012	Office equipment VND	Motor vehicles VND	Total VND
Cost			
Opening balance	1,729,312,886	3,483,355,714	5,212,668,600
Additions	144,326,000	-	144,326,000
Disposals	(21,930,952)	-	(21,930,952)
Closing balance	1,851,707,934	3,483,355,714	5,335,063,648
Accumulated depreciation			
Opening balance	1,660,856,472	2,419,034,640	4,079,891,112
Charge for the year	86,540,949	453,368,355	539,909,304
Disposals	(21,930,952)	-	(21,930,952)
Closing balance	1,725,466,469	2,872,402,995	4,597,869,464
Net book value			
Opening balance	68,456,414	1,064,321,074	1,132,777,488
Closing balance	126,241,465	610,952,719	737,194,184

9. Intangible fixed assets

2013	Software VND	Golf club memberships VND	Total VND
Cost			
Opening balance	19,807,200	1,578,528,000	1,598,335,200
Written-off (*)	(19,807,200)	-	(19,807,200)
Closing balance	-	1,578,528,000	1,578,528,000
Accumulated amortisation			
Opening balance	19,807,200	421,365,135	441,172,335
Charge for the year	-	78,926,400	78,926,400
Written-off (*)	(19,807,200)	-	(19,807,200)
Closing balance	-	500,291,535	500,291,535
Net book value			
Opening balance	-	1,157,162,865	1,157,162,865
Closing balance	-	1,078,236,465	1,078,236,465

- (*) The written-off represents net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND30 million or more. The net book values of these assets were fully charged to the statement of income during the year.

2012	Software VND	Golf club memberships VND	Total VND
Cost			
Opening and closing balance	19,807,200	1,578,528,000	1,598,335,200
Accumulated amortisation			
Opening balance	19,807,200	342,438,735	362,245,935
Charge for the year	-	78,926,400	78,926,400
Closing balance	19,807,200	421,365,135	441,172,335
Net book value			
Opening balance	-	1,236,089,265	1,236,089,265
Closing balance	-	1,157,162,865	1,157,162,865

10. Construction in progress

	2013 VND	31/12/2012 (reclassified) VND
Opening balance	1,184,134,895	1,012,291,042
Additions	-	171,843,853
Closing balance	1,184,134,895	1,184,134,895

11. Deferred tax assets

	31/12/2013 VND	31/12/2012 VND
Deferred tax assets:		
Unearned revenue	113,898,467	100,045,902
Provision for severance allowance	-	30,487,012
Tax losses carry-forwards	4,989,671,153	947,041,452
Deferred tax liabilities:		
Unrealised foreign exchange gains	(2,210,774)	(313,926,338)
Net deferred tax assets	5,101,358,846	763,648,028

12. Other long-term assets

	31/12/2013 VND	31/12/2012 VND
Deposits for rental	1,153,537,086	1,207,325,903

13. Taxes payable to State Treasury

	31/12/2013 VND	31/12/2012 VND
Personal income tax	2,249,312,525	2,232,866,908

14. Contributed capital

The Company's authorised and contributed capital is:

	31/12/2013		31/12/2012	
	VND	%	VND	%
Joint Stock Commercial Bank for Foreign Trade of Vietnam	28,050,000,000	51%	28,050,000,000	51%
Franklin Templeton Capital Holdings Private Limited	26,950,000,000	49%	26,950,000,000	49%
	55,000,000,000	100%	55,000,000,000	100%

15. Revenue

Total revenue represents the gross invoiced value of services rendered exclusive of value added tax.

Net revenue comprised:

	2013 VND	2012 VND
Management fees from:		
▪ Entrusting investment management activities (i)	10,412,354,481	21,904,701,334
▪ Fund management activities (ii)	955,500,000	7,211,041,667
▪ Incentive fees (iii)	2,320,340,272	3,060,795,376
▪ Investment consulting fee	4,418,212,116	4,574,096,250
	18,106,406,869	36,750,634,627

- (i) This is the income from portfolio management service. The Company is managing investment portfolio for some clients. The Company will earn management fee based on the charter capital or Net Asset Value of the entrusting portfolios.
- (ii) The Company currently manages Vietcombank Partners Fund 1 and Vietcombank Partners Fund 3. Under the Fund Management Agreement, the funds are charged by the Company a management fee based on their issued capital. The Company has permanently waived the management fee for Vietcombank Partners Fund 1 since January 2013.
- (iii) The Company also receives an incentive fee in relation to any financial year if the increase in Net Asset Value of the entrusted portfolio is higher than a basis threshold as indicated in the entrustment contract.

16. Operating expenses

	2013 VND	2012 VND
Salary and related expenses	5,540,152,576	5,184,339,252
Depreciation and amortisation expenses	63,547,272	11,013,465
Other expenses	6,057,675,450	2,862,888,313
	<u>11,661,375,298</u>	<u>8,058,241,030</u>

17. Financial income

	2013 VND	2012 VND
Interest income from deposits at banks	5,534,519,332	7,789,368,340
Dividends income	4,896,212,400	-
Foreign exchange gains	15,424,148	415,087
	<u>10,446,155,880</u>	<u>7,789,783,427</u>

18. General and administration expenses

	2013 VND	2012 VND
Salary and related expenses	22,452,015,839	21,162,934,251
Office rental expense	4,258,381,757	4,454,718,068
Public relation	887,799,447	1,552,775,971
Transportation expenses	996,568,588	743,487,761
Depreciation and amortisation expenses	673,211,206	607,822,239
Telecommunication expenses	480,295,083	538,202,498
Accommodation expenses	427,079,503	372,283,581
Stationery	182,153,384	134,408,510
Consultant fee	194,436,000	120,322,462
Tax and legal fee	86,096,814	17,885,989
Other expenses	2,324,397,925	1,413,109,621
	<u>32,962,435,546</u>	<u>31,117,950,951</u>

19. Income tax**(a) Recognised in the statement of income**

	2013 VND	2012 VND
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	(4,337,710,818)	2,101,191,339
Income tax expense	(4,337,710,818)	2,101,191,339

(b) Reconciliation of effective tax rate

	2013 VND	2012 VND
(Loss)/profit before tax	(16,134,860,103)	5,354,286,646
Tax at the Company's tax rate	(3,226,972,021)	1,070,857,329
Write off of deferred tax assets previously recognised	30,487,012	639,438,430
Effect of changes in tax rate	(437,867,599)	-
Non taxable income	(1,224,053,100)	-
Effect of different tax rate applied to other income	519,127,194	388,992,200
Non-deductible expenses	1,567,696	1,903,380
	(4,337,710,818)	2,101,191,339

(c) Applicable tax rates

Under the terms of Circular 100/2004/TT-BTC dated 20 October 2004 and Circular 72/2006/TT-BTC dated 10 August 2006 by the Ministry of Finance, the Company has an obligation to pay the government income tax at the rate of 20% of taxable profits from fund management activities for the first 10 years starting from the first year of operations and 25% for the succeeding years from the year 2015. Profits from other activities are eligible to the tax rate of 25%.

On 19 June 2013, the National Assembly approved the Law on amendments and supplements to a number of articles of the Corporate Income Tax Law. Accordingly, the highest income tax rate shall be reduced from 25% to 22% for 2014 and 2015, and to 20% from 2016.

24. Significant transactions and balances with related parties**(a) Significant transactions with related parties**

	Transaction value	
	2013 VND	2012 VND
Vietcombank Partners Fund 1		
Management fee	-	1,466,666,667
Vietcombank Partners Fund 3		
Management fee	955,500,000	5,744,375,000
Vietcombank Securities Co., Ltd		
Receipts of cash for entrusting investment contracts	17,500,000,000	-
Repayment for entrusting investment contracts	-	106,993,068,285
Entrusting investment management fee	2,107,664	100,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam		
Repayment for entrusting investment contracts	-	38,202,015,106
Entrusting investment management fee	5,600,000,000	17,303,542,234
Interest income from deposits	5,534,519,332	7,789,368,340
Franklin Templeton Capital Holdings Private Limited		
Revenue from consultancy fee	4,418,212,116	4,574,096,250

(b) Significant balances with related parties

	Balance as at 31 December	
	2013 VND	2012 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam		
Deposits	38,059,062,508	75,170,970,539
Interest receivables	2,126,149,999	3,592,972,223

25. Financial instruments

(a) Financial risk management

Overview

The Company has exposure mainly to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

(i) *Exposure to credit risk*

The maximum exposure to credit risk at the reporting date was as follows:

	Note	31/12/2013 VND	31/12/2012 VND
Cash and cash equivalents	(ii)	7,059,062,508	30,170,970,539
Short-term investments	(ii)	31,000,000,000	45,000,000,000
Accounts receivable – trade (short-term)	(iii)	3,186,203,771	2,078,856,471
Other receivables	(iii)	2,336,755,941	3,715,645,846
Accounts receivable – trade (long-term)	(iii)	1,222,358,378	405,214,041
Other long-term assets	(iii)	1,153,537,086	1,207,325,903
		<u>45,957,917,684</u>	<u>82,578,012,800</u>

(ii) *Cash and cash equivalents and short-term investments*

The cash and cash equivalents at bank and short-term investments (being term deposits at banks) of the Company is mainly deposited to Vietcombank, the Parent Bank. Management does not foresee any significant credit risks from these deposits.

(iii) *Trade and other receivables*

Account receivables mainly include management fee receivables and interest receivable from deposits at banks. Credit risk is considered minimal as these are receivables from funds under management of the Company and Vietcombank, the Parent Bank.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

	Carrying amount VND	Contractual cash flow VND	Less than 1 month VND	From 1 to 3 months VND
31 December 2013				
Accounts payable	82,071,996	82,071,996	82,071,996	-
Accrued expenses	84,000,000	84,000,000	-	84,000,000
Other payables	270,211,998	270,211,998	-	270,211,998
	436,283,994	436,283,994	82,071,996	354,211,998
31 December 2012				
Accounts payable	175,405,896	175,405,896	175,405,896	-
Accrued expenses	895,178,198	895,178,198	-	895,178,198
Other payables	1,096,784,558	1,096,784,558	-	1,096,784,558
	2,167,368,652	2,167,368,652	175,405,896	1,991,962,756

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

As at 31 December 2013 and 31 December 2012, the Company's exposure to currency risk is minimal because the Company did not have significant exposure to currencies other than VND, the Company's accounting currencies.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. The Company's exposure to market risk due to change in interest rates is minimal since all term deposits have maturities of not more than one year.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
	31/12/2013	31/12/2012
	VND	VND
<i>Fixed rate instruments</i>		
Cash equivalents	2,000,000,000	25,000,000,000
Short-term investments	31,000,000,000	45,000,000,000
	33,000,000,000	70,000,000,000
<i>Variable rate instruments</i>		
Cash at bank	5,059,062,508	5,170,970,539
	5,059,062,508	5,170,970,539

A change of 100 basis points in interest rates would have increased or decreased the net profit of the Company by VND38 million (2012: VND39 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(iii) Other market price risk

Market price risk is the risk that the value of the financial instruments will decrease as a result of change in equity indices and the values of individual securities. The Company invests and trades in fund units of Vietcombank Partners Fund 3 and Vietcombank Fund Management Tactical Balanced Fund (Note 5) and is exposed to market price risk of this investment.

(e) Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31/12/2013		31/12/2012	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Available for sales:				
- Short-term investments	21,046,314,656	(*)	6,300,000,000	(*)
Loans and receivables:				
- Cash and cash equivalents	7,075,828,705	7,075,828,705	30,177,123,986	30,177,123,986
- Other short-term investments	31,000,000,000	31,000,000,000	45,000,000,000	45,000,000,000
- Accounts receivable and other receivables (short-term)	5,522,959,712	(*)	5,794,502,317	(*)
- Accounts receivable (long- term)	1,222,358,378	(*)	405,214,041	(*)
- Other financial liabilities	1,153,537,086	(*)	1,207,325,903	(*)
Liabilities at amortised cost:				
- Accounts payable	82,071,996	(*)	175,405,896	(*)
- Accrued expenses	84,000,000	(*)	895,178,198	(*)
- Other payables	270,211,998	(*)	1,096,784,558	(*)

- (*) The Company has not determined fair values of these financial assets and financial liabilities for disclosure because (i) quoted prices in active market is not available for these financial assets and liabilities; and (ii) Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements do not provide guidance on measurement of fair values in the case where quoted prices in active market are not available. Fair values of these financial instruments may be different from their carrying values.

26. Commitments**Leases**

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

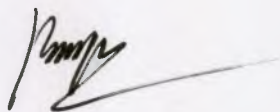
	31/12/2013 VND	31/12/2012 VND
Within one year	5,288,360,837	3,826,758,279
Within two to five years	12,830,686,615	11,793,335,116
More than five years	32,592,543,113	34,168,525,618
	50,711,590,565	49,788,619,013

27. Corresponding figures

Certain corresponding figures have been reclassified to conform with the current year presentation. A comparison of the amounts previously reported and reclassified is as follow:

	31/12/2012 (reclassified) VND	31/12/2012 (as previously reported) VND
Construction in progress	1,184,134,895	-
Long-term prepayments	-	1,184,134,895

Prepared by:



Ms. Nguyen Bang Tam
Chief Accountant

Approved by:



Mr. Avinash Deepak Satwalekar
Chief Executive Officer

20 March 2014

