

FPT CORPORATION

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2017



FPT CORPORATION

FPT Cau Giay Building, Duy Tan Street
Dich Vong Hau Ward, Cau Giay District
Hanoi, Vietnam

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FPT CORPORATION

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Dich Vong Hau Ward, Cau Giay District
Hanoi, Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of FPT Corporation and its subsidiaries (herein collectively called the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2017.

THE BOARDS OF DIRECTORS AND MANAGEMENT

The members of the Boards of Directors and Management of the Corporation who held office during the year and to the date of this report are as follows:

Board of Directors

Mr. Truong Gia Binh	Chairman
Mr. Bui Quang Ngoc	Vice Chairman
Mr. Do Cao Bao	Member
Mr. Jean Charles Belliol	Member
Mr. Le Song Lai	Member
Mr. Tomokazu Hamaguchi	Member
Mr. Dan E Khoo	Member

Board of Management

Mr. Bui Quang Ngoc	Executive President
Mr. Nguyen The Phuong	Executive Vice President
Mr. Do Cao Bao	Executive Vice President
Mr. Hoang Viet Anh	Executive Vice President (assigned on 01 March 2018)
Mr. Nguyen Van Khoa	Executive Vice President (assigned on 01 March 2018)
Mr. Duong Dung Trieu	Executive Vice President (resigned on 15 January 2018)

BOARD OF MANAGEMENT' STATEMENT OF RESPONSIBILITY

The Board of Management of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the financial position of the Corporation as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.



FPT CORPORATION

FPT Cau Giay Building, Duy Tan Street
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Hanoi, Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

The Board of Management of the Corporation is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of Management,



Nguyen The Phuong
Executive Vice President

Power of Attorney No. 94.3-2013/QD-FPT-TGD
dated 05 August 2013

05 March 2018

No.: 514 /VNIA-HN-BC

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders
The Boards of Directors and Management
FPT Corporation**

We have audited the accompanying consolidated financial statements of FPT Corporation and its subsidiaries (the "Corporation"), prepared on 05 March 2018 as set out from page 04 to page 48, which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

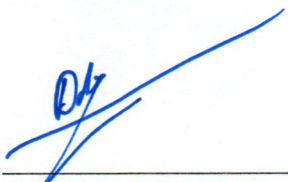
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the consolidated 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 Corporation'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.


Vu Duc Nguyen
Deputy General Director
Audit Practising Registration Certificate
No. 0764-2018-001-1


Do Hong Duong
Auditor
Audit Practising Registration Certificate
No. 2393-2015-001-1

DELOITTE VIETNAM COMPANY LIMITED

05 March 2018
Hanoi, S.R. Vietnam

FPT CORPORATION

FPT Cau Giay Building, Duy Tan Street
Dich Vong Hau Ward, Cau Giay District
Hanoi, Vietnam

FORM B 01-DN/HN

Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

CONSOLIDATED BALANCE SHEET*As at 31 December 2017*

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		16,059,937,820,645	21,908,662,957,423
I. Cash and cash equivalents	110	5	3,480,659,514,788	6,013,361,389,774
1. Cash	111		1,886,435,218,720	2,708,396,961,973
2. Cash equivalents	112		1,594,224,296,068	3,304,964,427,801
II. Short-term financial investments	120		4,379,446,212,073	3,472,087,285,737
1. Held-to-maturity investments	123	6	4,379,446,212,073	3,472,087,285,737
III. Short-term receivables	130		6,151,782,399,408	6,640,135,921,823
1. Short-term trade receivables	131		5,038,378,935,917	4,813,644,916,901
2. Short-term advances to suppliers	132		95,340,696,039	502,798,063,471
3. Receivables from contracts under percentage of completion method	134	7	431,581,193,340	621,152,412,137
4. Other short-term receivables	136	8	767,000,371,499	845,228,760,854
5. Provision for short-term doubtful debts	137		(180,518,797,387)	(142,688,231,540)
IV. Inventories	140		1,020,212,423,590	4,553,808,475,949
1. Inventories	141	10	1,024,043,952,523	4,617,030,139,516
2. Provision for devaluation of inventories	149	10	(3,831,528,933)	(63,221,663,567)
V. Other short-term assets	150		1,027,837,270,786	1,229,269,884,140
1. Short-term prepayments	151	11	759,948,049,853	700,736,999,465
2. Value added tax deductibles	152		156,145,888,056	405,361,079,316
3. Taxes and other receivables from the State budget	153	12	111,743,332,877	123,171,805,359

The notes are an integral part of these consolidated financial statements

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FORM B 01-DN/HN

Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
B. NON-CURRENT ASSETS	200		8,939,739,075,221	7,924,598,856,728
I. Long-term receivables	210		231,657,122,488	380,965,916,003
1. Long-term trade receivables	211		161,551,680,000	242,327,520,000
2. Other long-term receivables	216	8	124,834,616,306	192,339,224,231
3. Provision for long-term doubtful debts	219		(54,729,173,818)	(53,700,828,228)
II. Fixed assets	220		5,247,285,021,701	4,589,983,193,268
1. Tangible fixed assets	221	13	4,585,493,059,313	4,131,298,588,426
- Cost	222		8,260,173,587,144	7,932,027,298,677
- Accumulated depreciation	223		(3,674,680,527,831)	(3,800,728,710,251)
2. Finance lease assets	224		3,656,116,414	2,463,716,693
- Cost	225		4,702,426,443	3,446,506,943
- Accumulated depreciation	226		(1,046,310,029)	(982,790,250)
3. Intangible assets	227	14	658,135,845,974	456,220,888,149
- Cost	228		1,117,419,385,566	821,227,956,626
- Accumulated amortisation	229		(459,283,539,592)	(365,007,068,477)
III. Long-term assets in progress	240		805,559,896,217	1,020,980,424,296
1. Long-term work in progress	241		-	14,238,138,008
2. Construction in progress	242	15	805,559,896,217	1,006,742,286,288
IV. Long-term financial investments	250		1,783,369,007,284	826,327,509,802
1. Investments in associates	252	17	1,333,704,438,239	289,799,251,298
2. Equity investments in other entities	253	6	749,259,852,282	756,802,393,141
3. Provision for impairment of long-term financial investments	254	6	(299,595,283,237)	(221,058,175,167)
4. Held-to-maturity investments	255		-	784,040,530
V. Other long-term assets	260		871,868,027,531	1,106,341,813,359
1. Long-term prepayments	261	11	811,433,621,590	1,017,386,186,501
2. Deferred tax assets	262	18	60,434,405,941	88,955,626,858
TOTAL ASSETS (270=100 + 200)	270		24,999,676,895,866	29,833,261,814,151

The notes are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		11,761,300,662,093	18,385,186,549,332
I. Current liabilities	310		11,100,344,738,740	17,429,655,689,537
1. Short-term trade payables	311		2,279,172,467,047	3,757,370,436,671
2. Short-term advances from customers	312		561,261,495,876	582,218,403,864
3. Taxes and amounts payable to the State budget	313	12	320,421,087,431	342,476,553,769
4. Payables to employees	314		830,413,330,203	826,716,964,713
5. Short-term accrued expenses	315	19	918,418,793,263	602,957,629,994
6. Payables relating to contracts under percentage of completion method	317		20,380,725,175	18,960,567,464
7. Short-term unearned revenue	318	20	1,293,630,917,628	1,242,029,648,962
8. Other current payables	319	21	439,490,212,823	523,625,410,753
9. Short-term loans and obligations under finance leases	320	22	4,116,988,708,324	9,206,666,235,567
10. Short-term provisions	321	23	6,051,424,047	7,733,835,968
11. Bonus and welfare funds	322		314,115,576,923	318,900,001,812
II. Long-term liabilities	330		660,955,923,353	955,530,859,795
1. Long-term advances from customers	332		40,000,000,000	54,229,591,822
2. Long-term unearned revenue	336	20	47,796,539,629	12,305,331,089
3. Other long-term payables	337	21	1,525,469,921	148,828,875,776
4. Long-term loans and obligations under finance leases	338	24	565,209,817,637	732,697,612,808
5. Deferred tax liabilities	341		2,853,492,585	1,666,814,550
6. Long-term provisions	342	23	3,378,507,298	5,610,537,467
7. Scientific and technological development fund	343		192,096,283	192,096,283

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Hanoi, Vietnam

FORM B 01-DN/HN

Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
D. EQUITY	400		13,238,376,233,773	11,448,075,264,819
I. Owners' equity	410		13,235,626,233,773	11,445,325,264,819
1. Owners' contributed capital	411	25	5,309,611,050,000	4,594,266,840,000
- Ordinary shares carrying voting rights	411a		5,309,611,050,000	4,594,266,840,000
2. Share premium	412	25	49,465,703,201	49,465,703,201
3. Other owner's capital	414	25	287,829,523,052	56,882,670,000
4. Treasury shares	415	25	(823,760,000)	(823,760,000)
5. Foreign exchange reserve	417	25	10,358,539,447	(5,875,468,099)
6. Investment and development fund	418	25	171,160,597,046	126,889,833,508
7. Other reserves	420	25	87,230,351,424	87,227,200,764
8. Retained earnings	421	25	5,511,408,650,206	4,614,339,862,503
- Retained earnings accumulated to the prior year end	421a		3,323,086,196,728	3,083,041,592,112
- Retained earnings of the current year	421b		2,188,322,453,478	1,531,298,270,391
9. Non-controlling interests	429		1,809,385,579,397	1,922,952,382,942
II. Other resources and funds	430		2,750,000,000	2,750,000,000
1. Non-business expenditure fund	431		2,750,000,000	2,750,000,000
TOTAL RESOURCES (440=300+400)	440		24,999,676,895,866	29,833,261,814,151



Nguyen Tien Hao
Preparer



Hoang Huu Chien
Chief Accountant



Nguyen The Phuong
Executive Vice President

05 March 2018

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FPT CORPORATION

FPT Cau Giay Building, Duy Tan Street
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Hanoi, Vietnam

FORM B 02-DN/HN


Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	26	43,298,396,301,993	40,447,137,929,383
2. Deductions	02	26	639,785,460,639	915,669,265,439
3. Net revenue from goods sold and services rendered (10=01-02)	10	26	42,658,610,841,354	39,531,468,663,944
4. Cost of sales	11	27	32,976,206,156,753	31,093,333,588,720
5. Gross profit from goods sold and services rendered (20=10-11)	20		9,682,404,684,601	8,438,135,075,224
6. Financial income	21	29	1,583,099,974,667	574,759,707,458
7. Financial expenses	22	30	600,871,831,217	694,213,959,980
- In which: Interest expense	23		368,545,679,548	374,186,078,800
8. Share of net profit from associates	24		71,085,355,123	35,133,362,370
9. Selling expenses	25		3,074,637,403,520	2,638,454,515,198
10. General and administration expenses	26		3,441,128,714,059	2,751,158,473,432
11. Operating profit (30=20+(21-22)+24-(25+26))	30		4,219,952,065,595	2,964,201,196,442
12. Other income	31		101,847,192,667	99,839,840,254
13. Other expenses	32		66,681,480,755	50,142,370,455
14. Profit from other activities (40=31-32)	40		35,165,711,912	49,697,469,799
15. Accounting profit before tax (50=30+40)	50		4,255,117,777,507	3,013,898,666,241
16. Current corporate income tax expense	51	31	698,493,915,640	424,741,482,194
17. Deferred corporate tax expense	52	31	28,509,947,486	13,466,338,768
18. Net profit after corporate income tax (60=50-51-52)	60		3,528,113,914,381	2,575,690,845,279
18.1. Equity holders of the Holding Company	61		2,931,530,862,562	1,990,642,578,391
18.2. Non-controlling interests	62		596,583,051,819	585,048,266,888
19. Basic earnings per share	70	32	5,129	3,410
20. Diluted earnings per share	71		5,129	3,410



Nguyen Tien Hao
Preparer



Hoang Huu Chien
Chief Accountant





Nguyen The Phuong
Executive Vice President

05 March 2018

The notes are an integral part of these consolidated financial statements

FPT CORPORATION

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Hanoi, Vietnam

FORM B 03-DN/HN

Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	4,255,117,777,507	3,013,898,666,241
2. Adjustments for:			
- Depreciation and amortisation of fixed assets	02	1,039,416,768,342	933,439,677,116
- Provisions	03	184,568,266,739	110,598,342,842
- Foreign exchange (gain)/loss arising from translating foreign currency items	04	(18,951,655,934)	16,019,559,188
- (Gain) from investing activities	05	(1,330,954,022,321)	(351,181,315,186)
- Interest expense	06	368,545,679,548	374,186,078,800
3. Operating profit before movements in working capital	08	4,497,742,813,881	4,096,961,009,001
- Increase, decrease in receivables	09	(2,311,600,942,433)	(514,700,144,026)
- Increase, decrease in inventories	10	(617,887,896,217)	714,102,101,632
- Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	1,709,299,259,291	1,123,673,242,082
- Increase, decrease in prepaid expenses	12	(143,624,640,180)	14,764,983,297
- Interest paid	14	(386,409,842,206)	(359,766,741,527)
- Corporate income tax paid	15	(493,643,801,955)	(531,442,237,616)
- Other cash outflows	17	(265,691,285,266)	(231,933,719,551)
Net cash generated by operating activities	20	1,988,183,664,915	4,311,658,493,292
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(1,104,370,928,512)	(1,433,113,297,810)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	3,873,003,435	4,641,163,312
3. Cash outflow for lending, buying debt instruments of other entities	23	(942,508,215,806)	(912,254,841,704)
4. Equity investments in other entities	25	-	(314,070,117,375)
5. Cash recovered from investments in other entities	26	(973,833,781,575)	322,220,162,456
6. Interest earned, dividends and profits received	27	408,056,318,390	308,769,840,197
Net cash used in investing activities	30	(2,608,783,604,068)	(2,023,807,090,924)

The notes are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue and owners' contributed capital	31	39,143,700,000	66,576,590,000
2. Capital withdrawals, buy-back of issued shares	32	(130,000,000)	(876,300,000)
3. Proceeds from borrowings	33	21,302,571,414,666	22,299,129,726,143
4. Repayment of borrowings	34	(21,923,254,763,024)	(21,165,445,479,721)
5. Dividends and profits paid	36	(1,330,432,287,475)	(1,058,583,700,785)
Net cash (used in)/generated by financing activities	40	(1,912,101,935,833)	140,800,835,637
Net (decrease)/increase in cash (50=20+30+40)	50	(2,532,701,874,986)	2,428,652,238,005
Cash and cash equivalents at the beginning of the year	60	6,013,361,389,774	3,584,709,151,769
Cash and cash equivalents at the end of the year (70=50+60)	70	3,480,659,514,788	6,013,361,389,774



Nguyen Tien Hao
Preparer



Hoang Huu Chien
Chief Accountant



Nguyen The Phuong
Executive Vice President

05 March 2018

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FPT CORPORATION

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FORM B 09-DN/HN

Issued under Circular No. 202/2014/TT-BTC
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION**Structure of ownership**

FPT Corporation (the "Company") was incorporated as a State-owned company in Vietnam and subsequently equitised in accordance with Decision No. 178/QĐ-TTg, following which the Company officially operated as a joint stock company. FPT Corporation was established under Business Registration Certificate No. 0103001041 issued for the first time by Hanoi Department of Planning and Investment dated 13 May 2002 and its amendments.

According to the amended Business Registration Certificate dated 19 December 2008, the Company changed its name from the Corporation for Financing and Promoting Technology to FPT Corporation.

According to the amended Business Registration Certificate dated 22 June 2017, the Company's charter capital is VND 5,309,611,050,000.

Since December 2006, the Corporation's shares have been listed on Ho Chi Minh City Stock Exchange.

The total number of the Corporation's employees as at 31 December 2017 was 25,322 (31 December 2016: 28,397).

Operating industry and principal activities

The principal activities of the Corporation are to provide IT and telecommunication products and services. The main products and services provided are (i) software development including software outsourcing; software solutions, software services and ERP services; (ii) system integration; (iii) informatics services including system management, BPO service, Data Center service etc.; (iv) telecommunication services including internet services and value added services; (v) digital content service including online advertising etc.; (vi) college, university and postgraduate training services; (vii) production, distribution and retails of IT and telecommunication products.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less except some system integration projects which are carried out for a time period of more than 12 months.

The Corporation's structure:

Since 18 December 2017, FPT Corporation's proportions of ownership interest in FPT Digital Retail Joint Stock Company ("FRT") and FPT Trading Company Limited ("FTG") have been reduced to 47% and 48%, respectively. Accordingly, FRT and FTG are no longer subsidiaries of FPT but its associates. FTG's official name is also changed to "Synnex FPT Joint Stock Company". As at 31 December 2017, FPT Corporation had 7 subsidiaries including:

- FPT Information System Corporation;
- FPT Software Company Limited;
- FPT Telecom Joint Stock Company;
- FPT Education Company Limited;
- FPT Online Service Joint Stock Company;
- FPT Investment Company Limited; and
- FPT Media Company Limited.

And 4 associates as follows:

- FPT Digital Retail Joint Stock Company;
- Synnex FPT Joint Stock Company;
- FPT Fund Management Joint Stock Company;
- FPT Securities Joint Stock Company.

Disclosure of information comparability in the consolidated financial statements

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2016.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

The accompanied consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

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

Accounting period

The Corporation's financial year begins on 01 January and ends on 31 December.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) for the period from 01 January 2017 to 31 December 2017. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to the consolidated profit and loss in the year of acquisition.

The interest of non-controlling shareholders is initially measured at the minority's proportion of the net fair value of the assets, liabilities, and contingent liabilities recognized.

Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Corporation's share of the net assets of the associate. Losses of an associate in excess of the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate) are not recognized.

Where a group entity transacts with an associate of the Corporation, unrealised profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Corporation's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition. After acquisition date, if the Parent continues making investment in the subsidiary, it should determine the cost of additional investment and corresponding increase in ownership of the carrying value of the acquired net asset of the subsidiary (not applying fair value as on acquisition date). The difference between the cost of additional investment and the carrying value of the acquired net asset should be recorded directly into retained earnings (similar to transactions among internal shareholders).

Goodwill arising on the acquisition date is presented separately as an intangible asset in the consolidated balance sheet and is amortised on the straight-line basis in the consolidated income statement according to current regulation. In case where the amount of goodwill impairment loss in the period is more than the annual amortised amount on the straight-line basis, the loss amount shall be recognised.

On disposal of a subsidiary, the attributable amount of unmortised goodwill is reduced corresponding to the disposed share proportion and included in retained earnings in case where the Parent remains its control of the subsidiary, or reduced in full and included in the determination of the profit or loss in case where the Parent loses the control.

Financial instruments

Initial recognition

Financial assets

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets of the Corporation comprise cash and cash equivalents, trade and other receivables, short-term and long-term investments.

Financial liabilities

At the date of initial recognition, financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities of the Corporation comprise trade and other payables, loans and obligations under finance leases and accrued expenses.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

Cash and cash equivalents

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

Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Corporation has the positive intent or ability to hold to maturity, including term deposits (commercial bills), bonds, preference shares which the issuer shall redeem at a certain date in the future, loans held to maturity to earn periodic interest and other held-to-maturity investments.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the consolidated income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

Equity investments in other entities

Equity investments in other entities represent the Corporation's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

Provisions for impairment of long-term financial investments

Provisions for impairment of long-term financial investments are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations. In some cases, according to the estimate of the Board of Management, the Corporation prudently makes more provision for impairment of long-term financial investments than required as per the prevailing accounting regulations.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and where applicable, direct labor costs, and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of inventories within the Corporation is calculated using the first in first out (FIFO) method and inventory recording method is the perpetual method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

Tangible fixed assets are depreciated using the straight-line method over their following estimated useful lives:

	<u>2017</u> (Years)
Buildings and structures	5 - 25
Machinery and equipment	3 - 25
Motor vehicles	3 - 10
Office equipment	3 - 8
Other assets	3 - 25

Finance lease assets and depreciation

Finance lease assets are acquired from finance lease transactions, whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Corporation at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly

attributable to qualifying assets, in which case they are capitalized in accordance with the Corporation's general policy on borrowing costs.

Intangible assets and amortisation

(i) Land use rights

Intangible assets represent land use rights that are stated at cost less accumulated amortisation. Definite land use rights are amortised using the straight-line method over the duration of the right to use the land. Indefinite land use rights are not amortised.

(ii) License, copyright and patent

Purchase price of license is accounted for as intangible asset. License is amortised to the consolidated income statement on straight-line basis over a period of 3 to 5 years. The right to operate the high-speed internet lines are amortised over 15 years.

Purchase prices of copyright and patent are capitalized and accounted for as intangible asset. Copyright and patent are amortised to the consolidated income statement on straight-line basis over a period of 3 to 5 years.

(iii) Brand name and trademark

Purchase prices of trademark and brand name are recorded as intangible asset. Trademark and brand name are amortised to the consolidated income statement on straight-line basis over their estimated useful lives.

(iv) Computer software

Purchase price of new computer software, which is not an integral part of related hardware is capitalized and accounted for as intangible asset. Computer software is amortised to the consolidated income statement on straight-line basis over a period of 3 to 5 years.

Construction in progress

Properties in the course of construction for production, rental, or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Corporation's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Long-term prepayments

Long-term prepayments comprise prepaid land rental and its attributable cost and office rental. Prepaid land rentals are charged to the consolidated income statement using the straight-line method over the lease term.

Tools and supplies issued for consumption, small devices and office refurbishment are stated at cost and expensed in accordance with the prevailing regulations.

Payable provisions

Payable provisions are made when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Provision for warranties

The provision for warranties relates mainly to goods sold and services rendered. The provision is based on estimates derived from historical warranty data associated with similar products and services.

Bonus and welfare funds

The Corporation distributes up to 10% of net profit after tax of subsidiaries to bonus and welfare funds.

Revenue recognition

Revenue is recognized when the outcome of such transactions can be measured reliably and it is probable that the economic benefits associated with the transactions will flow to the Corporation.

Revenue from the sale of goods

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- (a) the Corporation has transferred to the buyer significant risks and rewards of ownership of the goods;
- (b) the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the consolidated balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Corporation;
- (c) the percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from software development, system intergration and informatics services

Revenue is recognised in the consolidated income statement by reference to the percentage of completion of transaction at the year end. The percentage of completion is assessed by performance or the percentage of the incurred expense of the completed work over the total contract cost estimate. Revenue is not recognised if there is material unreliable element related to recovery of receivables.

Revenue from processing services

Revenue from processing services is recognised in the consolidated income statement when the goods have been processed and accepted by the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the receivables due.

Revenue from telecommunication services

Revenue from telecommunication services is recognised on pro-rata basis over the period during which the services are actually provided to customers.

Revenue from online advertising services

Revenue from online advertising services is recognised on the basis of work completed.

Revenue from tuition and fees

Revenue is recognised in the year when services are rendered. Tuition and fees collected in advance from the students are recorded as unearned revenue on the consolidated balance sheet and released to the consolidated income statement in the year in which the semester falls.

Tuition and fee payment

Tuition and fees are fully payables in advance prior to the beginning of each semester.

Enrolment fee or application fee

A one-time fixed application fee is charged per student and collected with applications for enrolment. Proceeds from the application fees are used to defray the costs associated with all procedures relating to processing each student's enrolment, including the administration of applicable assessment evaluation of prior school records and appropriate placement for the student. The application fee is not refundable.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Corporation's right to receive payment has been established.

Foreign currencies

The Corporation applies the method of recording foreign exchange differences in accordance with Circular No. 202/2014/TT-BTC dated 22 December 2014, Circular No. 53/2017/TT-BTC and the Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates". Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Financial statements of foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the foreign operations (including comparative figures) are expressed in reporting currency using exchange rates prevailing on the balance sheet date. Income and expense items (including comparative figures) are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Corporation's foreign exchange reserve. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

Borrowing costs

Borrowing costs are recognised in the consolidated income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

Earnings per share

The Corporation presents basic earnings per share (EPS) and diluted earnings per share (Diluted EPS) for its ordinary shares. Basic EPS is calculated by having the profit or loss attributable to the ordinary shareholders of the Corporation divided by the weighted average number of outstanding ordinary shares during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding taking into consideration the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options.

Related parties

Related parties include associates and key management personnel of the Corporation.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

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

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

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

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

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

4. SEGMENT REPORTING

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

The Corporation has two major segments under the management of FPT Corporation (the "Corporation") as follows:

Information Technology and Telecommunication

- **Telecommunication:** providing internet services to individuals and households, internet services to enterprises such as providing internet leased line service, domestic and international telecommunication, domain, hosting, Web Portal services, IPTV etc.;
- **Digital content:** providing online services for enterprises and individual customers, including online newspapers (such as VnExpress.net, Ngoisao.net, iOne.net, PCWorld.com.vn, Gamethu.vn etc.); online advertising, AdNetwork, online music, e-payment etc.;
- **Software Outsourcing:** Software production, providing consultancy and deployment of S.M.A.C/IoT, digital transformation services, IT system transformation services, quality assurance testing, embedded software, ERP implementation and management services;
- **Software solutions, system integration and informatics services:** providing application software solutions, providing information system integration services, supplying IT equipment, data center services, networking and security system design/development; warranty and maintenance of IT products authorized by hardware vendors;
- **Manufacture, distribution and retail of technology products:** producing technology products and distributing IT products including IT hardware, application software for mobile phones via chains of retail IT product outlets/showrooms.

Investment and education: including the following main activities:

- Providing training services in IT, business management majors at high education, university, and post-graduate levels;
- Managing investments in associates operating in the finance field;
- Managing and developing real estate projects relating to the Corporation's infrastructure needs.

Unit: VND million

Current year

Items	Information Technology and Telecommunication					Investment and education	Elimination	Total
	Telecommunication	Digital content	Software outsourcing	Software solution, system integration and informatics services	Technology product manufacture, distribution and retail			
Segment revenue								
External revenue	7,131,438	519,569	6,054,075	4,820,050	22,897,805	1,235,674	-	42,658,611
Inter segment revenue	177	-	188,168	178,662	1,314,050	151,966	(1,833,023)	-
Total segment revenue	7,131,615	519,569	6,242,243	4,998,712	24,211,855	1,387,640	(1,833,023)	42,658,611
Segment expenses (i)								
Directly attributable expenses	(6,197,119)	(243,771)	(4,745,713)	(4,934,853)	(23,637,499)	(1,593,212)	1,822,265	(39,529,902)
In which:								
- Depreciation and amortisation	(795,051)	(5,382)	(142,807)	(27,176)	(7,832)	(48,204)	(12,965)	(1,039,417)
- Allocation of long-term prepaid expenses	(324,548)	(8,820)	(415,826)	(71,537)	(141,688)	(105,253)	-	(1,067,672)
Segment result (ii)	934,496	275,798	1,496,530	63,859	574,356	(205,572)	(10,758)	3,128,709
Segment profit before tax	908,643	313,831	1,067,920	63,124	705,472	3,078,120	(1,881,992)	4,255,118
Segment assets	8,030,280	1,136,336	5,834,420	4,955,656	-	5,940,992	(898,007)	24,999,677
Segment liabilities	4,609,909	458,899	3,071,939	3,577,587	-	1,441,149	(1,397,775)	11,761,708
Total expenses for acquisition of fixed assets	1,321,096	10,441	757,111	201,901	267,483	562,308	(150,335)	2,970,005

(i) Segment expenses arising from the business activities of the segment are charged directly to that segment and part of the business costs are allocated to that segment, including outbound sales costs and expenses related to transactions with other segments of the business. Accordingly, segment expenses include cost of sales, selling and administration expenses.

(ii) Segment result is the segment revenue less segment expenses.

FPT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Unit: VND million

Previous year Items	Information Technology and Telecommunication					Investment and education	Elimination	Total
	Telecommunication	Digital content	Software outsourcing	Software solution, system integration and informatics services	Technology product manufacture, distribution and retail			
Segment revenue								
External revenue	6,175,519	490,028	5,144,581	4,472,219	22,091,772	1,157,350	-	39,531,469
Inter segment revenue	921	-	36,499	322,009	1,091,496	592,193	(2,043,118)	-
Total segment revenue	6,176,440	490,028	5,181,080	4,794,228	23,183,268	1,749,543	(2,043,118)	39,531,469
Segment expenses	-	-	-	-	-	-	-	-
Directly attributable expenses	(5,189,977)	(294,835)	(4,234,836)	(4,542,691)	(22,665,283)	(1,631,688)	2,076,363	(36,482,947)
In which:	-	-	-	-	-	-	-	-
- Depreciation and amortisation	(737,030)	(5,685)	(108,487)	(30,087)	(9,091)	(47,351)	4,291	(933,440)
- Allocation of long-term prepaid expenses	(170,375)	(60,622)	(100,484)	(49,799)	(134,956)	(113,686)	-	(629,922)
Segment result	986,463	195,193	946,244	251,537	517,985	117,855	33,245	3,048,522
Segment profit before tax	944,050	254,258	855,443	246,808	543,797	1,288,277	(1,118,734)	3,013,899
Segment assets	7,666,007	862,151	2,435,642	4,014,125	10,157,299	7,645,750	(2,947,712)	29,833,262
Segment liabilities	4,947,606	378,775	1,242,049	2,932,025	8,316,169	4,620,957	(4,052,394)	18,385,187
Total expenses for acquisition of fixed assets	1,007,197	54,386	699,203	45,597	257,107	204,205	23,404	2,291,099

5. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Cash on hand	10,143,297,590	103,615,081,671
Bank demand deposits	1,874,995,984,980	2,604,781,880,302
Cash in transfer	1,295,936,150	-
Cash equivalents	1,594,224,296,068	3,304,964,427,801
	<u>3,480,659,514,788</u>	<u>6,013,361,389,774</u>

6. FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	Cost VND	Carrying amount VND	Cost VND	Carrying amount VND
a. Held-to-maturity investments	4,438,905,249,557	4,379,446,212,073	3,515,704,023,221	3,472,087,285,737
- Term deposit	4,352,630,197,781	4,352,630,197,781	3,429,337,941,445	3,429,337,941,445
- Other short-term investments	86,275,051,776	26,816,014,292	86,366,081,776	42,749,344,292

	Closing balance			Opening balance		
	Cost VND	Provision VND	Fair value VND	Cost VND	Provision VND	Fair value VND
b. Long-term financial investments						
b1) Investments in associates	630,000,000,000	-	(*)	137,500,000,000	-	
- Synnex FPT Joint Stock Company	398,500,000,000	-	(*)	-	-	
- FPT Securities Joint Stock Company	110,000,000,000	-	246,465,673,600	110,000,000,000	-	(*)
- FPT Digital Retail Joint Stock Company	94,000,000,000	-	(*)	-	-	
- FPT Capital Management Joint Stock Company	27,500,000,000	-	(*)	27,500,000,000	-	(*)
b2) Equity investments in other entities	749,259,852,282	(299,595,283,237)		756,802,393,141	(221,058,175,167)	
- Vietnam Investment Fund	2,100,000,000	-	(*)	4,200,000,000	-	(*)
- Other investments	747,159,852,282	(299,595,283,237)	(*)	752,602,393,141	(221,058,175,167)	(*)

(*) In accordance with Circular No. 200/2014/TT-BTC dated 22 December 2014, the fair value of investments in associates and investments in other entities as at 31 December 2017 should be presented. The Corporation determined the fair value of the investments on the basis of the prices quoted on the stock exchange and the number of shares held by the Corporation at consolidated balance sheet date. However, since the shares of the Company's associates and other entities have not been listed, and there has been no guidance on determination of fair value of investments in unlisted shares, the fair value of such investments have not been disclosed as required by Circular No. 200/2014/TT-BTC.

7. RECEIVABLES FROM CONTRACTS UNDER PERCENTAGE OF COMPLETION METHOD

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Recognised revenue to date under percentage of completion method	838,578,943,346	1,772,369,103,380
Less: progress billings and advances from customers	(406,997,750,006)	(1,151,216,691,243)
	<u>431,581,193,340</u>	<u>621,152,412,137</u>

8. OTHER RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a) Current		
Receivables related to maintenance services	98,011,262,505	136,898,781,308
Receivables related to support from suppliers	-	303,648,144,565
Deposits and mortgages	137,469,600,809	63,213,551,424
Other receivables	531,519,508,185	341,468,283,557
	<u>767,000,371,499</u>	<u>845,228,760,854</u>
b) Non-current		
Deposits and mortgages	69,491,018,667	137,214,287,867
Other receivables	55,343,597,639	55,124,936,364
	<u>124,834,616,306</u>	<u>192,339,224,231</u>

9. BAD DEBTS

	Closing balance		Opening balance	
	Cost	Recoverable amount	Cost	Recoverable amount
	VND	VND	VND	VND
Total amount of receivables past due or not past due but impaired	300,520,115,186	65,272,143,981	254,137,566,017	57,748,506,249

10. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	120,106,386,194	-	416,075,802,077	-
Tools and supplies	89,770,774,162	-	87,766,304,143	-
Work in progress	308,795,278,723	-	663,345,582,162	-
Merchandise	505,371,513,444	(3,831,528,933)	3,449,842,451,134	(63,221,663,567)
Total	<u>1,024,043,952,523</u>	<u>(3,831,528,933)</u>	<u>4,617,030,139,516</u>	<u>(63,221,663,567)</u>

11. PREPAYMENTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
a) Current		
Expenditure for transforming into optical fiber system	354,578,822,565	192,453,308,435
Other current prepayments	405,369,227,288	508,283,691,030
	<u>759,948,049,853</u>	<u>700,736,999,465</u>
b) Non-current		
PayTV installation cost	377,607,624,634	267,928,451,861
Initial set-up for outlets	-	230,768,170,923
Office repair and maintenance	220,347,451,792	153,075,038,876
Prepayments for systems integration contracts	26,274,393,216	38,632,661,595
Electronic equipment and computer system	53,718,966,212	37,296,690,569
Other non-current prepayments	133,485,185,736	289,685,172,677
	<u>811,433,621,590</u>	<u>1,017,386,186,501</u>

12. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

Movement of taxes and other receivables from/payables to the State budget:

Items	Opening balance	Amount payable	Amount paid and deducted	Adjustment due to divestment	Closing balance
	VND	VND	VND	VND	VND
Value added tax	133,461,681,979	5,353,622,913,908	5,300,771,706,330	(52,077,807,673)	134,235,081,884
- Output value added tax	132,755,827,690	4,437,249,751,589	4,384,071,162,935	(52,399,863,673)	133,534,552,671
- Value added tax on imports	705,854,289	916,373,162,319	916,700,543,395	322,056,000	700,529,213
Import duties	48,030,880	13,531,467,768	13,531,870,059	-	47,628,589
Corporate income tax	46,727,349,284	685,569,033,431	644,183,201,955	(53,027,439,059)	35,085,741,701
Personal income tax	26,450,813,715	334,903,425,448	333,316,011,200	(718,040,121)	27,320,187,842
Foreign contractor withholding tax	8,004,356,857	58,266,891,716	59,363,093,205	(676,006,930)	6,232,148,438
Other taxes and fees	4,612,515,695	3,238,864,677	2,094,414,272	-	5,756,966,100
Total	219,304,748,410	6,449,132,596,948	6,353,260,297,021	(106,499,293,783)	208,677,754,554
In which:					
- Taxes and other receivables from the State budget	123,171,805,359				111,743,332,877
- Taxes and amounts payable to the State budget	342,476,553,769				320,421,087,431

The balance of taxes and other receivables from/payables to the State budget in detail:

- Taxes and amounts receivable from the State budget

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Value added tax	1,155,425,702	5,630,266,065
Import duties	34,802,628	34,802,628
Corporate income tax	110,103,151,153	116,579,453,690
Personal income tax	99,858,547	825,915,529
Foreign contractor withholding tax	350,094,847	101,367,447
Total	<u>111,743,332,877</u>	<u>123,171,805,359</u>

- Taxes and amounts payable to the State budget

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Value added tax	135,390,507,586	139,091,948,044
Import duties	82,431,217	82,833,508
Corporate income tax	145,188,892,854	163,306,802,974
Personal income tax	27,420,046,389	27,276,729,244
Foreign contractor withholding tax	6,582,243,285	8,105,724,304
Other taxes and fees	5,756,966,100	4,612,515,695
Total	<u>320,421,087,431</u>	<u>342,476,553,769</u>

13. INCREASE, DECREASE IN TANGIBLE FIXED ASSETS

	Buildings, structures VND	Machinery, equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
COST						
Opening balance	1,139,385,346,611	5,836,176,211,536	91,407,669,190	828,787,242,675	36,270,828,665	7,932,027,298,677
Purchases	45,330,774,815	875,630,180,679	8,696,491,595	75,554,819,333	729,437,600	1,005,941,704,022
Transfer from construction in progress	506,130,204,081	24,208,964,966	-	-	-	530,339,169,047
Disposals	(12,852,462,819)	(80,128,197,873)	(9,731,586,402)	(22,546,664,528)	(368,772,632)	(125,627,684,254)
Reclassification	(7,298,527,397)	244,406,709,237	(31,158,287,024)	(180,114,161,193)	(25,835,733,623)	-
Decrease due to divestment	(44,913,723,333)	(9,920,033,472)	(3,396,015,426)	(24,651,886,336)	(22,004,052)	(82,903,662,619)
Other increases/(decreases) (*)	(637,021,000)	(994,292,099,114)	(706,526,214)	(3,983,070,873)	15,479,472	(999,603,237,729)
Closing balance	1,625,144,590,958	5,896,081,735,959	55,111,745,719	673,046,279,078	10,789,235,430	8,260,173,587,144
ACCUMULATED DEPRECIATION						
Opening balance	232,116,078,934	2,863,709,348,252	39,809,383,118	646,051,067,932	19,042,832,015	3,800,728,710,251
Charge for the year	59,776,774,625	813,079,867,156	6,077,395,733	46,842,294,437	1,007,268,768	926,783,600,719
Disposals	(1,848,979,486)	(30,414,485,879)	(5,772,515,430)	(19,516,462,008)	(267,072,632)	(57,819,515,435)
Reclassification	(2,920,422,076)	167,463,652,370	(7,723,433,162)	(145,734,501,103)	(11,085,296,029)	-
Decrease due to divestment	(7,843,333)	(7,573,768,164)	(2,548,035,739)	(17,812,489,103)	(10,211,946)	(27,952,348,285)
Other (decreases) (*)	(584,365,319)	(963,288,447,221)	(706,526,214)	(463,803,184)	(2,016,777,481)	(967,059,919,419)
Closing balance	286,531,243,345	2,842,976,166,514	29,136,268,306	509,366,106,971	6,670,742,695	3,674,680,527,831
NET BOOK VALUE						
Opening balance	907,269,267,677	2,972,466,863,284	51,598,286,072	182,736,174,743	17,227,996,650	4,131,298,588,426
Closing balance	1,338,613,347,613	3,053,105,569,445	25,975,477,413	163,680,172,107	4,118,492,735	4,585,493,059,313

(*) Other decreases in fixed assets during the year mainly represent machinery and equipment from former telecommunications fibre infrastructure, which had been retrieved after transforming into optical fibre infrastructure during the period from 2014 to 2016. Since 2017, the Corporation has no longer used such assets so the Corporation has reclassified them into inventory for disposal or replacement purpose.

As at 31 December 2017, the cost of the Corporation's assets including machinery and equipment, motor vehicles and office equipment which had been fully depreciated but are still in use was approximately VND 1,124,840 million (as at 31 December 2016: VND 1,178,130 million).

14. INCREASE, DECREASE IN INTANGIBLE ASSETS

	Land use right	Computer software	License, copyright and patent	Total
	VND	VND	VND	VND
COST				
Opening balance	175,569,944,381	296,738,889,131	348,919,123,114	821,227,956,626
Additions	-	37,324,845,884	20,938,193,194	58,263,039,078
(Decrease) due to divestment	-	(8,215,812,791)	(995,258,570)	(9,211,071,361)
Other increases/(decreases)	(36,454,412,982)	(810,319,388)	284,404,193,593	247,139,461,223
Closing balance	139,115,531,399	325,037,602,836	653,266,251,331	1,117,419,385,566
ACCUMULATED AMORTISATION				
Opening balance	4,662,773,884	219,189,411,207	141,154,883,386	365,007,068,477
Charge for the year	2,442,170,042	41,761,187,679	68,366,290,123	112,569,647,844
(Decrease) due to divestment	-	(5,546,367,270)	(1,129,203,239)	(6,675,570,509)
Other increases/(decreases)	-	(11,278,984,650)	(338,621,570)	(11,617,606,220)
Closing balance	7,104,943,926	244,125,246,966	208,053,348,700	459,283,539,592
NET BOOK VALUE				
Opening balance	170,907,170,497	77,549,477,924	207,764,239,728	456,220,888,149
Closing balance	132,010,587,473	80,912,355,870	445,212,902,631	658,135,845,974

15. CONSTRUCTION IN PROGRESS**Fluctuation:**

	<u>Current year</u> VND	<u>Prior year</u> VND
Opening balance	1,006,742,286,288	679,175,240,676
Additions	771,849,613,507	556,442,887,428
Transferred to fixed assets	(805,917,957,379)	(152,644,134,326)
Decrease due to divestment	(123,243,421,629)	-
Other decreases	(43,870,624,570)	(76,231,707,490)
Closing balance	805,559,896,217	1,006,742,286,288

Details by project are as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Construction in progress		
Constructions	805,559,896,217	1,006,742,286,288
In which:		
- FPT Tower Project	393,003,100,000	-
- Tan Thuan 3 office building project	122,790,367,827	48,376,071,414
- Nam An Khanh project	92,999,271,455	92,999,271,455
- Asia Pacific Gateway Cable Network	-	200,345,640,231
- FPT office project in Da Nang	-	341,918,642,898
- F-Town 2 project	-	206,965,877,936
- Other projects	196,767,156,935	116,136,782,354
	805,559,896,217	1,006,742,286,288

During the year, total interest expense capitalized into the cost of construction in progress was approximately VND 3,421 million.

16. INVESTMENTS IN SUBSIDIARIES

Details of the Corporation's subsidiaries as at 31 December 2017 are as follows:

<u>Name of subsidiaries</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership rate</u>	<u>Proportion of voting power held</u>	<u>Principal activities</u>
FPT Information System Corporation	Floor 22, Keangnam Landmark 72, E6 Pham Hung, Me Tri, Tu Liem, Hanoi	100%	100%	Providing application software solution, ERP service, IT service and integrated system service

Name of subsidiaries	Place of incorporation and operation	Proportion of ownership rate	Proportion of voting power held	Principal activities
FPT Software Company Limited	Floor 6-12 FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100%	100%	Providing software services and products
FPT Telecom Joint Stock Company (i)	Floor 2, FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	45.65%	45.65%	Providing ADSL services, fixed line internet services, online advertising and other online services
FPT Education Company Limited	FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100%	100%	Providing training and technology services
FPT Online Service Joint Stock Company	No. 408 Dien Bien Phu Street, Ward 11, District 10, Ho Chi Minh City	51.95%	84.08%	Providing repair and maintainer Providing online services
FPT Investment Company Limited	Floor 13, FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100%	100%	Providing financial services activities (investment consulting service, excluding legal and financial consulting services)
FPT Media Company Limited (ii)	FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100%	100%	Producing news and entertainment shows; providing telecom and advertising services

(i) As at 31 December 2017, FPT Corporation holds 45.65% ownership interest (31 December 2016: 45.65%) and 45.65% of voting rights (31 December 2016: 45.65%) at FPT Telecom Joint Stock Company. However, the Corporation has the power to cast the majority of votes at meetings of the Board of Directors of FPT Telecom Joint Stock Company and thus, the Corporation has the power to control the financial and operating policies of FPT Telecom Joint Stock Company. Therefore, the Corporation has control over FPT Telecom Joint Stock Company, and thus, the financial statements of FPT Telecom Joint Stock Company are incorporated in the Corporation's consolidated financial statements.

(ii) On 08 August 2011, the Executive President of FPT Corporation issued Decision No. 79.1-2011/QD-FPT-TGD on temporarily narrowing the business activities of FPT Media Company Limited.

17. INVESTMENTS IN ASSOCIATES

	Current year	Prior year
	VND	VND
Opening balance	289,799,251,298	271,434,002,318
Share of net profit after corporate income tax of associates	56,959,207,134	27,967,915,280
Dividends received	(9,034,665,500)	(8,066,666,300)
Increase due to FRT, FTG changed to associates	995,980,645,307	-
Other decreases	-	(1,536,000,000)
Closing balance	1,333,704,438,239	289,799,251,298

Details of the Corporation's associates as at 31 December 2017 which the Corporation accounted for using the equity method in its consolidated financial statements are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership and voting right	Principal activities
FPT Digital Retail Joint Stock Company	261 - 263 Khanh Hoi, Ward 5, District 4, Hochiminh City	47%	Retails of computers, peripheral devices, software and telecommunication equipment; telecom service agent
Synnex FPT Joint Stock Company	FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	48%	Producing technology products and distributing IT devices and mobile phone; and manufacturing computers
FPT Securities Joint Stock Company	No. 52, Lac Long Quan Road, Bui Ward, Tay Ho District, Hanoi	20%	Securities trading, brokerage, investment advisory and securities depository services
FPT Fund Management Joint Stock Company	Floor 9, TTC Building, Lot B1A, Dich Vong Hau Ward, Pham Hung Street, Cau Giay District, Hanoi	25%	Portfolio and fund management and other services

18. DEFERRED TAX ASSETS

	Fixed assets	Revenue	Others	Total
Opening balance	18,653,684,506	58,915,160,591	11,386,781,761	88,955,626,858
Transferred to the consolidated income statement of the year	(858,283,264)	(24,553,816,873)	(1,314,758,310)	(26,726,858,446)
Other decreases	-	(1,321,203,691)	(473,158,780)	(1,794,362,471)
Closing balance	17,795,401,242	33,040,140,027	9,598,864,671	60,434,405,941

19. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Accrued expenses for system integration projects	408,455,330,656	283,923,262,971
Others	509,963,462,607	319,034,367,023
	<u>918,418,793,263</u>	<u>602,957,629,994</u>

20. UNEARNED REVENUE

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
a) Current		
Unearned revenue related to telecom service	987,786,150,810	866,098,041,817
Unearned revenue related to tuition and fees	230,852,766,071	166,774,771,397
Other unearned revenues	74,992,000,747	209,156,835,748
	<u>1,293,630,917,628</u>	<u>1,242,029,648,962</u>
b) Non-current		
Unearned revenue related to telecom service	7,373,253,511	7,745,770,847
Other unearned revenues	40,423,286,118	4,559,560,242
	<u>47,796,539,629</u>	<u>12,305,331,089</u>

21. OTHER PAYABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
a) Current		
Trade union fee	43,851,162,084	43,310,476,507
Social, health and unemployment insurance	10,125,934,480	39,424,867,479
Short-term deposits received	120,204,816,937	165,183,629,597
Dividends payable	171,123,751,156	80,751,052,964
Support fee received in advance from suppliers	-	12,826,578,188
Other current payables	94,184,548,166	182,128,806,018
	<u>439,490,212,823</u>	<u>523,625,410,753</u>
b) Non-current		
Long-term deposits received	205,725,910	3,208,810,814
Other non-current payables	1,319,744,011	145,620,064,962
	<u>1,525,469,921</u>	<u>148,828,875,776</u>

22. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Item	Opening balance		In the year			Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease due to divestment from FRT, FTG	Other decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND	VND
Short-term loans from banks and business entities (i)	8,858,678,752,603	8,858,678,752,603	20,876,999,653,752	4,704,175,825,331	21,277,074,128,878	3,754,428,452,146	3,754,428,452,146
Current portion of long-term loans and liabilities	347,987,482,964	347,987,482,964	660,753,407,360	-	646,180,634,146	362,560,256,178	362,560,256,178
- Current portion of long-term loans (see details in Note 24)	347,210,189,024	347,210,189,024	659,264,059,662	-	644,810,549,652	361,663,699,034	361,663,699,034
- Current portion of long-term obligations under finance leases	777,293,940	777,293,940	1,489,347,698	-	1,370,084,494	896,557,144	896,557,144
Total	9,206,666,235,567	9,206,666,235,567	21,537,753,061,112	4,704,175,825,331	21,923,254,763,024	4,116,988,708,324	4,116,988,708,324

(i) Most of short-term loans from banks and business entities are unsecured. These loans can be withdrawn in either Vietnam Dong or United States Dollar. Interest rate is determined in respect of each specific withdrawal.

23. PROVISIONS

	Short-term provisions for warranties	Long-term provisions for warranties	Long-term provisions for guarantees on student loans	Total
	VND	VND	VND	VND
Opening balance	7,733,835,968	5,597,632,467	12,905,000	13,344,373,435
Additional provision in the year	21,521,461,241	7,894,100,968	-	29,415,562,209
Reversal of provisions	(1,225,360,054)	(2,547,505,723)	-	(3,772,865,777)
Utilisation of provisions	(7,481,314,483)	(7,188,403,996)	-	(14,669,718,479)
Decrease due to divestment	(14,497,198,625)	(390,221,418)	-	(14,887,420,043)
Closing balance	6,051,424,047	3,365,602,298	12,905,000	9,429,931,345

Warranties

The provision for warranties relates mainly to goods sold and services rendered. The provision is based on estimates derived from historical warranty data associated with similar products and services.

24. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Long-term loans	1,077,750,425,528	1,077,750,425,528	653,752,239,883	807,516,273,721	923,986,391,690	923,986,391,690
Long-term obligations under finance leases	2,934,670,244	2,934,670,244	2,219,096,375	1,370,084,494	3,783,682,125	3,783,682,125
Total	1,080,685,095,772	1,080,685,095,772	655,971,336,258	808,886,358,215	927,770,073,815	927,770,073,815
Of which:						
- Amount due for settlement within 12 months	347,987,482,964				362,560,256,178	
- Amount due for settlement after 12 months	732,697,612,808				565,209,817,637	

Details of long-term loans by term:

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Long-term loans	923,986,391,690	1,077,750,425,528
- 3 year-term	457,674,918,560	216,021,865,713
- 4 year-term	190,193,709,103	684,076,132,429
- 5 year-term	276,117,764,027	177,652,427,386
Long-term obligations under finance leases	3,783,682,125	2,934,670,244
Total	<u>927,770,073,815</u>	<u>1,080,685,095,772</u>
Of which:		
- Amount due for settlement within 12 months	362,560,256,178	347,987,482,964
- Amount due for settlement after 12 months	565,209,817,637	732,697,612,808

Long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
On demand or within one year	361,663,699,034	347,210,189,024
In the second year	339,004,368,712	334,995,327,274
In the third to fifth year inclusive	223,318,323,944	395,544,909,230
	<u>923,986,391,690</u>	<u>1,077,750,425,528</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	361,663,699,034	347,210,189,024
Amount due for settlement after 12 months	<u>562,322,692,656</u>	<u>730,540,236,504</u>

25. OWNERS' EQUITY

Movement in owners' equity

	Owners' contributed capital	Share premium	Other owners' capital	Treasury shares	Foreign exchange reserve	Investment and development fund	Other reserves	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND
Prior year's opening balance	3,975,316,400,000	49,465,703,201	-	(823,760,000)	(6,549,325,268)	79,036,549,084	87,227,790,014	4,394,554,749,025	8,578,228,106,056
Shares issued	19,868,290,000	-	-	-	-	-	-	-	19,868,290,000
Profit for the year	-	-	-	-	-	-	-	1,990,642,578,391	1,990,642,578,391
Transferred to bonus and welfare funds	-	-	-	-	-	-	-	(190,500,613,310)	(190,500,613,310)
Distribution and utilisation of Investment and development fund	-	-	-	-	-	47,853,284,424	-	(60,240,152,320)	(12,386,867,896)
Stock dividends declared	599,082,150,000	-	56,882,670,000	-	-	-	-	(655,964,820,000)	-
Cash dividends declared	-	-	-	-	-	-	-	(858,780,401,000)	(858,780,401,000)
Other movements	-	-	-	-	673,857,169	-	(589,250)	(5,371,478,283)	(4,698,210,364)
Current year's opening balance	4,594,266,840,000	49,465,703,201	56,882,670,000	(823,760,000)	(5,875,468,099)	126,889,833,508	87,227,200,764	4,614,339,862,503	9,522,372,881,877
Shares issued	22,963,700,000	-	-	-	-	-	-	-	22,963,700,000
Profit for the year	-	-	-	-	-	-	-	2,931,530,862,562	2,931,530,862,562
Transferred to bonus and welfare funds	-	-	-	-	-	-	-	(212,329,680,082)	(212,329,680,082)
Distribution and utilisation of Investment and development fund	-	-	-	-	-	44,270,763,538	-	(52,450,388,283)	(8,179,624,745)
Stock dividends declared (i)	692,380,510,000	-	62,570,940,000	-	-	-	-	(754,951,450,000)	-
Cash dividends declared	-	-	-	-	-	-	-	(992,519,407,000)	(992,519,407,000)
Other movements	-	-	168,375,913,052	-	16,234,007,546	-	3,150,660	(22,211,149,493)	162,401,921,765
Current year's closing balance	5,309,611,050,000	49,465,703,201	287,829,523,052	(823,760,000)	10,358,539,447	171,160,597,046	87,230,351,424	5,511,408,650,206	11,426,240,654,377

- (i) In the year, the Corporation issued 69,238,051 shares for payment of 2016 dividend according to the Company's Shareholders' Annual General Meeting of 2017. FPT Telecom Joint Stock Company (a subsidiary in the Corporation) also issued shares to the Corporation as payment of 2016 dividend which was recorded as other owners' capital according to Circular No. 202/2014/TT-BTC dated 22 December 2014.

Dividends

On 31 March 2017, the Company's Shareholders' Annual General Meeting approved the plan of payment of 2016 dividend by stock at the pay-out ratio of 15% (03 new shares for every 20 shares held) and second payment of 2016 dividend in cash at the pay-out ratio of 10% of par value (VND 1,000/share) and approved the plan of 2017 dividend advance in cash of 20% of par value (VND 2,000/share).

According to Resolution of the Board of Directors No. 02.08-2017/NQ-HDQT-FPT dated 01 August 2017, the Corporation made advance of 2017 dividend in cash at the pay-out ratio of 10% of par value (VND 1,000/share). The cash dividend pay-out ratio of the whole year 2017 will be decided by the Company's Shareholders' Annual General Meeting in 2018.

Number of outstanding shares

	<u>Closing balance</u>	<u>Opening balance</u>
	Number of shares	Number of shares
Authorised share capital	530,961,105	459,426,684
Issued share capital	530,961,105	459,426,684
Ordinary shares	530,961,105	459,426,684
<i>In which shares subject to restriction in ownership transfer</i>	7,925,466	4,677,812
Treasury shares	(82,376)	(82,376)
<i>In which shares subject to restriction in ownership transfer</i>	-	(82,376)
Outstanding shares in circulation	530,878,729	459,344,308
Ordinary shares	530,878,729	459,344,308
<i>In which shares subject to restriction in ownership transfer</i>	7,925,466	4,595,436

All ordinary shares have a par value of VND 10,000. Each share is entitled to one vote at shareholders' meetings of the Company. Shareholders are entitled to receive dividends as declared at each point of time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are re-issued.

Shares subject to restriction in ownership transfer have a par value of VND 10,000. These shares are subject to restrictions according to which share owners are not allowed to resell their shares within a specified term from the date of issue.

26. REVENUE

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Sales of merchandise and services	43,298,396,301,993	40,447,137,929,383
In which:		
- Sales of finished goods, merchandise	26,380,377,860,542	27,423,091,645,447
- Sales of services	16,918,018,441,451	13,024,046,283,936
Deductions	639,785,460,639	915,669,265,439
Net sales	42,658,610,841,354	39,531,468,663,944

Net sales represent the Corporation's sales to external parties. For management purpose, the Corporation maintains data of business revenue that comprises the Corporation's sales to external parties and sales to entities within the Corporation made on commercial basis. The sales to entities within the Corporation were eliminated on consolidation. An analysis of the composition of the Corporation's revenue is as follows:

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Net sales to external parties	42,691,757,556,511	39,531,468,663,944
Net sales to entities within the Corporation	1,153,072,077,632	1,013,108,806,543
Total business revenue	43,844,829,634,143	40,544,577,470,487

27. COST OF SALES

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Cost of finished products, goods sold	23,312,854,567,696	22,415,164,867,980
Cost of services rendered	9,653,397,556,140	8,678,879,094,315
Provision for/ (Reversal) of provision for devaluation of inventories	9,954,032,917	(710,373,575)
	32,976,206,156,753	31,093,333,588,720

28. PRODUCTION COST BY NATURE

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Cost of goods purchased	20,577,730,324,025	19,378,179,095,188
Raw materials	3,416,521,569,170	3,336,163,930,418
Labour	6,833,601,300,557	5,250,349,855,969
Depreciation and amortisation	2,115,909,682,562	1,563,361,396,827
Out-sourced services	5,412,822,134,539	5,533,718,614,773
Other monetary expenses	746,067,598,835	1,053,957,945,886
	39,102,652,609,688	36,115,730,839,061

29. FINANCIAL INCOME

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Interest from bank deposits and loans	396,519,971,984	299,391,605,935
Foreign exchange gain	114,316,322,519	140,131,739,284
Other financial income	1,072,263,680,164	135,236,362,239
	<u>1,583,099,974,667</u>	<u>574,759,707,458</u>

30. FINANCIAL EXPENSES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Interest expense	368,545,679,548	374,186,078,800
Foreign exchange loss	123,580,897,013	235,544,592,503
Other financial expenses	108,745,254,656	84,483,288,677
	<u>600,871,831,217</u>	<u>694,213,959,980</u>

31. CORPORATE INCOME TAX EXPENSES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Current corporate income tax expenses		
- Corporate income tax based on taxable profit in the current year	694,439,378,600	424,968,102,423
- Adjustments for corporate income tax expenses in previous years to that in the current year	4,054,537,040	(226,620,229)
Total corporate income tax expenses	<u>698,493,915,640</u>	<u>424,741,482,194</u>

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Deferred corporate income tax income		
- Deferred corporate income tax expenses arising from taxable temporary differences	28,509,947,486	70,941,103,514
- Deferred corporate income tax incomes arising from deductible temporary differences	-	(59,503,245,670)
- Deferred corporate income tax expenses arising from unrealised profit in the current year	-	2,028,480,924
Total deferred corporate income tax expenses	<u>28,509,947,486</u>	<u>13,466,338,768</u>

Applicable tax rate

Under its Business Registration Certificate and prevailing tax regulations, the Corporation is obligated to pay CIT at the rate of 10% of taxable income on software production and service, 10% of taxable income on training education and 20% of taxable income on goods sold and the other services rendered.

Tax rates applicable to subsidiaries of FPT Corporation are in accordance with the prevailing tax regulations.

32. BASIC EARNINGS PER SHARE

Basic earnings per share for the year ended 31 December 2017 was calculated based on the profit attributable to ordinary shareholders and a weighted average number of outstanding ordinary shares during the year, as follows:

	<u>Current year</u> VND	<u>Prior year</u> VND
Accounting profit after corporate income tax	2,931,530,862,562	1,990,642,578,391
Appropriation to bonus and welfare funds	212,329,680,082	190,500,613,310
Weighted average number of outstanding ordinary shares	530,113,272	527,920,083
Basic earnings per share	5,129	3,410

Restatement of weighted average number of ordinary shares

In the year ended 31 December 2017, FPT Corporation paid dividends by shares, which led to a retrospective adjustment to the weighted average number of outstanding ordinary shares of the year ended 31 December 2016, as follows:

	<u>Weighted average number of ordinary shares</u>	<u>Earnings per share</u>
Ordinary shares outstanding at the beginning of the year	458,682,032	3,925
Restatement as a result of shares from profit distribution during the year	69,238,051	(515)
As restated	527,920,083	3,410

33. FINANCIAL INSTRUMENTS

Capital risk management

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

The capital structure of the Corporation consists of net debt (borrowings disclosed in Notes 22 and 24, offset by cash and term deposits with terms within 12 months) and owners' equity (comprising capital, reserves and retained earnings).

Gearing ratio

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Loans and obligations under financial leases	4,682,198,525,961	9,939,363,848,375
Less: Cash and term deposits with terms less than 12 months	7,833,289,712,569	9,442,699,331,219
Net debt	(3,151,091,186,608)	496,664,517,156
Equity	13,235,626,233,773	11,445,325,264,819
Net debt to equity ratio	-	0.04

Significant accounting policies

Details of the significant accounting policies and methods adopted by the Corporation (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

Financial risk management objectives

The Corporation has set up risk management system to identify and assess the risks exposed to the Corporation and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is audited on a regular basis to reflect changes in market conditions and the Corporation's operations.

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices.

Foreign currency risk management

Certain business operations of the Corporation are exposed to risk of foreign exchange rate fluctuation such as distribution, retail, system integration and software export. Despite the fact that for IT products, foreign exchange rate fluctuation is reflected into selling price, the Corporation still proactively hedges and mitigates unidentified risks by closely monitoring principal factors affecting exchange rates as well as taking into account assessments by big financial institutions, taking appropriate hedging measures such as forward contracts, option contracts and other natural hedging measures such as fixing selling exchange rates, advance payment and others.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

	Liabilities		Assets	
	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND
United States Dollar (USD)	978,251,138,656	1,971,391,027,060	1,455,127,442,907	860,476,931,109
Euro (EUR)	18,234,608,023	68,492,481,932	147,321,000,157	207,023,726,267
Japanese Yen (JPY)	101,138,195,422	423,062,639,575	1,066,098,944,073	940,414,984,796
Singapore Dollar (SGD)	98,540,612,806	81,015,737,069	211,862,617,402	168,269,166,723

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollar, Euro, Japanese Yen and Singapore Dollar.

The following table details the Corporation's sensitivity to a 5% increase and decrease in Vietnam Dong against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. For a 5% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year would decrease/increase by the following amount:

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	<u>Current year</u> VND	<u>Prior year</u> VND
United States Dollar (USD)	23,843,815,213	(55,545,704,798)
Euro (EUR)	6,454,319,607	6,926,562,217
Japanese Yen (JPY)	48,248,037,433	25,867,617,261
Singapore Dollar (SGD)	5,666,100,230	4,362,671,483

Interest rate risk management

The Corporation has significant interest rate risk arising from interest bearing loans which are arranged. The Corporation is exposed to interest rate risk as the Corporation borrows funds in VND and foreign currencies at fixed rates and floating rates. To minimize risks, through analysis and projection, the Corporation has selected appropriate time and terms in the period to make appropriate decisions on maintaining borrowings as well as debt structure between VND and foreign currencies at fixed interest rates.

Share price risk management

Shares held by the Corporation are affected by market risks arising from the uncertainty about future prices of such shares. The Corporation manages this risk exposure by setting up investment limits. The Corporation's Board of Directors also assesses and approves decisions on share investments such as operating industry, investees, etc. The Corporation assesses the share price risk is immaterial.

The Corporation is also exposed to equity price risks arising from investments in subsidiaries and associates. The Corporation's Board of Directors assesses and approves decisions on investments in subsidiaries and associates such as operating industry, investees, etc. Investments in subsidiaries and associates are held for long-term strategic investments rather than trading purposes. The Corporation does not have any intention to trade these investments in the foreseeable future.

Commodity price risk management

The Corporation purchases materials, commodities from local and foreign suppliers for business purpose. Therefore, the Corporation is exposed to the risk of changes in selling prices of materials, commodities. For risk mitigation, the Corporation pays due attention to inventory count, ensuring tight and effective management of inventories from importing stage by evaluating market demand, monitoring inventories on a daily basis to take proper and timely action on the slow-moving goods.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has set up a constantly and systematically updated internal rating system in place for assessing and rating customers' financial capability over time, taking into account the ratings and assessments by intermediary financial organizations as a basis for sales on credit to customers. In addition, guarantees are required for most of the Corporation's customers who are granted with sales on credit.

The Corporation monitors its liabilities on an on-going basis, including analysis of aging report and recovery dates, customer updates and assessment etc. to take proper actions. The Corporation also buys insurance for its receivables to mitigate unpredictable risks at reasonable cost.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation's policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term. The Corporation has been able to optimize its payments and made use of credit from customers and counterparties via the central account.

The following table details the Corporation's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Closing balance	Less than 1 year VND	From 1 - 5 years VND	Total VND
Cash and cash equivalents	3,480,659,514,788	-	3,480,659,514,788
Trade and other receivables	5,033,435,124,831	231,657,122,488	5,265,092,247,319
Held-to-maturity investments	4,379,446,212,073	-	4,379,446,212,073
Equity investments in other entities	-	449,664,569,045	449,664,569,045
Total	12,893,540,851,692	681,321,691,533	13,574,862,543,225
Closing balance	Less than 1 year VND	From 1 - 5 years VND	Total VND
Loans and obligations under finance leases	4,116,988,708,324	565,209,817,637	4,682,198,525,961
Trade and other payables	2,821,874,588,734	-	2,821,874,588,734
Accruals	918,418,793,263	-	918,418,793,263
Total	7,857,282,090,321	565,209,817,637	8,422,491,907,958
Net liquidity gap	5,036,258,761,371	116,111,873,896	5,152,370,635,267

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Opening balance	<u>Less than 1 year</u> VND	<u>From 1 - 5 years</u> VND	<u>Total</u> VND
Cash and cash equivalents	6,013,361,389,774	-	6,013,361,389,774
Trade and other receivables	6,104,567,810,464	380,965,916,003	6,485,533,726,467
Held-to-maturity investments	3,472,087,285,737	-	3,472,087,285,737
Equity investments in other entities	-	756,802,393,141	756,802,393,141
Total	15,590,016,485,975	1,137,768,309,144	16,727,784,795,119

Opening balance	<u>Less than 1 year</u> VND	<u>From 1 - 5 years</u> VND	<u>Total</u> VND
Loans and obligations under finance leases	9,206,666,235,567	732,697,612,808	9,939,363,848,375
Trade and other payables	4,166,585,454,179	8,893,281,263	4,175,478,735,442
Accruals	602,957,629,994	-	602,957,629,994
Total	13,976,209,319,740	741,590,894,071	14,717,800,213,811
Net liquidity gap	1,613,807,166,235	396,177,415,073	2,009,984,581,308

The management assessed the liquidity risk at acceptable level. The management believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

34. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties having significant transactions and balances for the year:

Related party	Relationship
FPT Digital Retail Joint Stock Company	Associate
Synnex FPT Joint Stock Company	Associate
FPT Fund Management Joint Stock Company	Associate
FPT Securities Joint Stock Company	Associate

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

	<u>Current year</u> VND	<u>Prior year</u> VND
Dividends received in cash		
FPT Securities Joint Stock Company	9,034,665,500	8,066,666,300

As at the balance sheet date, the Corporation had significant outstanding balances with its related parties, as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Entrusted investments and loans to		
FPT Fund Management Joint Stock Company	92,366,081,776	92,366,081,776
Capital contribution		
FPT Fund Management Joint Stock Company	27,500,000,000	27,500,000,000
FPT Securities Joint Stock Company	110,000,000,000	110,000,000,000
Payables		
Synnex FPT Joint Stock Company	141,743,904,028	-
Loans		
Synnex FPT Joint Stock Company	200,000,000,000	-

35. CAPITAL COMMITMENTS

On 25 February 2015, the Corporation entered into a comprehensive cooperation agreement with Tien Phong Commercial Joint Stock Bank for supporting students who joined the training courses under the 10,000 Bridge Software Engineer program. In this program, approximately 10,000 students will be trained in Japan within 6 - 12 months. The students who participate in this training course in Japan will be rewarded financial guarantee by the Corporation equivalent to 90% of their total credit obligations arising at the Bank, with a maximum credit limit of VND 500 million. As at 31 December 2017, the number of students participating in the program in Japan are about 360, and the total respective estimated guarantee amount is VND 83,054,057,783.



Nguyen Tien Hao
Preparer



Hoang Huu Chien
Chief Accountant




Nguyen The Phuong
Executive Vice President

05 March 2018