



## **2009 REPORT OF BOARD OF DIRECTORS**

### **FPT CORPORATION**

#### **1. 2009 - Another Successful Year**

Financial difficulties that began in the middle of 2008 in the world's largest economies quickly spread, bringing the global economy into a steep recession in 2009. This recession is judged by many as one of the worst economic downturns since the 1930s Great Depression. Vietnam was not spared by this financial vortex, as severe difficulties and challenges laid ahead its economy at the beginning of 2009.

Amidst such turmoil, FPT's Board of Directors cautiously approved the business plan for 2009 and directed member companies to make contingency plans in preparation for the economic upheaval.

However, in the middle of 2009, the Vietnamese Government implemented a major economic stimulus package and various macroeconomic management policies to stabilize the economy. FPT closely observed these changes in government policies, continually forecasting the future business environment and adjusting business plans in each unit accordingly.

The result was that, fiscal 2009 saw our revenue jump to VND 18,741.6 billion (equivalent to over 1 billion USD), 8 % higher than the annual plan and 11.5 % higher than fiscal 2008.

Notably, the Corporation's profit growth rate was also higher than the previous year. Pre-tax profit grew to over VND 1,697.5 billion, up 36.9 % from 2008 and 12 % higher than the annual plan. After-tax profit contributed to equity holder of the Holding company was VND 1,063.3 billion, a 27.2 % increase over the same period in 2008 and 17 % higher than our annual plan. Earnings per share reached 7,498 VND, a 25.8 % increase from 2008 and 18.5 % higher than the annual plan.

FPT continued to enjoy strong growth in system integration, telecommunication and education. We saw robust growth in revenue across our businesses. Software products and services grew by 29 %, accounting for 59 % of total profit.

This outstanding performance was thanks to the tremendous efforts of 10,000 FPT employees and the management experience that FPT has accumulated over the past 20 years.



## **2. Adapting to a New Era of Growth and International Standards**

Fiscal 2009 marked a turning point in FPT's history. After 20 years, FPT has become a leading technology firm in Vietnam with an average annual growth rate of 30-40 %. FPT's contribution to the National Budget is equivalent to that of a large province in Vietnam. Facing a new business environment and a larger scale of operation, FPT has committed to several changes to continue driving growth. In particular,

*First* is the separation of the management function of the Board of Directors and the executing function of the Board of Management. Members of the Board of Directors who concurrently hold positions in the Management Board, such as Mr. Truong Gia Binh, Mr. Le Quang Tien, Mr. Bui Quang Ngoc etc will step down from their positions in the Management Board. The Management Board recruited four young leaders who are creative and have professional experience in their respective fields. We also added a new member to the Board of Directors in 2009. Mr. Jonathon Waugh, a British national, is an expert in finance and also has a superb knowledge of business administration systems in developing countries.

*Second*, the Board of Directors approved the restructuring of FPT Corporation, focusing on two major areas: corporate governance and financial management. In 2009, under the consultancy of Deloitte Consulting, the Board of Directors issued for the first time FPT's Corporate Governance Policies, including policies on the organizational structure and operation of the Board of Directors and the Board of Management, and policies on the administration between FPT and its subsidiary companies.

Accordingly, the Board of Directors established various committees to assist the Board in its operation, including: Standing Committee, Personnel Committee, Internal Control Committee, Strategy Council and Office of the Chairman.

*Third*, the Board of Directors also moved forward the company's restructuring process. In 2009, they ratified the merging of several subsidiaries into two larger ones, FPT Trading Company and a company of digital content. In the same year, the Board of Directors also approved the equitization of two large member companies: FPT Information System Company and FPT Trading Company.

*Fourth*, the Board of Directors applied new financial instruments of international standards to diversify the Corporation's sources of capital mobilization. On September 10 2009, the company successfully issued 1,800 bonds with detachable warrants, valued at VND 1,800 billion. This issuance brought benefits not only to FPT but also to its shareholders. By



utilizing a new financial product with combined stock and bond features, FPT effectively mobilized the necessary capital at low costs, and thus maximized shareholders' benefits.

*Fifth*, the Board of Directors asserted the Corporation status as an IT and telecommunication company. They identified the following core businesses from which to direct the company's development: telecommunication, content industry, and IT services.

### **3. Pursuit of the “For E-citizens” Strategy**

The long-term “*For E-citizens*” strategy of FPT was inaugurated by the Chairman of the Board of Directors, Mr. Truong Gia Binh in 2007. He recognized that e-services not only enhance organizations' productivity and competitiveness, but also bring comforts and conveniences to consumers' lives. These organizations and consumers were named “E-citizens” by FPT. The company's strategy is to create a value-added system based on the foundation of IT and telecommunication, to fully satisfy the demand of this group of consumers.

During FPT's 2009 Strategic Conference, the company committed to the following strategy: “*For E-citizens*”, *on the basis of IT and Telecommunication, combine the strength of all FPT member companies to launch products and services for the mass market.*

FPT strives to deliver products and services that are familiar to consumers and cover a wide range of applications such as communication, advertising, e-payment, e-banking, e-commerce, games, e-learning, and entertainment services including chat, forums, selective news readings, and video sharing, etc. The synergy of FPT subsidiary companies is the foundation from which we will launch our multifunctional products and services.

### **4. Business Plan in 2010**

The global financial crisis is believed to be under control and the world economy is expected to gradually recover in 2010. The International Monetary Fund (IMF) forecasts that the world economy will grow by 3.1 % in 2010. This is higher than the growth rate of 1.1 % in 2009, but still low compared to previous years. Is it perhaps too early to ascertain a steady recovery of the world economy? The recent recovery was dependent on the stimulus packages of many governments. When these packages are withdrawn, difficulties might arise again.

That there is a sign of the world economy recovering presents favorable conditions to the

Vietnamese economy in 2010. Experts have projected that Vietnam's GDP growth rate in 2010 might reach 6.5 % compared with 5.3 % in 2009. Nevertheless, the Vietnamese economy continues to be exposed to many macroeconomic threats, including the budget deficit, the trade deficit, the balance of payment deficit, high inflation, and interest rate and exchange rate pressures.

Based on forecasts of the world economy and of the Vietnamese economy, based on the long-term strategy of FPT, the Board of Directors has identified the following main objectives for the year 2010:

- Maintaining market leadership, utilizing every opportunity to raise revenue and profits across businesses.
- Continuing the expansion of the Corporation both domestically and internationally.
- Investing in research and development to roll out a pipeline of competitive and innovative products and services under the FPT brand.

The Board of Directors also approved the following business plan for 2010.

*Unit: billion VND*

<b>Targets</b>	<b>2009</b>	<b>2010</b>	<b>Growth</b>
Corporate revenue	18,742	22,996	23%
Pre-tax profit	1,698	2,119	25%
After-tax profit	1,406	1,700	21%
After-tax profit contributed to equity holder of the Holding company	1,063	1,279	20%
EPS (VND/CP)	7,498	8,928*	19%

\* Not counting share split

There are signs that the Vietnamese economy will improve in 2010, but uncertainty remains. The Board of Directors will closely observe business conditions and the government's macro-economic policies to ensure adaptability to maintain healthy growth and deliver profits to shareholders.



The long-term support and commitment of our shareholders, partners and employees will enable us to overcome all challenges and accomplish our goals.

*Hanoi, March 16<sup>th</sup> 2010*

**ON BEHALF OF DIRECTOR BOARD  
CHAIRMAN**

**(Signed and sealed)**

**Truong Gia Binh**