

## THE BOARD OF DIRECTORS' REPORT OF BUSINESS RESULTS IN 2008

### **1. Summary of business results in 2008**

FPT is the leading Economy – Technology Corporation in Vietnam, with various business lines such as: System Integration, Software Solutions, Technology Services, Software Outsourcing, Online Contents, Broad Band Internet Access, Mobile and IT products Distribution, IT Education, Computer Assembly, Media, Finance – Banking, Retail, Promotion, and Real Estate.

In unfavorable conditions of economy in 2008, FPT hit the landmark of revenue at 16,806 billion dongs equivalent to 1 billion USD, completing 106.2% of year planning and growing at 21% in comparison with 2007.

Profit before tax of the Corporation achieved 1,240 billion dongs, completing 104.9% of 2008 year planning and increasing 20.5% compared with the same period of 2007. Profit after tax of shareholders of parent company reached 836 billion dongs, giving shareholders the basic earnings per share at 5,959 dongs.

*(Units: Million dongs)*

Items	Values in 2007	Values in 2008	Growth
Revenue	13,893,887	16,806,168	21.0%
Profit after tax of shareholders of parent company	737,469	836,271	13.4%
Basic earnings per share (VND)*	5,317	5,959	12.1%

\*Notes: Basic earnings per share in 2007 were adjusted accordingly to extra shares issued to increase Chartered capital with the ratio of 2:1 in 2008.

### **Other financial activities**

In the fiscal year of 2008, there were no other financial activities.

### **Contribution to the National budget**

In 2008, FPT Corporation contributed 2,874 billion dongs to National budget.

### **Capital contribution to Tien Phong Bank**

On May 7<sup>th</sup> 2008, State Bank of Vietnam officially granted the license to FPT Bank to establish and operate with the name of Tien Phong Bank. FPT contributed 15% of total 1,000 billion dongs of bank's chartered capital.

## **2. Financial condition**

### **Profitability**

<b>Indicators</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Gross Profit/Revenue	12.0%	14.5%	18.2%
Net Operating Profit/Revenue	5.1%	7.1%	7.3%
Net Earnings/Revenue	4.7%	6.5%	6.4%
ROA	19.0%	20.1%	18.3%
ROE	45.1%	44.6%	40.3%

Indicators of profitability show that FPT Corporation maintained impressive profitability in 2008. ROE was 40.3%, reflecting the effective use of business capital of the Corporation. Gross Profit/Revenue was 18.2% in 2008 compared with 14.5% in 2007, largely due to increasing weight of Software and Services in revenue structure. Therefore, by the end of 2008, the indicator of Net Profit/Revenue increased slightly compared with the same period and continuously over years since the first decade.

### **Solvency**

<b>Items</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Current Ratio	1.78	1.43	1.47
Quick Ratio	1.45	0.96	1.09

Solvency does not fluctuate strongly and are maintained in the safe level in 2008, always ensure payment and reflect the effective management of current assets of FPT.

The average account payable day of the Corporation is 26 days, decreasing 4 days compared with 2007. This is the remarkable achievement in an unfavorable condition of economy in 2008.

The average inventory day is 37 days, up 4 days compared with 2007. The inventory day increased due to business of Mobile and IT products Distribution suffered bad impacts in 2008.

In general, FPT Corporation continues to maintain the safe level of managing current capital and inventory days and keep account payable days the same with the previous period.

### **Changes in chartered capital**

In 2008, FPT increased chartered capital twice:

1. Issue 1,292,887 ordinary shares to employees with notable achievements in 2008 and issue 515,150 preferred shares, increasing chartered capital from 923,525,790,000 VND to 941,606,160,000 VND.

2. Issue 47,001,458 extra bonus shares to current shareholders from surplus capital to increase chartered capital with the ratio at 2:1 to 1,411,620,740,000 VND.

**Total shares of FPT (as of December 31<sup>st</sup> 2008)**

Items	Quantity	Weight	Par value (VND)	Voting rights
Ordinary shares	139,787,819	99.03%	10,000	1:1
Preferred shares	1,191,105	0.84%	10,000	1:1
Preferred shares fund	183,150	0.13%	10,000	1:0
<b>Total shares</b>	<b>141,162,074</b>	<b>100%</b>		

**3. Business results**

**Revenue and profit of traditional business lines in 2008**

*(Units: Million dong)*

No.	Business lines	Revenue	Growth	Earnings before tax	Growth
1	System Integration	2,763,286	49.7%	320,680	77.4%
2	Software Outsourcing	686,927	43.9%	224,103	29.7%
3	Telecom	1,259,801	44.8%	356,889	56.8%
4	Education	133,093	97.6%	43,643	112.8%
5	Distribution	11,513,922	10.0%	438,464	-7.6%

**Revenue**

2008 is the great landmark in 20-development years of FPT Corporation when revenue reached 1 billion dollars equivalent to 16,806 billion dong, completing 106.2% of planned and increasing 21% compared with the same period of 2007.

Revenue from Software and Services grew strongly at 47.7% in comparison with 2007, twice as high as the growth rate of FPT's total revenue. Therefore, the Corporation's turnover in 2008 moved quickly, revenue of Software and Services weighted at 16% of total revenue, up nearly 4% to weight of 13.1% in 2007.

**Earnings**

Earnings before tax of the Corporation achieved 1,240 billion dong, completing 104.9% of year planning and increasing 20.5% compared with the same period of 2007.

Earnings before tax of Software and Services grew at 58.3% in comparison with 2007. Together with Software Outsourcing and Education, Telecom continued to maintain high growth rate and increased percentage of the Corporation's earnings before tax. Profit from Software and Services accounted for 63% of FPT's total profit in 2008, up 49.7% significantly to 2007.

## **Detailed results of traditional business lines**

### **a. System Integration**

*(Units: Million dong)*

<b>Items</b>	<b>2007</b>	<b>2008</b>	<b>Growth</b>
Revenue	1,846,462	2,763,286	49.7%
Earnings before tax	180,748	320,680	77.4%
Earnings before tax/Revenue	9.8%	11.6%	
Number of employees	1,919	1,742	-9.2%

FPT Information System Company (abbreviation is FPT-IS) holds No. 1 position in Vietnam in the fields such as: System Integration, Software Solution and Technology Services.

The company provide solutions of integrating information infrastructure systems such as: Network system, Security information systems, Stored systems, Data center systems, Backup and recovery systems, Intelligent building solutions; software solutions in the fields of: Finance – Banking, National defense security, Telecommunications, E-government, Enterprise, Education, Healthcare, Transportation; and other services: Consulting on information systems, Maintaining information systems, GIS data services, Call center, Data center, eProcess, SMS, BPO.

### **b. Software Outsourcing**

*(Units: Million dong)*

<b>Items</b>	<b>2007</b>	<b>2008</b>	<b>Growth</b>
Revenue	477,239	686,927	43.9%
Earnings before tax	172,748	224,103	29.7%
Earnings before tax/Revenue	36.2%	32.6%	
Number of employees	2,259	2,546	12.7%

FPT Software Joint Stock Company (FPT Software) is the No. 1 software outsourcing company in Vietnam. The key businesses are IT services and outsourcing software to the overseas market, FPT Software aims to produce software in the fields of: Finance – Banking, Supply and Distribution chain, Manufacturing, Government and Public services, IT services,

ERP, Telecommunications, Infrastructure, Automation, Embedded software, Integration – Conversion technology software services, Software test, BPO.

### c. Telecom

*(Units: Million dong)*

Items	2007	2008	Growth
Revenue	870,096	1,259,801	44.8%
Earnings before tax	227,660	356,889	56.8%
Earnings before tax/Revenue	26.2%	28.3%	
Number of employees	2,145	2,007	-6.4%

FPT Telecom Corporation (FPT Telecom) is one of the leading Internet and Telecom providers in Vietnam. The key business include: providing telecom network infrastructure to broad band Internet services; agents providing telecom and Internet products and services; value added services, television services, films, music, game online on Internet and mobile phones; message services, data, entertainment on mobile phones; setting network infrastructure and providing Telecom and Internet services.

### d. Distribution

*(Units: Million dong)*

Items	2007	2008	Growth
Revenue	10,463,788	11,513,922	10.0%
Earnings before tax	474,363	438,464	-7.6%
Earnings before tax/Revenue	4.5%	3.8%	
Number of employees	1,496	1,161	-22.4%

FPT Distribution Company Ltd., (FPT Distribution) and FPT Mobile Technologies Company Ltd., (FPT Mobile) are two subsidiaries of FPT Corporation participating in Mobile and IT products distribution.

Both companies are leading in distributing mobile phones of such firms as Nokia, Samsung and Motorola in Vietnam. Besides mobile products distribution of Nokia, FPT Distribution is also the distribution company of the largest IT products in Vietnam, the trust partner of more than 60 famous firms in the world such as IBM, Microsoft, HP, Toshiba, Oracle, Intel, Symantec, NEC...

Distribution systems of both companies are spread across Vietnam's territory with more than 1,000 agents.

There are two reasons why earnings before tax decreased compared with the same period. 1) Difficulties of economy during this year had deep impacts on decreasing demand for mobile

and IT products; and 2) The strong fluctuation of exchange rate for goods export-import directly reduced profit of Distribution.

#### **e. IT Education**

*(Units: Million dong)*

<b>Items</b>	<b>2007</b>	<b>2008</b>	<b>Growth</b>
Revenue	67,358	133,093	97.6%
Earnings before tax	20,508	43,643	112.8%
Earnings before tax/Revenue	30.4%	32.8%	
Number of employees	233	370	58.8%

FPT University was established on September 8<sup>th</sup> 2006 with a mission to build a model of the new generation University of modern education philosophy, associating education with life realities and human resource demand of the country, contributing to Vietnamese IT industry well-matched with other progressive countries in the world.

After more than 2 years, FPT University had stable steps in the goal to become one of human resources training centers for IT industry in Vietnam. Besides the university program training, from 2008, the university also manage FPT-Aptech programmer training center and FPT-Arena art multimedia training.

#### **Investment condition in associates**

FPT invested in finance and banking companies as follows: FPTTS (25%), FPTC (33%) and Tien Phong Bank (15%).

2008 experienced a lot of difficulties for financial business; therefore, the investment can not gain profits and lost nearly 40 billion dong.

#### **4. Highlights of governance methods in 2008**

Facing with difficult condition from the second quarter of 2008, according to Management Board's guide, the administration has conducted several measures to reduce and control costs. Adjust revenue plan down to 19%, profit plan to 9% and cut costs from 10% to 20% depending on every item. The departments under the impact of the crisis had cut at least 10% of staff, some departments to 30%. The recruitment was stopped in most departments of the corporation. Costs which did not directly affect to business had been removed. Management of inventory and debt was also enhanced. Projects ensuring quality of inventory and debt in FPT-IS were carried out and achieved significant results on the inventory and debt.

## **5. Business plan for 2009**

According to current business condition and expected condition in 2009, there are disadvantages for the business and operations. The Board of Management kindly submits to the AGM to approve the business plan for 2009 with the following financial items:

*(Units: Million dong)*

Items	2009 Forecast	Growth
Revenue of the Corporation	17,078,000	1.62%
Earnings before tax of the Corporation	1,451,000	17.01%
Earnings after tax of shareholders of parent company	884,000	5.71%
EPS (VND)	6,177	3.7%

**Note:** In 2009, FPT no longer received 50% reduction of income tax for those companies listing on trading securities.

**ON BEHALF OF DIRECTORS BOARD**  
**DEPUTY GENERAL DIRECTOR**  
**BUI QUANG NGOC**  
(signed and sealed)