

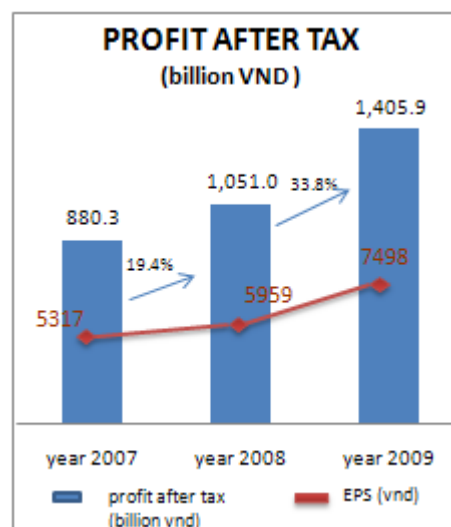
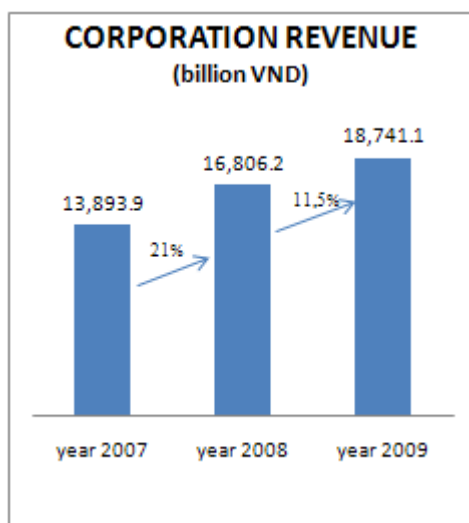


## 2009 REPORT OF BOARD OF DIRECTORS

### FPT CORPORATION

#### 1. Summary of Business Results in 2009

Fiscal 2009 saw FPT's revenue grow by 11.5%, totaling VND 18,741.7 billion, 8% higher than the target growth rate. Pre-tax profit reached VND 1,697.5 billion, a 36.9% increase over 2008 and 12% higher than target. Profit after tax contributed to equity holder of the holding company was VND 1,063.3 billion, an increase of 27.2% over the same period last year and 17% higher than the annual plan. Earnings per share attained 7,498 VND, up 25.8% from 2008 level. Contributing to these impressive indicators was the remarkable growth of system integration, telecommunication and education divisions, which together accounted for nearly 60% of the Corporation's profits and helped balance the decline in profits from software exports and distribution.



Unit: billion VND

Target	2008	2009	2008-09 Growth
Corporate revenue	16,806.2	18,741.6	11.5%
Pre-tax profit	1,240.1	1,697.5	36.9%
After-tax profit	1,051.0	1,405.9	33.8%
After tax contributed to equity holder of the holding company	836.3	1,063.3	27.2%



Earnings per share (VND/ CP)	5,959	7,498	25.8%
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### **Bond issuance**

In October 2009, FPT successfully issued VND 1,800 billion worth 3-year bonds with detachable warrants. The coupon rate was 7%, the lowest rate ever observed in the Vietnamese capital market (for a non-state enterprise). For every VND 1 billion of bonds, 1,158 warrants were issued. Each warrant gives the right to buy 10 shares. The warrants are exercisable annually from 2011 to 2013 at a strike price of VND 920,250 per warrant.

### **Contribution to National Budget**

In 2009, FPT Corporation contributed VND 3,026 billion to the National Budget.

### **On-going Investment Activities**

The 89 Lang Ha headquarter project has an investment capital of VND 600 billion and includes a 27-story building with a total floor area of 30,000 square meter. The building is expected to be in operation by 2012.

The construction project for FPT University at Hoa Lac hi-tech park: FPT has approved to supplement VND 100 billion of capital to build the FPT University.

The FPT Da Nang City project: approval of capital contribution to the establishment of FPT Da Nang Urban JSC. 99.8% of the VND 350 billion charter capital is contributed by FPT JSC.

## **2. Financial Position**

### **Profitability**

Target	2007	2008	2009
Gross profit/ revenue	14.5%	18.2%	20%
Net Operating profit/Revenue	7.1%	7.3%	9%
Net Earnings/Revenue	6.5%	6.4%	8%
ROA	18.1%	13.2%	14.1%
ROE	39.2%	37.0%	37.6%

During fiscal 2009, in pursuit of the strategy of adding value to business activities, FPT successfully increased its revenue share toward software and services. Accordingly, after-tax profit grew 34%, three times higher than the revenue growth rate. In turn, net operating profit/revenue grew 8% in 2009.



In 2009, FPT saw returns on equity grow by 37.6%, compared to 26.8% for the information technology industry as a whole,<sup>1</sup> demonstrating the Corporation's effective capital utilization.

## Solvency

Target	2007	2008	2009
Current ratio	1.4	1.5	1.7
Quick ratio	1.0	1.1	1.4

The current and quick ratios remained stable and were kept at safe<sup>2</sup> levels throughout the year, ensuring liquidity and reflecting strong working capital management.

## 3. Business Results by Division

### 3.1. Information technology and telecommunication

Information technology and telecommunication are FPT's core businesses, accounting for 99% of the Corporation's revenue.

Unit: *billion VND*

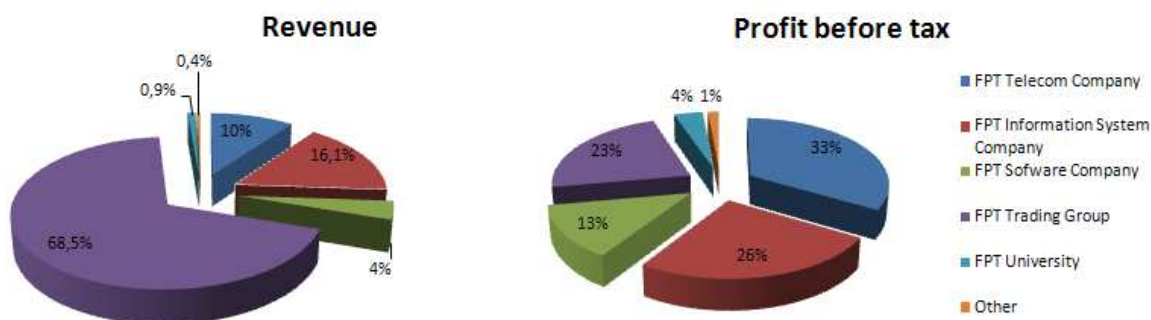
	Revenue*	Growth rate	Profit before tax	Growth rate
FPT Telecom JSC	1,851.5	42.5%	540.0	51.3%
FPT Integration System JSC	2,994.6	8.1%	414.8	29.3%
FPT Software JSC	746.2	4.5%	209.5	-6.5%
FPT Trading JSC	12,722.2	7.7%	364.3	-13.4%
FPT University	175.9	26.5%	61.2	40.3%
Others*	72.8	39.7%	23.3	7.4%
<b>Total</b>	<b>18,563.3</b>	<b>10.6%</b>	<b>1,613.7</b>	<b>16.2%</b>

\* Revenue includes revenue from sales to external customers and revenue from sales to subsidiaries for business purposes (e.g., FPT Telecom sells internet service to other subsidiaries of the corporation)

\*\* Others include FPT Service Co. Ltd and FPT Visky JSC

<sup>1</sup> Source: [www.stox.vn](http://www.stox.vn)

<sup>2</sup> Safe means greater than 1



### 3.1.1 FPT Information System JSC (FPT-IS)

#### Business results in 2009

Being the leader in system integration, software solutions and information services in Vietnam with an estimated market share of 35%, FPT-IS successfully accomplished its 2009 business plan. Revenue reached VND 3,000 billion, an increase of 8.1% over 2008, and pre-tax profit reached VND 415 billion, up 29.3% from 2008. This has considerably contributed to FPT's revenue and profit growth in 2009.

Target	2008	2009	Growth
Revenue (billion VND)	2,763.2	2,994.6	8.1%
Profits before tax (billion VND)	320.7	414.8	29.3%
Profits before tax/Revenue	11.6%	13.9%	
Number of employees	1,742	2,034	16.8%

FPT-IS's pre-tax profit margin improved significantly, rising from 9.8% in 2007 to 13.9% in 2009. This achievement resulted from effective capital management, tight cost control, and the rising share of software solutions and information services in total revenue.

#### Business plan 2010

Target	2009	2010	Growth
Revenue (billion VND)	2,994	3,450	15%
Profits (billion VND)	414	480	16%

In 2010, FPT-IS will continue to build upon its strength as a primary contractor of large projects in the domestic market, while seeking opportunities to engage in international markets. FPT-IS will expand customers' core solutions by purchasing applied solutions with



international copyrights, while continuing to complete applied solutions currently under development.

To globalize, FPT-IS has set a target growth rate of 50% for fiscal 2010. To achieve this goal, the company aims to establish new offices in several Asian countries and to boost its external growth through M&A operations.

### 3.1.2 FPT Software JSC – FPT Software

#### Business results in 2009

FPT Software plays a vital role in the globalization strategy of FPT Corporation. Despite starting the year 2009 under an exceedingly difficult business environment, the company maintained a commendable growth rate of 4.5%, attaining revenue VND 746.2 billion (equivalent to US\$ 42.2 million). It continues to lead the software export sector in Vietnam.

Target	2008	2009	Growth
Revenue (billion VND)	714.3	746.2	4.5%
Profits before tax (billion VND)	224.1	209.5	-6.5%
Profits before tax/Revenue	31.7%	28.1%	
Number of employees	2,617	2,506	-4%

The impact of a 6% decline in revenue in the Japanese market in 2009 was balanced by an impressive 33% growth in the US market. To achieve its target of USD 100 million in revenue in 2012, FPT Software will continue its strategy of expanding into new international markets with a focus on the US market.

As a high value business, FPT Software contributed only 4% to FPT's total revenue, yet accounting for over 13% of the Corporation's pre-tax profit.

#### Business plan 2010

For fiscal 2010, FPT Software has targeted its growth rate at 40%, revenue at VND 1,050 billion (equivalent to USD 54 million) and pre-tax profit at VND 290 billion.

To realize these ambitious goals, the company continues to augment its capabilities in providing comprehensive and in-depth solutions on banking, retailing and embedded software for projects valued over USD one million.



### 3.1.3. FPT Telecom JSC

#### Business results in 2009

FPT Telecom is one of the leading providers of Internet and Telecommunication services in Vietnam. In fiscal 2009, the company's revenue was a record VND 1,851.5 billion, up 42.5% from 2008. Pre-tax profit reached VND 540.2 billion, a 51.3% increase from 2008. This strong growth was driven by both breadth and depth: expanding the company's operation to 15 new provinces and delivering more value per subscriber.

Target	2008	2009	Growth
Revenue (billion VND)	1,299.2	1,851.5	42.5%
Profits before tax (billion VND)	356.9	540.2	51.3%
Profits before tax/Revenue	27.5%	29.2%	
Number of employees	2,007	2,816	40.0%

Being in the high value service sector, FPT Telecom provides almost a third of FPT's pre-tax profit even though it contributes only 10% to the Corporation's total revenue. Its pre-tax profit margin maintained at a healthy level, increasing slightly from 26.2% in 2007 to 29.2% in 2009.

To drive revenue growth, FPT Telecom has also actively invested in its infrastructure. It currently owns two international optical fiber cable systems. The first system is connected to China Telecom in Lang Son province and has a capacity of 20 Gbps. The second system is an undersea optical fiber system owned by AAG, which FPT Telecom has a 1.7% stake in and has the right to use 40 Gbps.

#### Business plan 2010

Target	2009	2010	Growth
Revenue (billion VND)	1,852	2,700	46%
Profit before tax (billion VND)	540	700	30%

To achieve the target growth rate of 46% in 2010, FPT Telecom will focus on three activities:

- Enhancing service quality: FPT Telecom is committed to improving its service quality. The company will upgrade its international bandwidth capacity up to 45 Gb in 2010, an increase of 20 Gb from 2009 level.
- Continual investing: to expand coverage, FPT Telecom invested in the construction of the North – South backbone. The overseas investment strategy is to pursue business cooperation or M&A.



- Expanding areas of operations: the company sets a development target of 250,000 new subscribers nationwide, along with an expansion of its coverage to 18 new provinces.

### 3.1.4. FPT Trading JSC

#### Business results in 2009

FPT Trading recorded the largest contribution of all time to FPT's revenue, attaining 68.5% in 2009. Due to low profit margin (at 3%) of the distribution business, this division's share of contribution toward total profit was only 22.6%.

Unit: billion  
VND

Target	2008	2009	Growth
Revenue	11,807.2	12,722.2	7.7%
Profits before tax	420.8	364.3	-13.4%
Profits before tax/Revenue	3.8%	2.9%	
Number of employees	1,293	1,269	-3%

At the end of fiscal 2009, a year full of difficulties and intense competition, FPT Trading's revenue reached VND 12,722.2 billion, a 7.7% increase over fiscal 2008. Pre-tax profit was VND 364.3 billion, a 13.4% decline from 2008.

All of the company's IT distribution businesses achieved its target revenue: IT products and equipments 114%, mobile phones 113%, and retail 122%. All businesses maintained successful revenue growth rates: 33% for IT and 69% for retail. The company's outstanding ability to sustain revenue growth throughout the years confirmed its leading status in the IT and telecommunication distribution business.

FPT Trading also yielded remarkable accomplishments in its technology products manufacturing. In fiscal 2009, FPT Elead produced more than 70,000 computers, exceeding the target by 16%. F-mobile, a trademark of FPT Corporation, was launched in early June 2009 and was immediately welcomed by Vietnamese consumers. The merging of two subsidiaries, Elead JSC and FPT Mobile Technology Company, into FPT Technology Product Company (FPT) whose operations span from R&D and production to distribution and service, is expected to accelerate FPT Trading's future growth.

#### Business plan 2010

Target	2009	2010	Growth
Revenue (billion VND)	12,722	15,212	19%



Profit before tax (billion VND)	364	384	5%
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In 2010, FPT Trading's will focus on restructuring its distribution model to enhance the company's efficiency, improve the synergy of its subsidiaries, and increase the share of FPT-brand products. The company's operations will gradually shift from solely distributing technology products to a full range of producing, marketing, and distributing.

FPT Trading JSC has set the following targets for the year 2010: USD 1 billion in sales, 8-10% profit growth rate, increased share of FPT-brand products, and an emphasis on a new business model "make-design-sell."

### 3.1.5. FPT University

#### Business results in 2009

In fiscal 2009, FPT University's revenue grew by 26.5% to VND 175.8 billion. Its profit grew by 40.3% to VND 61.2 billion.

Target	2008	2009	Growth
Revenue (billion VND)	139.1	175.8	26.5%
Profit before tax (billion VND)	43.6	61.2	40.3%
Profit before tax/Revenue	32.4%	34.8%	

#### Business plan 2010

Target	2009	2010	Growth
Revenue (billion VND)	175,8	300	63%
Profit (billion VND)	61,2	90	50%
Enrollment		6.000	55%

In 2010, FPT University aims to maintain the strong growth of its traditional training services (IT engineers, Aptech, Arena) while fostering new products launched in 2009 (e.g. Business Administration, Top-Up). The university will also invest VND 10 billion to develop products and services that can serve the mass market and are professional, affordable, and have potential for large scale development.

### 3.1.6. Others: FPT Service Ltd and FPT Visky JSC

These two small companies operate in the IT and telecommunication sector. They both reported good business outcomes, contributing to the overall success of FPT.





### **3.2. Investment**

FPT invested in three inter-related companies in the finance and banking sector: Tien Phong JS Commercial Bank, FPT Capital Management JSC and FPT Securities JSC – FPTTS. They all achieved positive business outcomes and profits in fiscal 2009. Accordingly, they all announced respectable earnings per share: 1,166 VND for Tien Phong Bank, 3.666 VND for FPT Capital, and 2,739 VND for FPT Securities.

All three companies have utilized FPT's strong technology background in their business operations. Particularly, FPTTS is the first security company to meet the technical requirements for long-distance transactions with Hanoi Stock Exchange (HNX). The company is also one of the first to have online transactions with HCMC Stock Exchange (HOSE). In 2009, FPTTS's market share in HOSE's stock and fund certificate brokerage was ranked sixth. In HNX, it was ranked fifth.

FPT's real estate investment activities first and foremost aim to meet the objective of building FPT Corporation's infrastructure. Next, they seek construction projects with high applied technology content, creating convenience and utility for users.

## **4. Management Highlights in 2009**

To cope with the global and Vietnam's economic crises, FPT's Board of Directors proposed various renovating and flexible management actions.

*First*, all FPT's members were required to put forth contingency plans to prepare for unexpected external shocks.

*Second*, new management models in accordance with international standards were applied. The first step was implemented at FPT's mother company in two important areas: defining a standard model for financial activities, and building a strategy for communication and trademark.

*Third*, internal collaboration was enhanced to add values to FPT's clients and customers, to improve the Corporation's competitiveness, and to optimize the activities of subsidiaries that share similar business strategies.

*Fourth*, the quality of FPT leaders was substantially strengthened. In 2009, FPT established FPT Leader Institute (FLI) and launched a mini-MBA training program for its senior managers. About 900 managers are estimated to join this 2-year program.



With these renovating and flexible management actions, FPT overcame all challenges and met all its targets for fiscal 2009. The Corporation is well-positioned to start 2010.

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

**ON BEHALF OF MANAGEMENT BOARD  
President & CEO**

**(Signed and sealed)**

**Nguyen Thanh Nam**