



FPT CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER II - 2018

Hanoi, July 2018



CONSOLIDATED BALANCE SHEET

As at 30 June 2018

FORM B 01-DN/HN

Unit: VND

NO.	ASSET	Codes	Notes	30/6/2018	31/12/2017
A - CURRENT ASSETS		100		16,757,931,160,407	16,059,937,820,645
I. Cash and cash equivalents		110	5	4,060,090,013,409	3,480,659,514,788
1	Cash	111		2,414,897,073,339	1,886,435,218,720
2	Cash equivalents	112		1,645,192,940,070	1,594,224,296,068
II. Short-term financial investments		120	6	4,866,280,283,759	4,379,446,212,073
1	Held-to-maturity investments	123		4,866,280,283,759	4,379,446,212,073
III. Short-term receivables		130		5,429,554,630,371	6,151,782,399,408
1	Short-term trade receivables	131	7	4,226,917,957,363	5,038,378,935,917
2	Short-term advances to suppliers	132		235,001,535,974	95,340,696,039
3	Receivables from construction contracts under percentage of completion method	134		320,334,466,918	431,581,193,340
4	Other short-term receivables	136	8	860,480,152,541	767,000,371,499
5	Provision for short-term doubtful debts	137		(213,179,482,425)	(180,518,797,387)
IV. Inventories		140	10	1,276,158,251,807	1,020,212,423,590
1	Inventories	141		1,279,505,398,922	1,024,043,952,523
2	Provision for devaluation of inventories	149		(3,347,147,115)	(3,831,528,933)
V. Other short-term assets		150		1,125,847,981,061	1,027,837,270,786
1	Short-term prepayments	151		940,997,401,052	759,948,049,853
2	Value added tax deductibles	152		147,367,655,647	156,145,888,056
3	Taxes and other receivables from the State budget	153	18	37,482,924,362	111,743,332,877
B - NON-CURRENT ASSETS		200		9,528,214,377,917	8,939,739,075,221
I. Long-term receivables		210		246,396,148,990	231,657,122,488
1	Long-term trade receivables	211		161,551,680,000	161,551,680,000
2	Other long-term receivables	216	8	139,573,642,808	124,834,616,306
3	Provision for long-term doubtful debts	219		(54,729,173,818)	(54,729,173,818)
II. Fixed assets		220		5,418,766,783,628	5,247,285,021,701
1	Tangible fixed assets	221	11	4,583,203,024,348	4,585,493,059,313
	Cost	222		8,604,654,317,375	8,260,173,587,144
	Accumulated depreciation	223		(4,021,451,293,027)	(3,674,680,527,831)
2	Finance lease assets	224		3,177,674,790	3,656,116,414
	Cost	225		4,777,471,909	4,702,426,443
	Accumulated depreciation	226		(1,599,797,119)	(1,046,310,029)
3	Intangible fixed assets	227	12	832,386,084,490	658,135,845,974
	Cost	228		1,358,444,973,347	1,117,419,385,566
	Accumulated amortisation	229		(526,058,888,857)	(459,283,539,592)
III. Long-term assets in progress		240		975,399,987,091	805,559,896,217
1	Long-term construction in progress	242	13	975,399,987,091	805,559,896,217
IV. Long-term financial investments		250		1,925,316,091,686	1,783,369,007,284
1	Investments in joint-ventures, associates	252	15	1,498,426,522,640	1,333,704,438,239
2	Equity investments in other entities	253	6	749,364,823,537	749,259,852,282
3	Provision for impairment of long-term financial investments	254		(322,475,254,491)	(299,595,283,237)
VI. Other long-term assets		260		962,335,366,522	871,868,027,531
1	Long-term prepayments	261		854,881,589,772	811,433,621,590
2	Deferred tax assets	262	16	38,473,468,015	60,434,405,941
3	Goodwill	269		68,980,308,735	-
	TOTAL ASSETS	270		26,286,145,538,324	24,999,676,895,866

CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2018

FORM B 01-DN/HN

Unit: VND

NO.	RESOURCES	Codes	Notes	30/6/2018	31/12/2017
A - LIABILITIES		300		12,400,576,249,250	11,761,300,662,093
I. Current liabilities		310		11,901,667,720,854	11,100,344,738,740
1	Short-term trade payables	311	17	1,618,107,863,526	2,279,172,467,047
2	Short-term advances from customers	312		576,244,037,368	561,261,495,876
3	Taxes and amounts payable to the State Budget	313	18	243,955,140,677	320,421,087,431
4	Payables to employees	314		717,908,322,257	830,413,330,203
5	Short-term accrued expenses	315	19	968,626,938,378	918,418,793,263
6	Payables relating to construction contracts under percentage of completion method	317		22,992,601,562	20,380,725,175
7	Short-term unearned revenue	318	20	1,329,507,438,427	1,293,630,917,628
8	Other current payables	319	21	273,073,631,807	439,490,212,823
9	Short-term loans and obligations under finance leases	320	22	5,971,944,040,829	4,116,988,708,324
10	Short-term provisions	321	23	5,145,730,117	6,051,424,047
11	Bonus and welfare funds	322		174,161,975,906	314,115,576,923
II. Long-term liabilities		330		498,908,528,396	660,955,923,353
1	Long-term advances from customers	332		-	40,000,000,000
2	Long-term unearned revenue	336	20	83,483,091,724	47,796,539,629
3	Other long-term payables	337	21	7,499,794,396	1,525,469,921
4	Long-term loans and obligations under finance leases	338	24	404,863,295,760	565,209,817,637
5	Deferred tax liabilities	341		332,481,380	2,853,492,585
6	Long-term provisions	342	23	2,537,768,853	3,378,507,298
7	Scientific and technological development fund	343		192,096,283	192,096,283
B - EQUITY		400		13,885,569,289,074	13,238,376,233,773
I. Owner's equity		410		13,882,819,289,074	13,235,626,233,773
1	Owner's contributed capital	411	25	6,136,367,720,000	5,309,611,050,000
	- Ordinary shares carrying voting rights	411a		6,136,367,720,000	5,309,611,050,000
2	Share premium	412	25	49,465,703,201	49,465,703,201
3	Other capital	414		631,969,693,052	287,829,523,052
4	Treasury shares	415	25	(823,760,000)	(823,760,000)
5	Foreign exchange reserve	417	25	17,135,477,127	10,358,539,447
6	Investment and development funds	418	25	167,077,476,888	171,160,597,046
7	Other reserves	420	25	87,230,135,824	87,230,351,424
8	Retained earnings	421	25	4,670,505,451,280	5,511,408,650,206
	- Retained earnings accumulated to the prior period	421a		3,567,209,383,296	3,323,086,196,728
	- Retained earnings of the current period	421b		1,103,296,067,984	2,188,322,453,478
9	Non-controlling interests	429		2,123,891,391,702	1,809,385,579,397
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		26,286,145,538,324	24,999,676,895,866

Preparer

Nguyen Tien Hao

Chief Accountant

Hoang Huu Chien

Hanoi, 30 July 2018

Executive Vice President



Nguyen The Phuong

FPT CORPORATION

17 Duy Tan Street, Dich Vong Hau Ward
Cau Giay District, Hanoi, S.R. Vietnam

Consolidated financial statements

For the period ended 30 Jun 2018

CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2018

FORM B 02-DN/HN

Unit: VND

No.	ITEMS	Codes	Notes	In period		Year to date	
				2018	2017	2018	2017
1	Gross revenue from goods sold and services rendered	01		5,479,349,328,640	10,089,127,514,119	10,236,314,669,478	19,696,079,965,694
2	Deductions	02		5,086,604,540	142,424,915,339	11,283,333,761	331,257,799,293
3	Net revenue from goods sold and services rendered	10	26	5,474,262,724,100	9,946,702,598,780	10,225,031,335,717	19,364,822,166,401
4	Cost of sales	11	27	3,473,590,126,697	7,515,123,047,941	6,368,798,411,510	14,857,729,226,545
5	Gross profit from sales	20		2,000,672,597,403	2,431,579,550,839	3,856,232,924,207	4,507,092,939,856
6	Financial income	21	28	112,699,870,321	162,595,733,071	266,192,431,305	328,517,623,322
7	Financial expenses	22	29	70,016,554,956	188,908,861,760	212,311,954,395	389,176,031,215
	<i>In which: interest expense</i>	23		55,088,753,336	100,132,120,955	101,497,368,758	213,004,037,895
8	Share of profit of associates	24		117,921,377,105	10,544,051,485	215,683,718,757	20,737,863,589
9	Selling expenses	25		451,959,254,396	722,126,928,368	874,666,660,118	1,451,517,363,529
10	General and administration expenses	26		829,766,036,904	914,566,795,502	1,600,192,518,079	1,606,627,312,790
11	Operating profit	30		879,551,998,573	779,116,749,765	1,650,937,941,677	1,409,027,719,233
12	Other income	31		27,692,097,787	16,805,228,346	61,453,906,805	42,867,658,750
13	Other expenses	32		929,876,011	12,439,019,430	25,299,417,281	25,167,624,552
14	Profit from other activities	40		26,762,221,776	4,366,208,915	36,154,489,524	17,700,034,198
15	Accounting profit before tax	50		906,314,220,349	783,482,958,680	1,687,092,431,201	1,426,727,753,431
16	Current tax expense	51		147,070,816,024	98,141,264,518	253,133,525,067	205,189,001,957
17	Deferred tax expense/(income)	52		214,570,816	14,884,471,894	22,161,640,359	10,741,595,739
18	Profit after tax (60=50-51-52)	60		759,028,833,509	670,457,222,268	1,411,797,265,775	1,210,797,155,735
	- Equity holders of the Holding Company	61		594,282,345,873	511,685,684,994	1,103,296,067,984	924,585,572,324
	- Non-controlling interests	62		164,746,487,636	158,771,537,274	308,501,197,791	286,211,583,411
19	Basic earnings per share	70	30	971	840	1,803	1,517
20	Diluted earnings per share	71		971	840	1,803	1,517

Since 18 December 2017, FPT Digital Retail Joint Stock Company and FPT Trading Company Limited have no longer been subsidiaries of FPT but its associates. For comparison purpose, please see more at Note 4 "Segment reporting".

FPT CORPORATION

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For the period ended 30 Jun 2018

EXPLANATION ON HIGHER PROFIT AFTER TAX IN 2018 IN COMPARISON TO 2017:

FPT Corporation explains the variation of business results in 2018, in comparison with the same period last year as follows:

Unit: million VND

Item	Year 2018		Year 2017		Increase/Decrease			
	Quarter 2	Accumulated	Quarter 2	Accumulated	Quarter 2		Accumulated	
					Amount	Percentage	Amount	Percentage
Net revenue from goods sold and services rendered	5,474,263	10,225,031	9,946,703	19,364,822	(4,472,440)	-45%	(9,139,791)	-47%
Profit after tax	759,029	1,411,797	670,457	1,210,797	88,572	13%	201,000	17%

Variation of business results in 2018, in comparison with the RESTATED result of the same period last year (FTG and FRT are reported as FPT's associates from 01 January 2017 with FPT's current proportions of ownership interest in the two investees):

Item	Year 2018		Year 2017		Increase/Decrease			
	Quarter 2	Accumulated	Quarter 2	Accumulated	Quarter 2		Accumulated	
					Amount	Percentage	Amount	Percentage
Net revenue from goods sold and services rendered	5,474,263	10,225,031	4,547,167	8,405,019	927,096	20%	1,820,012	22%
Profit after tax	759,029	1,411,797	597,850	1,088,515	161,179	27%	323,282	30%

Revenues of Quarter 2 and of the first 6 months of 2018 decreased sharply in comparison with those of the same periods of 2017 as FPT Digital Retail Joint Stock Company and Synnex FPT Joint Stock Company are no longer subsidiaries of the Corporation and hence, in 2018, the revenues of these companies were not consolidated into the Corporation's revenue. If compared on a similar basis, the Corporation's revenue of Quarter 2 and of the first 6 months 2018 increased by 20% và 22%, respectively in comparison with those of the same periods of last year.

The Corporation's profit of Quarter 2 and of the first 6 months of 2018 increased by 13% and 17%, respectively. If compared on a similar basis, the profit of Quarter 2 and of the first 6 months of 2018 increased by 27% và 30%, respectively thanks to the good performance of Technology sector and Telecommunications sector of which the 6-month Profit before tax increased by 31% and 17%, respectively in comparison with the same period last year.

Preparer



Nguyen Tien Hao

Chief Accountant



Hoang Huu Chien

Hanoi, 30 July 2018
Executive Vice President



Nguyen The Phuong

CONSOLIDATED CASH FLOW STATEMENT
For the period ended 30 June 2018

FORM B 03-DN/HN
Unit: VND

No.	ITEMS	Codes	YEAR	
			2018	2017
I	Cash flows from operating activities			
1	Profit before tax	01	1,687,092,431,201	1,426,727,753,431
2	Adjustments for:			
	- Depreciation and amortisation	02	560,152,278,727	490,713,841,874
	- Provisions	03	56,472,128,945	96,816,258,684
	- Foreign exchange (gain)/ loss arising from translating foreign currency items	04	1,840,417,725	4,032,622,220
	- (Gain)/losses from investing activities	05	(381,116,364,475)	(198,903,991,772)
	- Interest expense	06	101,497,368,758	213,004,037,895
3	Operating profit before movements in working capital	08	2,025,938,260,881	2,032,390,522,332
	- (Increase)/Decrease in receivables	09	613,393,752,841	(110,954,995,492)
	- (Increase)/Decrease in inventories	10	(136,939,504,220)	396,938,362,063
	- (Decrease)/Increase in accounts payable (not including accrued interest and corporate income tax payable)	11	(514,138,388,682)	(1,185,772,201,651)
	- (Increase)/Decrease in prepaid expenses	12	(224,497,319,381)	(10,351,115,921)
	- Interest paid	14	(93,419,062,167)	(234,941,005,268)
	- Corporate income tax paid	15	(190,171,369,984)	(286,529,099,616)
	- Other cash inflows/(outflows)	17	(144,036,936,774)	(243,577,125,775)
	Net cash from operating activities	20	1,336,129,432,514	357,203,340,672
II	Cash flows from investing activities			
1	Acquisition of fixed assets and other long-term assets	21	(1,261,309,654,689)	(498,879,743,132)
2	Proceeds from sale, disposal of fixed assets and other long-term	22	433,689,402	4,993,971,640
3	Cash inflow/outflow from lending and trading debt instruments	23	(485,877,271,686)	97,692,216,738
4	Investments in other entities	25	(79,534,620,000)	-
5	Cash recovered from investments in other entities	26	165,900,000,000	1,585,367,493
6	Interest earned, dividends received	27	194,383,509,043	201,998,526,569
	Net cash (used in) investing activities	30	(1,466,004,347,930)	(192,609,660,692)
III	Cash flows from financing activities			
1	Proceeds from issuing stocks	31	26,545,560,000	38,643,700,000
2	Capital withdrawals, buying treasury shares and proceeds from shares re-issued	32	-	(130,000,000)
3	Proceeds from borrowings	33	5,884,728,822,246	11,207,508,519,803
4	Repayments of borrowings	34	(4,239,028,572,884)	(12,291,751,035,663)
5	Dividends paid	36	(962,940,395,325)	(554,264,750,993)
	Net cash from/(used in) financing activities	40	709,305,414,037	(1,599,993,566,853)
	Net (decrease) in cash	50	579,430,498,621	(1,435,399,886,873)
	Cash and cash equivalents at the beginning of the period	60	3,480,659,514,788	6,013,361,389,774
	Cash and cash equivalents at the end of the period	70	4,060,090,013,409	4,577,961,502,901

Preparer



Nguyen Tien Hao

Chief Accountant



Hoang Huu Chien

Hanoi, 30 July 2018
Executive Vice President




Nguyen The Phuong

FPT CORPORATION

17 Duy Tan Street, Dich Vong Hau Ward
Cau Giay District, Hanoi, S.R. Vietnam

Consolidated financial statements

For the period ended 30 Jun 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FORM B 09-DN/HN**

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 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 the Business Registration Certificate No. 0103001041 issued for the first time by Hanoi Department of Planning and Investment dated on 13 May 2002 and its amendments.

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

According to the amended Business Registration Certificate dated 19 June 2018, the Company's charter capital is VND 6,136,367,720,000.

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 30 June 2018 was 26,644 (at 31 December 2017 was 25,322).

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) general education, college, university and postgraduate training services.

Normal production and business cycle

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

The Corporation's structure

Since 18 December 2017, FPT'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 30 June 2018, FPT Corporation had 7 subsidiaries, as follows:

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

and 4 associates:

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

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

The accompanying 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 accompanying 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. These consolidated financial statements have been prepared for the period from 01 January 2018 to 30 June 2018.

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 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 (reporting period). 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). Control is achieved where the Corporation 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 year 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 in the net assets of consolidated subsidiaries are identified separately from the parent's ownership interests in them. 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 combination

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 recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to consolidated profit and loss in the period of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders's proportion of the net fair value of the assets, liabilities, and contingent liabilities recognised.

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Consolidated financial statements

For the period ended 30 Jun 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FORM B 09-DN/HN**

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**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 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 Company's share of the net assets of the associate. Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognised.

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

Goodwill

Goodwill represents the excess of the cost of acquisition over the Company'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 recognised 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, and other financial assets.

Financial liabilities

At the date of initial recognition, financial liabilities are recognised at cost.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Company 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 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.

Provision for impairment of long-term financial investment

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 estimate of the Board of Director, the Corporation prudently makes more provision for impairment of long-term financial investment than requisition of 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cost of purchased tangible fixed assets comprises their purchase price 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:

	2018 (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 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 recognised 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 fixed assets and amortization

(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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(ii) License, copyright and patent**

Purchase price of license is accounted for as intangible fixed asset. License is amortised on straight-line basis from 3 to 5 years. The right to operate the high-speed internet line is amortised over 15 years of the operation right.

Purchase price of copyright and patent is capitalized and accounted for as intangible fixed asset. Copyright and patent are amortised on straight-line basis from 3 to 5 years.

(iii) Trademark

Purchase price of trademark and brand name are recorded as intangible fixed asset. Trademark and brand name are amortised on straight-line basis over the 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 fixed asset. Computer software is amortised on straight-line basis from 3 to 5 years.

Construction in progress

Properties in the course of construction for production, rental, or administrative purposes, or for the purposes not yet determined, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the current accounting regulation. 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 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.

Provisions

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 at the consolidated 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.

Provision for guarantees on student loans

The provision for guarantees on student loans relates to guarantees made by FPT University to BIDV Ha Thanh Branch and Tien Phong Commercial Joint Stock Bank in regard of loans granted by the banks to selected students of FPT University, under FPT Education Company Limited, a subsidiary of the Corporation.

Bonus and welfare funds

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Revenue recognition**

Revenue is recognised 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 balance sheet date of that period. 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 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 integration and informatics services

Revenue of a transaction involving the rendering of service 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 were actually provided to customers.

Revenue from the sale of telephone and internet prepaid cards is recognised in the consolidated income statement based on the time units actually consumed by users. Subsequently, any unutilized credits are recognised as income upon the expiration of the period of use in accordance with the published expiration policy. Amounts received upon the sale of prepaid cards, but prior to usage or expiration of the value sold, are shown as advance from customers in the consolidated balance sheet.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**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 payable 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

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 consolidated interim 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 interim 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 regulated exchange rates. 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 period in which the foreign operation is disposed of.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard "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 and diluted earnings per share (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 business lines under 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 information services:** providing application software solutions, providing information system integration services, supplying IT equipment, data center services, networking and security system design/construction; authorized warranty and maintenance of IT products for hardware vendors.

Investment and education: including the following main activities:

- Providing training services in IT, business management majors at general education, college, 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.

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Items	Information Technology and Telecommunication				
	Telecommunication	Digital content	Software outsourcing	Software solution, system integration and informatics services	Technology pr manufactur distribution an
Current year					
Segment revenue	3,949,921	240,875	3,640,382	1,962,965	
- External revenue	3,949,921	240,875	3,578,431	1,867,934	
- Inter segment revenue	-	-	61,951	95,031	
Segment expenses (i)					
Directly attributable expenses	(3,358,508)	(118,610)	(3,076,008)	(1,898,324)	
In which:					
- Depreciation and amortisation	(431,863)	(2,536)	(93,941)	(11,665)	
- Allocation of long-term prepaid expenses	(187,457)	(3,937)	(83,957)	(31,430)	
Segment result (ii)	591,413	122,265	564,374	64,641	
Segment profit before tax	592,268	135,229	531,987	59,902	
Segment assets	10,440,256	1,238,728	6,303,354	4,469,117	
Segment liabilities	5,968,986	454,647	3,544,594	3,034,146	
Total expenses for acquisition of fixed assets	1,036,111	4,352	160,329	58,919	

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4.1 Segment reporting (Continued)

Previous year		Information Technology and Telecommunication				Investment and education		Elimination		Total
Items	Telecommunication	Digital content	Software outsourcing	Software solution, system integration and informatics services	Investment and education	Elimination	Total	Unit: VND million		
Segment revenue	3,403,041	234,805	2,809,459	1,833,270	476,628	(964,280)	19,364,822			
External revenue	3,403,041	234,805	2,790,858	1,636,246	340,070	-	19,364,822			
Inter segment revenue	-	-	18,602	197,025	136,558	(964,280)	-			
Segment expenses										
Directly attributable expenses	(2,887,806)	(126,161)	(2,297,000)	(1,805,727)	(445,830)	955,105	(17,915,873)			
In which:										
- Depreciation and amortisation	(380,082)	(2,683)	(66,359)	(13,623)	(25,742)	2,146	(490,713)			
- Allocation of long-term prepaid expenses	(152,128)	(9,302)	(41,834)	(36,767)	(21,991)	-	(280,647)			
Segment result	515,235	108,644	512,460	27,543	30,798	(9,175)	1,448,949			
Segment profit before tax	528,321	120,043	414,655	18,010	567,398	(512,453)	1,426,727			
Segment assets	8,480,032	906,815	4,728,152	4,093,038	5,673,760	(3,437,448)	28,045,806			
Segment liabilities	4,930,726	368,072	2,891,709	2,885,958	2,619,659	(3,254,212)	15,895,578			
Total expenses for acquisition of fixed assets	485,712	8,149	317,461	38,544	28,981	-	939,213			

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4.2 PREVIOUS YEAR: Restated segment reporting for comparison purpose (FTG and FRT are reported as FPT's associates from 01 January 2017 with FPT's current proportions of ownership interest in the two investees):

Unit: VND million

Items	Information Technology and Telecommunication				Investment and education	Elimination	Total
	Telecommunication	Digital content	Software outsourcing	Software solution, system integration and informatics services			
Segment revenue	3,403,041	234,805	2,809,459	1,833,270	476,628	(352,185)	8,405,019
External revenue	3,403,041	234,805	2,790,858	1,636,246	340,070	-	8,405,019
Inter segment revenue	-	-	18,602	197,025	136,558	(352,185)	-
Segment expenses							
Directly attributable expenses	(2,887,806)	(126,161)	(2,297,000)	(1,805,727)	(443,684)	343,010	(7,217,368)
In which:							
- Depreciation and amortisation	(380,082)	(2,683)	(66,359)	(13,623)	(25,742)	2,146	(486,343)
- Allocation of long-term prepaid expenses	(152,128)	(9,302)	(41,834)	(36,767)	(21,991)	-	(262,022)
Segment result	515,235	108,644	512,460	27,543	32,944	(9,175)	1,187,651
Segment profit before tax	528,321	120,043	414,655	18,010	705,548	(512,453)	1,274,123
Segment assets	8,480,032	906,815	4,728,152	4,093,038	6,581,561	(4,133,886)	20,655,712
Segment liabilities	4,930,726	368,072	2,891,709	2,885,958	2,619,659	(3,547,835)	10,148,289
Total expenses for acquisition of fixed assets	485,712	8,149	317,461	38,544	28,981	-	878,847

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5. CASH AND CASH EQUIVALENTS

	<u>30/6/2018</u>	<u>31/12/2017</u>
	VND	VND
Cash on hand	19,260,535,963	10,143,297,590
Cash in bank	2,395,636,537,376	1,874,995,984,980
Cash in transfer	-	1,295,936,150
Cash equivalents (i)	1,645,192,940,070	1,594,224,296,068
	<u>4,060,090,013,409</u>	<u>3,480,659,514,788</u>

(i) Cash equivalents represent bank deposits with terms of 3 months or less.

6. FINANCIAL INVESTMENTS

	<u>30/6/2018</u>		<u>31/12/2017</u>	
	Cost	Carrying amount	Cost	Carrying amount
	VND	VND	VND	VND
Held-to-maturity investments				
- Term deposits	4,838,507,469,467	4,838,507,469,467	4,352,630,197,781	4,352,630,197,781
- Other investments	86,275,051,776	27,772,814,292	86,275,051,776	26,816,014,292
	<u>4,924,782,521,243</u>	<u>4,866,280,283,759</u>	<u>4,438,905,249,557</u>	<u>4,379,446,212,073</u>

	<u>30/6/2018</u>		<u>31/12/2017</u>	
	Cost	Carrying amount	Cost	Carrying amount
	VND	VND	VND	VND
Investment in other entities				
- Viet Nam BVIM investment fund	2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
- Other investments	747,264,823,537	424,789,569,046	747,159,852,282	447,564,569,046
	<u>749,364,823,537</u>	<u>426,889,569,046</u>	<u>749,259,852,282</u>	<u>449,664,569,046</u>

7. TRADE RECEIVABLES

As at 30/6/2018 trade receivables balance does not include balances of trade receivables which account for 10% or more of the total trade receivables balance.

8. OTHER RECEIVABLES

	<u>30/6/2018</u>	<u>31/12/2017</u>
	VND	VND
a. Short-term		
Receivables from maintenance service contracts in progress	279,872,854,136	98,011,262,505
Other receivables	580,607,298,405	668,989,108,994
	<u>860,480,152,541</u>	<u>767,000,371,499</u>
b. Long-term		
Deposits and mortgages	73,026,901,007	69,491,018,667
Other receivables	66,546,741,801	55,343,597,639
	<u>139,573,642,808</u>	<u>124,834,616,306</u>

9. BAD DEBTS

As at 30/6/2018 bad debts balance does not include bad debts by payees accounting for 10% or more of the total amount overdue.

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	30/6/2018		31/12/2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	92,033,158,704	-	120,106,386,194	-
Tools and supplies	100,196,661,540	-	89,770,774,162	-
Work in progress	428,688,573,840	-	308,795,278,723	-
Merchandise	658,587,004,838	(3,347,147,115)	505,371,513,444	(3,831,528,933)
Total	1,279,505,398,922	(3,347,147,115)	1,024,043,952,523	(3,831,528,933)

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11. TANGIBLE FIXED ASSETS

	Structures and buildings	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
COST						
As at 1/1/2018	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
Additions	1,253,186,773	578,347,648,637	2,396,016,800	24,273,450,699	304,809,361	606,575,112,269
Transfers from CIP	476,274,546	2,045,927,533	-	-	-	2,522,202,079
Disposals	-	-	-	(1,793,878,266)	-	(1,793,878,266)
Other increase/(decreases) (*)	-	(261,473,649,198)	-	(1,393,633,007)	44,576,354	(262,822,705,851)
As at 30/6/2018	1,626,874,052,277	6,215,001,662,931	57,507,762,519	694,132,218,504	11,138,621,144	8,604,654,317,375
ACCUMULATED DEPRECIATION						
As at 1/1/2018	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
Charge for the period	34,985,357,014	430,071,786,511	2,923,157,533	23,964,504,058	869,926,795	492,814,731,910
Disposals	-	-	-	(1,743,203,042)	-	(1,743,203,042)
Other increase/(decreases) (*)	-	(143,373,849,139)	-	(968,121,590)	41,207,057	(144,300,763,672)
As at 30/6/2018	321,516,600,360	3,129,674,103,885	32,059,425,839	530,619,286,397	7,581,876,546	4,021,451,293,027
NET BOOK VALUE						
As at 30/6/2018	1,305,357,451,917	3,085,327,559,046	25,448,336,680	163,512,932,107	3,556,744,598	4,583,203,024,348
As at 1/1/2018	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 period mainly represent machinery and equipment from former telecommunications transmission infrastructure, which have been reclassified into inventory for disposal or replacement purpose.

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12. INTANGIBLE FIXED ASSETS

	Land use right VND	Computer software VND	License, copyright, and patent VND	Total VND
COST				
As at 1/1/2018	139,115,531,399	325,037,602,836	653,266,251,331	1,117,419,385,566
Purchases	8,054,430,323	28,867,107,612	203,198,198,123	240,119,736,058
Other increases/(decreases)	-	930,367,214	(24,515,492)	905,851,723
As at 30/6/2018	<u>147,169,961,722</u>	<u>354,835,077,662</u>	<u>856,439,933,962</u>	<u>1,358,444,973,347</u>
ACCUMULATED AMORTISATION				
As at 1/1/2018	7,104,943,926	244,125,246,966	208,053,348,700	459,283,539,592
Charge for the period	1,374,334,866	22,257,462,086	43,152,262,775	66,784,059,727
Other increases/(decreases)	-	(9,147,774)	437,312	(8,710,462)
As at 30/6/2018	<u>8,479,278,792</u>	<u>266,373,561,277</u>	<u>251,206,048,788</u>	<u>526,058,888,857</u>
NET BOOK VALUE				
As at 30/6/2018	<u>138,690,682,930</u>	<u>88,461,516,385</u>	<u>605,233,885,175</u>	<u>832,386,084,490</u>
As at 1/1/2018	<u>132,010,587,473</u>	<u>80,912,355,870</u>	<u>445,212,902,631</u>	<u>658,135,845,974</u>

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13. CONSTRUCTION IN PROGRESS

	2018	2017
	VND	VND
Opening balance	805,559,896,217	1,006,742,286,288
Increase in the period	421,184,578,964	771,849,613,507
Transfer to fixed assets	(198,087,636,120)	(805,917,957,379)
Divestment of FRT, FTG	-	(123,243,421,629)
Other increase/decrease	(53,256,851,970)	(43,870,624,570)
Closing balance	975,399,987,091	805,559,896,217

	30/6/2018	31/12/2017
	VND	VND
Detail by significant projects		
Nam An Khanh investment project	92,978,439,918	92,978,439,918
Tan Thuan 3 office building project	138,942,350,741	122,790,367,827
FPT Tower	424,960,108,025	393,003,100,000
Other projects	318,519,088,407	196,787,988,472
	975,399,987,091	805,559,896,217

14. INVESTMENTS IN SUBSIDIARIES

Details of the Corporation's subsidiaries as at 30 June 2018 are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting right	Principal activities
FPT Information System Company Limited	Floor 22, Keangnam Landmark72 Tower, E6, Pham Hung street, Me Tri, Tu Liem, Hanoi	100.00%	100.00%	Providing application software solution, EPR service, IT service and integrated system service
FPT Software Company Limited	Floor 6-12 FPT Cau Giay Building, Pham Hung Street, Cau Giay District, Hanoi	100.00%	100.00%	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, Pham Hung Street, Cau Giay District, Hanoi	100.00%	100.00%	Providing training and technology services

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14. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation and operation	Proportion of ownership	Proportion of voting right	Principal activities
FPT Online Service Joint Stock Company	408 Dien Bien Phu Street, Ward 11, District 10, Hochiminh City	51.95%	84.08%	Providing online services
FPT Investment Company Limited	Floor 13, FPT Cau Giay Building, Pham Hung Street, Cau Giay District, Hanoi	100.00%	100.00%	Providing financial services activities (investment consulting service, excluding legal and financial consulting services)
FPT Media Company Limited (ii)	FPT Cau Giay Building, Pham Hung Street, Cau Giay District, Hanoi	100.00%	100.00%	Producing news and entertainment shows; supplying telecom and advertising services

- (i) As at 30/6/2018, FPT Corporation holds 45.65% ownership interest (31/12/2017: 45.65%) and controls 45.65% of voting rights (31/12/2017: 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 Management 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 into the Corporation's consolidated financial statements.
- (ii) On 8 August 2011, 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.

15. INVESTMENTS IN ASSOCIATES

	From 1/1/2018 to 30/6/2018	From 1/1/2017 to 31/12/2017
	VND	VND
Opening balance	1,333,704,438,239	289,799,251,298
Share of net profit of associates	174,660,216,402	56,959,207,134
Dividend received	(9,938,132,000)	(9,034,665,500)
Effects of subsidiaries becoming associates	-	995,980,645,307
Closing balance	1,498,426,522,640	1,333,704,438,239

Details of associates as at 30 June 2018 are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest 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%	Share trading, brokerage, investment advisory and share depository services
FPT Fund Management Joint Stock Company	Floor 9, TTC Building, Dich Vong Hau Ward Cau Giay District, Hanoi	25%	Portfolio and fund management and other services

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16. DEFERRED TAX ASSETS

	Fixed assets VND	Revenue VND	Others VND	Total VND
As at 1/1/2018	17,795,401,242	33,040,140,028	9,598,864,671	60,434,405,941
Transfer to profit/(loss) in the period	(429,141,632)	(21,732,498,727)	-	(22,161,640,359)
Other increase/decrease	-	-	200,702,433	200,702,433
As at 30/6/2018	17,366,259,610	11,307,641,301	9,799,567,104	38,473,468,015

17. TRADE PAYABLES

As at 30/6/2018 trade payables balance does not include balances of trade payables which account for 10% or more of the total trade payables balance.

18. TAXES AND OTHER PAYABLES TO THE STATE BUDGET

Items	Movement			30/6/2018 VND
	31/12/2017	Amount payable VND	Amount paid and deducted VND	
	VND	VND	VND	
VAT	134,235,081,884	1,142,161,283,171	1,158,583,218,488	117,813,146,568
- Output VAT	133,534,552,671	1,030,504,131,440	1,047,746,796,059	116,291,888,053
- VAT on imports	700,529,213	111,657,151,731	110,836,422,429	1,521,258,515
Import duty	47,628,589	6,983,820,885	6,983,595,012	47,854,462
Corporate income tax	35,085,741,701	211,883,719,305	190,171,369,984	56,798,091,022
Other taxes	33,552,336,279	241,666,226,540	242,769,228,511	32,449,334,308
Personal income tax	27,320,187,842	217,648,390,037	215,910,318,424	29,058,259,455
Other taxes	6,232,148,437	24,017,836,502	26,858,910,087	3,391,074,852
Other payables	5,756,966,100	647,098,318	7,040,274,463	(636,210,045)
	208,677,754,554	1,603,342,148,219	1,605,547,686,458	206,472,216,315

Including:

- Taxes and other receivables from the state budget	111,743,332,877	37,482,924,362
- Taxes and other payables to the state budget	320,421,087,431	243,955,140,677

Taxes and other receivables from the state budget

	30/6/2018 VND	31/12/2017 VND
VAT	2,950,012,650	1,155,425,702
Import duty	34,802,628	34,802,628
Corporate income tax	30,336,569,223	110,103,151,153
Personal income tax	3,525,329,817	99,858,547
Other taxes	636,210,044	350,094,847
Total	37,482,924,362	111,743,332,877

Taxes and other payables to the state budget

	30/6/2018 VND	31/12/2017 VND
VAT	120,763,159,217	135,390,507,586
Import duty	82,657,090	82,431,217
Corporate income tax	87,134,660,245	145,188,892,854
Personal income tax	32,583,589,272	27,420,046,389
Foreign contractor tax	3,391,074,853	6,582,243,285
Other taxes	-	5,756,966,100
Total	243,955,140,677	320,421,087,431

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	<u>30/6/2018</u>	<u>31/12/2017</u>
	VND	VND
Accrued expenses for system integration projects	382,974,826,691	408,455,330,656
Other accruals	585,652,111,687	509,963,462,607
	<u>968,626,938,378</u>	<u>918,418,793,263</u>

20. UNEARNED REVENUE

	<u>30/6/2018</u>	<u>31/12/2017</u>
	VND	VND
a) Short-term		
Unearned revenue related to telecom service	1,084,461,559,130	987,786,150,810
Unearned revenue related to tuition and fees	174,088,800,019	230,852,766,071
Other items	70,957,079,278	74,992,000,747
	<u>1,329,507,438,427</u>	<u>1,293,630,917,628</u>
b) Long-term		
Unearned revenue related to telecom service	43,894,558,448	7,373,253,511
Other items	39,588,533,276	40,423,286,118
	<u>83,483,091,724</u>	<u>47,796,539,629</u>

21. OTHER PAYABLES

	<u>30/6/2018</u>	<u>31/12/2017</u>
	VND	VND
a) Short-term		
Union fees	42,254,981,250	43,851,162,084
Social, health, unemployment insurance	27,306,623,150	10,125,934,480
Short-term deposits received	115,010,569,059	120,204,816,937
Dividends payable	8,483,283,331	171,123,751,156
Other current payables	80,018,175,017	94,184,548,166
	<u>273,073,631,807</u>	<u>439,490,212,823</u>
b) Long-term		
Long-term deposits received	354,280,940	205,725,910
Other payables	7,145,513,456	1,319,744,011
	<u>7,499,794,396</u>	<u>1,525,469,921</u>

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22. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASE

Items	31/12/2017		In the year	
	Amount	Amount able to be paid off	Increase	Decrease
	VND	VND	VND	Dollars
Short-term loans from banks and economic entities (i)	3,754,428,452,146	3,754,428,452,146	5,804,965,532,158	3,943,230,5
Current portion of long-term loans and obligations under finance lease	362,560,256,178	362,560,256,178	240,109,811,965	246,889,4
- <i>Current portion of long-term loans (ii)</i>	361,663,699,034	361,663,699,034	239,673,726,465	246,516,6
- <i>Current portion of long-term obligations under finance lease</i>	896,557,144	896,557,144	436,085,500	372,8
Total	4,116,988,708,324	4,116,988,708,324	6,045,075,344,123	4,190,120,0

(i) Short-term loans from banks and economic entities are mainly under trust and in the form of letter of credit. These credits are denominated in either Vietnam Dong or United State Dollars. Interest charge is determined per each specific withdrawal.

(ii) Please see Note 24 for more.

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	Short - term provisions for warranties and others	Long - term provisions for warranties	Provisions for guarantees on student loans	Total
	VND	VND	VND	VND
As at 1/1/2017	6,051,424,047	3,365,602,298	12,905,000	9,429,931,345
Additional provision	1,948,715,742	423,938,729	-	2,372,654,471
Utilisation/Reversal of provisions	(2,854,409,672)	(1,264,677,174)	-	(4,119,086,846)
As at 30/6/2018	5,145,730,117	2,524,863,853	12,905,000	7,683,498,970

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.

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24. LONG-TERM LOANS AND LIABILITIES

Items	31/12/2017		In the year		30/6/2018	
	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	923,986,391,690	923,986,391,690	128,671,851,354	295,425,243,480	757,232,999,564	757,232,999,564
Other long-term liabilities	3,783,682,125	3,783,682,125	-	372,816,164	3,410,865,961	3,410,865,961
Total	927,770,073,815	927,770,073,815	128,671,851,354	295,798,059,644	760,643,865,525	760,643,865,525

In which:

- Amount due for settlement within 12 months	362,560,256,178	355,780,569,765
- Amount due for settlement after 12 months	565,209,817,637	404,863,295,760

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	<u>30/6/2018</u>	<u>31/12/2017</u>
	VND	VND
Long-term loans:	757,232,999,563	923,986,391,690
- 3-year loans	373,447,700,000	457,674,918,560
- 4-year loans	147,821,992,281	190,193,709,103
- 5-year loans	235,963,307,282	276,117,764,027
Long-term obligations under finance leases	3,410,865,962	3,783,682,125
Total	<u>760,643,865,525</u>	<u>927,770,073,815</u>
Of which		
Amount due for settlement within 12 months	355,780,569,765	362,560,256,178
Amount due for settlement after 12 months	404,863,295,760	565,209,817,637
Long-term loans are repayable as follows:		
	<u>30/6/2018</u>	<u>31/12/2017</u>
	VND	VND
On demand or within one year	354,820,743,285	361,663,699,034
In the second year	303,184,818,283	339,004,368,712
In the third to fifth year inclusive	99,227,437,995	223,318,323,944
After five years	-	-
	<u>757,232,999,563</u>	<u>923,986,391,690</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	354,820,743,285	361,663,699,034
Amount due for settlement after 12 months	<u>402,412,256,278</u>	<u>562,322,692,656</u>

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25. SHAREHOLDERS' EQUITY**Equity movement**

	Charter capital	Share premium	Other owners' capital	Treasury shares	Foreign exchange reserve	Investment and development funds	Financial reserve fund	Retained earnings	Total
	VND	VND		VND	VND	VND	VND	VND	VND
As at 1/1/2017	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
Stock dividends declared	692,380,510,000	-	62,570,940,000	-	-	-	-	(754,951,450,000)	-
Transferred to bonus and welfare funds	-	-	-	-	-	-	-	(212,329,680,082)	(212,329,680,082)
Transferred to and Utilization of Investment and development funds	-	-	-	-	-	44,270,763,538	-	(52,450,388,283)	(8,179,624,745)
Dividends declared	-	-	-	-	-	-	-	(992,519,407,000)	(992,519,407,000)
Others	-	-	168,375,913,052	-	16,234,007,546	-	3,150,660	(22,211,149,493)	162,401,921,765
As at 1/1/2018	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	5,511,408,650,207	11,426,240,654,377
Shares issued	26,545,560,000	-	-	-	-	-	-	-	26,545,560,000
Net profit for the year	-	-	-	-	-	-	-	1,103,296,067,984	1,103,296,067,984
Stock dividends declared	800,211,110,000	-	344,140,170,000	-	-	-	-	(1,144,351,280,000)	-
Transferred to and Utilization of Investment and development funds	-	-	-	-	-	(4,083,120,158)	-	-	(4,083,120,158)
Dividends declared	-	-	-	-	-	-	-	(800,299,927,500)	(800,299,927,500)
Others	-	-	-	-	6,776,937,680	-	(215,600)	451,940,589	7,228,662,669
As at 30/6/2018	6,136,367,720,000	49,465,703,201	631,969,693,052	(823,760,000)	17,135,477,127	167,077,476,888	87,230,135,824	4,670,505,451,280	11,758,927,897,372

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25. SHAREHOLDERS' EQUITY (Continued)

Number of outstanding shares

	<u>30/6/2018</u>	<u>31/12/2017</u>
	Number of shares	Number of shares
Authorised share capital	613,636,772	530,961,105
Issued share capital	613,636,772	530,961,105
Ordinary shares	613,636,772	530,961,105
<i>Of which Shares subject to restriction in ownership transfer</i>	<i>8,016,294</i>	<i>7,925,466</i>
Treasury shares	(82,376)	(82,376)
<i>Of which Shares subject to restriction in ownership transfer</i>	<i>-</i>	<i>-</i>
Shares currently in circulation	613,554,396	530,878,729
Ordinary shares	613,554,396	530,878,729
<i>Of which Shares subject to restriction in ownership transfer</i>	<i>8,016,294</i>	<i>7,925,466</i>

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 in 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 shareowners are not allowed to resell their shares within specified term from the date of issuance.

26. REVENUE

	<u>From 1/1/2018 to</u>	<u>From 1/1/2017 to</u>
	<u>30/6/2018</u>	<u>30/6/2017</u>
	VND	VND
Revenue	10,236,314,669,478	19,696,079,965,694
In which:		
- Revenue from goods sold	1,255,221,057,740	12,668,076,147,736
- Revenue from services rendered	8,981,093,611,738	7,028,003,817,958
Deductions	11,283,333,761	331,257,799,293
Net revenue	10,225,031,335,717	19,364,822,166,401

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27. COSTS OF SALES

	<u>From 1/1/2018 to 30/6/2018</u>	<u>From 1/1/2017 to 30/6/2017</u>
	VND	VND
Cost of goods sold	1,122,920,712,323	10,748,226,067,395
Cost of services rendered	5,245,877,699,187	4,118,491,136,405
Provision/(Reversal) for devaluation of inventories	-	(8,987,977,255)
Total	<u>6,368,798,411,510</u>	<u>14,857,729,226,545</u>

28. FINANCIAL INCOME

	<u>From 1/1/2018 to 30/6/2018</u>	<u>From 1/1/2017 to 30/6/2017</u>
	VND	VND
Interest from bank deposits, loans and bonds	205,708,121,766	187,835,286,868
Foreign exchange gain	58,554,172,952	91,830,064,078
Other financial income	1,930,136,587	48,852,272,376
	<u>266,192,431,305</u>	<u>328,517,623,322</u>

29. FINANCIAL EXPENSES

	<u>From 1/1/2018 to 30/6/2018</u>	<u>From 1/1/2017 to 30/6/2017</u>
	VND	VND
Interest expense	101,497,368,758	213,004,037,895
Foreign exchange loss	84,783,651,950	116,826,220,386
Other financial expenses	26,030,933,686	59,345,772,934
	<u>212,311,954,395</u>	<u>389,176,031,215</u>

30. EARNINGS PER SHARE

Basic earnings per share as at 30 June 2018 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>From 1/1/2018 to 30/6/2018</u>	<u>From 1/1/2017 to 30/6/2017</u>
	VND	VND
Accounting profit after tax	1,103,296,067,984	924,585,572,324
Allocation to bonus and welfare fund	-	-
Weighted average number of outstanding ordinary shares	611,784,692	609,368,927
Basic earnings per share	1,803	1,517

Restatement of weighted average number of ordinary shares

On 5 June 2018, FPT Corporation paid dividend in shares, which led to a retrospective adjustment to the weighted average number of outstanding ordinary shares of the period from 01 January 2017 to 30 June 2017, as follows:

	<u>Weighted average number of ordinary</u>	<u>Earning per share</u>
As stated in the consolidated financial statements for the period from 01 January 2017 to 30 June 2017	529,347,816	1,747
Effect of stock dividends issued on 05 June 2018	80,021,111	(230)
As restated	<u>609,368,927</u>	<u>1,517</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

31. RELATED PARTY TRANSACTIONS AND BALANCES

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

	<u>From 1/1/2018 to</u> <u>30/6/2018</u>	<u>From 1/1/2017 to</u> <u>30/6/2017</u>
	VND	VND
Dividends received in cash		
FPT Securities Joint Stock Company	9,938,132,000	9,034,665,500
Purchases of goods and services		
Synnex FPT Joint Stock Company	369,750,158,617	-
FPT Digital Retail Joint Stock Company	7,922,301,705	-

Significant related party balances at the balance sheet date were as follows:

	<u>30/6/2018</u>	<u>31/12/2017</u>
	VND	VND
Entrusted investments		
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
Balances of borrowings		
Synnex FPT Joint Stock Company	-	200,000,000,000
Short-term payables		
Synnex FPT Joint Stock Company	98,181,757,674	141,743,904,028

32. 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 30 June 2018, the number of students participating in the program in Japan are about 374 people, and the total estimated guarantee amount is VND 70,354,313,781, respectively.

33. SUBSEQUENT EVENTS

On July 12, 2018, the Corporation acquired a 90% stake in Intellinet Consulting, LLC - a technology consulting company based in the United States. Accordingly, Intellinet Consulting, LLC has become a subsidiary of the Corporation since then.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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34. COMPARATIVE FIGURES

Comparative figures of the consolidated balance sheet are the figures in the audited consolidated financial statements for the year ended 31 December 2017. Comparative figures of the consolidated income statement and consolidated cash flow statement are the figures in the reviewed consolidated financial statements for the period ended 30 June 2017.

Hanoi, 30 July 2018

Preparer



Nguyen Tien Hao

Chief Accountant



Hoang Huu Chien

Executive Vice President




Nguyen The Phuong