



**FPT INFORMATION SYSTEM CORPORATION**  
*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**FPT INFORMATION SYSTEM CORPORATION**

22<sup>nd</sup> Floor, Keangnam Landmark 72 Tower, E6, Pham Hung Road  
Hanoi, Vietnam

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**FPT INFORMATION SYSTEM CORPORATION**

22<sup>nd</sup> Floor, Keangnam Landmark 72 Tower, E6, Pham Hung Road  
Hanoi, Vietnam

**STATEMENT OF THE BOARD OF DIRECTORS**

The Board of Directors of FPT Information System Corporation (the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2018.

**THE MEMBERS' COUNCIL AND BOARD OF DIRECTORS**

The members of the Members' Council and Board of Directors of the Corporation who held office during the year and to the date of this report are as follows:

**Members' Council**

Mr. Duong Dung Trieu	Chairman
Mr. Truong Gia Binh	Member
Mr. Bui Quang Ngoc	Member
Mr. Do Cao Bao	Member

**Board of Directors**

Mr. Nguyen Van Khoa	General Director (resigned on 01 March 2018)
Mr. Nguyen Hoang Minh	General Director (appointed on 29 March 2019)
Mr. Pham Minh Tuan	General Director (resigned on 01 March 2018)
Mr. Nguyen Hoang Minh	Deputy General Director (resigned on 29 March 2019)
Mr. Do Son Giang	Deputy General Director
Mr. Nguyen Tuan Hung	Deputy General Director (resigned on 29 March 2019)

**THE BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY**

The Board of Directors of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the financial position of the Corporation as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Board of Directors is required to:

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

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

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

For and on behalf of the Board of Directors,



**Do Son Giang**  
**Deputy General Director**

(According to Authorization Letter No. 11/2015/UQ-FIS dated 01 January 2015)

29 March 2019

No.: 005 /VN1A-HN-BC

## INDEPENDENT AUDITORS' REPORT

**To: The Members' Council and Board of Directors of  
FPT Information System Corporation**

We have audited the accompanying consolidated financial statements of FPT Information System Corporation (the "Corporation"), prepared on 29 March 2019 as set out from page 03 to page 28, which comprise the consolidated balance sheet as at 31 December 2018, the consolidated statement of income and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the consolidated Financial Statements**

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

### **Auditors' Responsibility**


Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime and legal regulations relating to consolidated financial reporting.

  
**Tran Thi Thuy Ngoc**  
Deputy General Director  
Audit Practising Registration Certificate  
No. 0031-2018-001-1

  
**Bui Ngoc Duy**  
Auditor  
Audit Practising Registration Certificate  
No. 3641-2017-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

29 March 2019  
Hanoi, S.R Vietnam

**CONSOLIDATED BALANCE SHEET**

As at 31 December 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>4,109,374,445,017</b>	<b>4,110,099,949,177</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>532,026,817,704</b>	<b>662,101,190,320</b>
1. Cash	111		508,676,817,704	656,317,149,790
2. Cash equivalents	112		23,350,000,000	5,784,040,530
<b>II. Short-term receivables</b>	<b>130</b>		<b>3,092,713,802,887</b>	<b>2,874,701,358,925</b>
1. Short-term trade receivables	131	5	2,495,855,163,287	2,302,747,405,412
2. Short-term advances to suppliers	132		48,694,420,099	45,573,041,164
3. Receivables from construction contracts under percentage of completion method	134	6	251,954,356,007	431,581,193,340
4. Short-term loan receivables	135	7	200,000,000,000	-
5. Other short-term receivables	136	8	152,083,153,106	133,121,005,313
6. Provision for short-term doubtful debts	137	9	(55,873,289,612)	(38,321,286,304)
<b>III. Inventories</b>	<b>140</b>	<b>10</b>	<b>441,242,108,130</b>	<b>526,446,400,106</b>
1. Inventories	141		443,802,503,149	530,277,929,039
2. Provision for devaluation of inventories	149		(2,560,395,019)	(3,831,528,933)
<b>IV. Other short-term assets</b>	<b>150</b>		<b>43,391,716,296</b>	<b>46,850,999,826</b>
1. Short-term prepayments	151	11	35,964,898,525	27,167,384,561
2. Value added tax deductibles	152		4,820,478,757	17,706,027,723
3. Taxes and other receivables from the State budget	153	14	2,606,339,014	1,977,587,542
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>318,997,351,646</b>	<b>413,482,810,293</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>6,729,454,985</b>	<b>169,649,307,429</b>
1. Long-term trade receivables	211	5	-	161,551,680,000
2. Other long-term receivables	216	8	6,729,454,985	8,097,627,429
<b>II. Fixed assets</b>	<b>220</b>		<b>189,015,885,578</b>	<b>47,511,619,097</b>
1. Tangible fixed assets	221	12	177,669,465,400	33,224,679,636
- Cost	222		334,191,310,978	225,992,724,236
- Accumulated depreciation	223		(156,521,845,578)	(192,768,044,600)
2. Intangible assets	227	13	11,346,420,178	14,286,939,461
- Cost	228		91,635,630,176	86,832,158,506
- Accumulated amortisation	229		(80,289,209,998)	(72,545,219,045)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>24,290,203,313</b>	<b>149,052,012,973</b>
1. Long-term work in progress	241		9,075,080,140	-
2. Long-term construction in progress	242	15	15,215,123,173	149,052,012,973
<b>IV. Other long-term assets</b>	<b>260</b>		<b>98,961,807,770</b>	<b>47,269,870,794</b>
1. Long-term prepayments	261	11	98,961,807,770	47,269,870,794
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>4,428,371,796,663</b>	<b>4,523,582,759,470</b>


The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED BALANCE SHEET**

As at 31 December 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>3,340,527,451,089</b>	<b>3,545,208,524,957</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>3,332,375,676,241</b>	<b>3,541,558,833,176</b>
1. Short-term trade payables	311	16	846,487,430,642	1,063,806,097,030
2. Short-term advances from customers	312	17	314,095,213,212	405,401,984,783
3. Taxes and amounts payable to the	313	14	41,857,220,407	45,354,963,522
4. Payables to employees	314		178,419,450,694	134,063,050,656
5. Short-term accrued expenses	315	18	454,076,382,319	411,986,804,163
6. Payables relating to construction contracts under percentage of completion method	317	6	46,561,518,663	20,380,725,175
7. Short-term unearned revenue	318		64,348,256,594	72,331,167,705
8. Other current payables	319	19	164,260,689,388	153,002,149,150
9. Short-term loans	320	20	1,189,691,201,640	1,216,499,811,946
10. Short-term provisions	321		16,380,395,546	5,294,704,047
11. Bonus and welfare funds	322		16,197,917,136	13,437,374,999
<b>II. Long-term liabilities</b>	<b>330</b>		<b>8,151,774,848</b>	<b>3,649,691,781</b>
1. Long-term unearned revenue	336		114,828,267	91,993,200
2. Long-term provisions	342		7,844,850,298	3,365,602,298
3. Scientific and technological development fund	343		192,096,283	192,096,283
<b>D. EQUITY</b>	<b>400</b>		<b>1,087,844,345,574</b>	<b>978,374,234,513</b>
<b>I. Owner's equity</b>	<b>410</b>	<b>21</b>	<b>1,085,094,345,574</b>	<b>975,624,234,513</b>
1. Owner's contributed capital	411		850,000,000,000	850,000,000,000
2. Foreign exchange reserve	417		2,334,970,579	(2,928,582,242)
3. Retained earnings	421		178,975,662,863	76,496,667,022
- Retained earnings accumulated to the prior year end	421a		76,496,667,022	48,674,629,425
- Retained earnings of the current year	421b		102,478,995,841	27,822,037,597
4. Non-controlling interests	429		53,783,712,132	52,056,149,733
<b>II. Other resources and funds</b>	<b>430</b>		<b>2,750,000,000</b>	<b>2,750,000,000</b>
1. Subsidised funds	431		2,750,000,000	2,750,000,000
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>4,428,371,796,663</b>	<b>4,523,582,759,470</b>

  
Nguyen Thi Hau  
Preparer

  
Ngo Thi Minh Hue  
Chief Accountant

  
CÔNG TY  
TRÁCH NHIỆM HỮU HẠN  
HỆ THỐNG THÔNG TIN  
FPT  
Đ. SƠN GIANG  
Đ. SƠN GIANG  
Deputy General Director

29 March 2019


The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED INCOME STATEMENT**

As at 31 December 2018

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
<b>1. Gross revenue from goods sold and services rendered</b>	<b>01</b>	<b>23</b>	<b>4,972,604,455,204</b>	<b>5,027,186,878,343</b>
2. Deductions	02	23	102,876,366	1,236,629,025
<b>3. Net revenue from goods sold and services rendered (10=01-02)</b>	<b>10</b>		<b>4,972,501,578,838</b>	<b>5,025,950,249,318</b>
4. Cost of sales	11	24	4,162,676,844,787	4,341,965,416,206
<b>5. Gross profit from goods sold and services rendered (20=10-11)</b>	<b>20</b>		<b>809,824,734,051</b>	<b>683,984,833,112</b>
6. Financial income	21	26	47,708,726,010	41,156,972,179
7. Financial expenses	22	27	75,968,589,163	78,040,394,726
- In which: Interest expense	23		52,641,437,729	59,371,684,197
8. Selling expenses	25		356,760,495,961	355,373,457,958
9. General and administration expenses	26		302,780,743,330	264,403,432,479
<b>10. Operating profit (30=20+(21-22)-(25+26))</b>	<b>30</b>		<b>122,023,631,607</b>	<b>27,324,520,128</b>
11. Other income	31	28	33,545,966,639	31,902,934,619
12. Other expenses	32	29	3,442,081,775	5,236,844,874
<b>13. Profit from other activities (40=30+11-12)</b>	<b>40</b>		<b>30,103,884,864</b>	<b>26,666,089,745</b>
<b>14. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>152,127,516,471</b>	<b>53,990,609,873</b>
15. Current corporate income tax expense	51	30	36,339,598,176	22,585,735,797
<b>16. Net profit after corporate income tax (60=50-51-52)</b>	<b>60</b>		<b>115,787,918,295</b>	<b>31,404,874,076</b>
- Attributable to equity holders of the Holding Company	61		113,865,550,935	30,913,375,108
- Attributable to non-controlling interests	62		1,922,367,360	491,498,968

  
Nguyen Thi Hau  
Preparer

  
Ngo Thi Minh Hue  
Chief Accountant

  
Do Sơn Giang  
Deputy General Director

29 March 2019

**CONSOLIDATED CASH FLOW STATEMENT**

*For the year ended 31 December 2018*

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Profit before tax</b>	<b>01</b>	<b>152,127,516,471</b>	<b>53,990,609,873</b>
<b>2. Adjustments for:</b>			
Depreciation and amortisation of fixed assets	02	25,157,100,457	27,323,854,434
Provisions	03	31,845,808,893	31,735,876,986
Foreign exchange gain arising from translating foreign currency items	04	(4,044,147,984)	(13,439,503,458)
Foreign exchange translation differences		5,263,552,821	744,202,786
(Gain)/loss from investing activities	05	(397,896,377)	17,027,958,759
Interest expense	06	52,641,437,729	59,371,684,197
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>262,593,372,010</b>	<b>176,754,683,577</b>
Decrease/(increase) in receivables	09	149,967,485,206	(383,844,144,317)
Decrease/(increase) in inventories	10	77,400,345,750	(220,748,325,108)
(Decrease)/increase in payables (excluding accrued loan interest and corporate income tax payable)	11	(183,961,729,558)	528,815,896,279
(Increase)/decrease in prepaid expenses	12	(60,489,450,940)	34,556,400,264
Interest paid	14	(51,781,220,220)	(59,876,108,358)
Corporate income tax paid	15	(44,091,263,816)	(40,222,209,101)
Other cash outflows	17	(8,627,064,970)	(15,330,763,221)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>141,010,473,462</b>	<b>20,105,430,015</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(56,228,237,213)	(16,618,267,444)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	174,475,750	1,780,607,126
3. Cash outflow for lending, buying debt instruments of other entities	23	(1,260,000,000,000)	(650,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	1,060,000,000,000	855,495,000,000
5. Cash recovered from investments in	26	-	784,040,530
6. Interest earned, dividends and profits received	27	16,971,024,708	14,128,618,649
<b>Net cash (used in)/generated by investing activities</b>	<b>30</b>	<b>(239,082,736,755)</b>	<b>205,569,998,861</b>

The accompanying notes are an integral part of these consolidated financial statements




**CONSOLIDATED CASH FLOW STATEMENT (Continued)**


For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	2,821,282,940,937	2,862,486,091,223
2. Repayment of borrowings	34	(2,854,315,726,451)	(2,936,855,349,927)
3. Dividends and profits paid	36	-	(162,000,000,000)
4. Dividends and profits paid to non-controlling interests of subsidiaries		(194,804,961)	-
<b>Net cash used in financing activities</b>	<b>40</b>	<b>(33,227,590,475)</b>	<b>(236,369,258,704)</b>
<b>Net decreases in cash (50=20+30+40)</b>	<b>50</b>	<b>(131,299,853,768)</b>	<b>(10,693,829,828)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>662,101,190,320</b>	<b>670,528,019,437</b>
Effects of changes in foreign exchange rates	61	1,225,481,152	2,267,000,711
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>532,026,817,704</b>	<b>662,101,190,320</b>

  
\_\_\_\_\_  
**Nguyen Thi Hau**  
Preparer

  
\_\_\_\_\_  
**Ngo Thi Minh Hue**  
Chief Accountant

  
\_\_\_\_\_  
**Đo Sơn Giang**  
Deputy General Director

29 March 2019

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**1. GENERAL INFORMATION**

**Structure of ownership**

FPT Information System Corporation - Company Limited ("the Corporation"), formerly known as FPT Information System Corporation - Joint-stock Company, changed its ownership form in accordance with the Resolution dated 06 May 2011 issued by the Board of Directors of FPT Corporation. The Corporation was granted the first Business Registration Certificate No.0104128565 dated 13 August 2009 by Hanoi Department of Planning and Investment. According to its 17<sup>th</sup> amended Business Registration Certificate dated 16 June 2014, the Corporation's charter capital is VND 850,000,000,000.

The number of official employees as at 31 December 2018 was 2,730 (31 December 2017: 2,957).

**Operating industry and principal activities**

The Corporation's operating and principal activities include:

- Providing information technology service and other services related to computer;
- Repairing and maintaining computer and peripheral devices;
- Trading electronic telecommunication equipment and spare parts;
- Producing electronic components;
- Providing E-commerce services;
- Studying and developing science and technique;
- Repairing communication equipment;
- Providing computer consulting and computer system management services;
- Producing computers and peripheral devices;
- Installing industrial machinery and equipment;
- Providing and managing human resources;
- Installing electrical system;
- Retail of computer, peripheral devices, software and telecommunication equipment in specialized shops;
- Data process, leasing and other related operations;
- Providing leasing service of office machines and equipment (including computer);
- Wholesales of electrical machines, equipment and materials (electric generators, motors, cables and other electric equipment used in electric circuit);
- Constructing buildings in kind;
- Trading real estate, land use right of owners, users or lessees;
- Wholesales of computers, peripheral devices and software;
- Providing information services over mobile phones, value-added packets thereon and informatics service;
- Providing real estate brokerage, consulting, advertising and management services;
- Providing information technology and other information 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 for some system integration projects having implementation period over 12 months.

**The Corporation's structure**

As at 31 December 2018, the Corporation had 4 subsidiaries. Detailed information of the subsidiaries are as follows:

No.	Name of company	Place of incorporation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activities
1	FPT Information System Cambodia Company Limited	Cambodia	100%	100%	Provide system integration, software, solutions and services
2	FPT Information System Singapore Company Limited	Singapore	100%	100%	Provide system integration, software, solutions and services
3	FPT High Technology Solutions One-member Limited Liability Company	Ho Chi Minh City	100%	100%	Provide system integration, software, solutions and services
4	Telehouse International Corporation of Vietnam	Hanoi	51%	51%	Provide data center services

**Disclosure of information comparability in the consolidated financial statements**

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2017.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**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 consolidated 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.

**Financial year**

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

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

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Corporation and enterprises controlled by the Corporation (its subsidiaries) up to 31 December each year. 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.

All inter-company transactions and balances between the Corporation's enterprises are eliminated on consolidation.

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

#### **Cash and cash equivalents**

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

#### **Financial investments**

##### ***Held-to-maturity investments***

Held-to-maturity investments comprise investments that the Corporation has the positive intent or ability to hold to maturity, including term deposits (commercial bills), 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.

##### ***Loan receivables***

Loan receivables are measured at cost less provision for doubtful debts. Provision for doubtful debts relating to loan receivables is made in accordance with prevailing accounting regulations.

#### **Receivables**

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

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

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first in, first out method. Net realisable 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 its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use.

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

	<u>Current year</u> (Years)
Buildings and structures	25
Machinery and equipment	5 - 20
Office equipment	3 - 5
Motor vehicles	4 - 6
Other fixed assets	3 - 5

**Intangible assets and amortisation**

Intangible assets represent computer software and copyright, patents, licenses, franchises and other intangible fixed assets that are stated at cost less accumulated amortisation. Intangible assets are amortised using the straight-line method over 3 to 5 years.

***Internally-generated intangible assets - Research and development expenditure***

Expenditure on research activities is recognised as an expense in the financial year in which it is incurred.

An internally-generated intangible asset arising from the Corporation's development phase is recognised only if all of the following conditions are met:

- an asset created can be identified (such as software and new processes);
- it is probable that the asset will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on the straight-line basis over their estimated useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the year in which it is incurred.

**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 Corporation's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**Long-term prepayments**

Long-term prepayments comprise costs of small tools, supplies and spare parts issued for consumption and expenses related to progression contracts, which are expected to provide future economic benefits to the Corporation for at least one year. These expenditures have been capitalised as long-term prepayments, and are allocated to the consolidated income statement using the straight-line method over the period of no more than three years in accordance with the prevailing accounting regulations. Contract expenses incurred are allocated over the contract performance period.

### Payable provisions

Payable provisions are recognised 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 balance sheet date.

### Unearned revenue

Unearned revenues represent the amounts advanced by customers for several accounting periods. Unearned revenues are recognized corresponding to the quantity of goods sold and volume of services rendered in each period. The unearned revenues do not include the amounts that were advanced for unsold goods or un-rendered services; and revenue from sales of goods and services for which payment has not been made as at the balance sheet date.

### Revenue recognition

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

- (a) the Corporation has transferred to the buyer the 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 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 years, revenue is recognised in each year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

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

### *Revenue from software development, system intergration and informatics services*

Revenue 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.

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

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

### Foreign currencies

The separate financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (the functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Vietnam Dong (VND), which is the functional currency of the Corporation and the presentation currency for the Corporation's consolidated financial statements.

#### Recording of foreign exchange difference upon translating financial statements presented in foreign currencies

For the purpose of presenting consolidated financial statements, the assets and liabilities in subsidiaries' financial statements presented in foreign currencies are translated to VND using exchange rates prevailing on the consolidated balance sheet date. Income and expense items are translated at the average exchange rate for the year, unless exchange rates fluctuated significantly during that year, in which case exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recorded into the "Foreign exchange reserve" in the consolidated balance sheet. Such translation differences are recognised in profit or loss in the year in which the subsidiary is disposed of.

#### Recording of foreign exchange difference in other situations

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

### Borrowing costs

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

### 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 year 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 taxation 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. CASH AND CASH EQUIVALENTS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	1,459,384,274	1,074,138,469
Bank demand deposits	507,217,433,430	653,947,075,171
Cash in transit	-	1,295,936,150
Cash equivalents (*)	23,350,000,000	5,784,040,530
	<u>532,026,817,704</u>	<u>662,101,190,320</u>

(\*) Cash equivalents represent the time deposits with original terms of one (01) month at Bank for Investment and Development of Vietnam.

**5. TRADE RECEIVABLES**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>a. Short-term trade receivables</b>		
Joint Stock Commercial Bank for Foreign Trade of Vietnam	446,755,974,696	309,030,648,190
General Department of Taxation - Ministry of Finance	158,496,855,832	91,465,020,408
National Board of Revenue (NBR) - Bangladesh	143,447,246,322	150,142,714,606
Vietnam Post	137,788,877,980	137,312,746,147
Department of Information Technology - General Department of Taxation	89,262,061,047	35,604,450,236
Joint Stock Commercial Bank for Investment and Development of Vietnam	68,228,500,418	51,897,170,468
Vietnam Electricity	45,226,739,592	83,657,201,638
National Payment Services Joint Stock Company	42,996,809,650	39,124,950,000
Executive Management Board of Electronic Government Project in Quang Ninh Province	40,476,323,400	106,597,059,928
Ministry of Planning and Finance - Myanmar	38,916,201,440	166,714,787,105
Binh Son Refining and Petrochemical Joint Stock Company	34,930,310,000	23,290,303,410
VETC Joint Stock Company	27,561,830,645	63,004,692,660
Vietnam National Petroleum Group	34,266,370,000	12,162,560,000
Gas Transmission Co., Ltd.	34,588,717,226	64,399,868,324
Myanmar International Telecommunication Co., Ltd.	29,727,614,485	61,169,765,004
Deposit Insurance of Vietnam	-	33,401,178,743
Lao Electricity Corporation	30,054,489,084	31,652,342,467
National Payment Services Joint Stock Company	973,647,515,271	808,312,472,084
Receivables from related parties	119,482,726,199	33,807,473,994
(Details stated in Note 32)		
	<u>2,495,855,163,287</u>	<u>2,302,747,405,412</u>
<b>b. Long-term trade receivables</b>		
Joint Stock Commercial Bank for Foreign Trade of Vietnam	-	161,551,680,000
	<u>-</u>	<u>161,551,680,000</u>



6. CONSTRUCTION CONTRACTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
<b>Contracts in progress as at the balance sheet date:</b>		
Receivables from construction contracts under percentage of completion method	251,954,356,007	431,581,193,340
Payables relating to construction contracts under percentage of completion method	(46,561,518,663)	(20,380,725,175)
	<u>205,392,837,344</u>	<u>411,200,468,165</u>
Contract costs incurred plus recognised profits less recognised losses to date	2,817,209,391,708	2,323,991,070,764
Less: progress billings	(2,611,816,554,364)	(1,912,790,602,599)
	<u>205,392,837,344</u>	<u>411,200,468,165</u>

7. SHORT-TERM LOAN RECEIVABLES

Short-term loan receivables represents the balances due from FPT Corporation with terms of less than one year and interest rate of 6.4% pa.

8. OTHER RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
<b>a. Current</b>		
Receivable related to maintenance services	116,338,929,573	96,007,225,952
Receivable from employees	5,806,154,027	10,298,814,548
Deposits and mortgages	1,166,093,658	5,732,559,060
Other receivables	28,771,975,848	21,082,405,753
	<u>152,083,153,106</u>	<u>133,121,005,313</u>
<b>b. Non-current</b>		
Deposits and mortgages	6,729,454,985	8,097,627,429
	<u>6,729,454,985</u>	<u>8,097,627,429</u>

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9. BAD DEBTS

	Closing balance			Opening balance		
	Cost	Recoverable amount (*)	VND Overdue	Cost	Recoverable amount (*)	VND Overdue
Receivables from CA project	18,009,381,058	-	Over 3 years	18,009,381,058	5,319,029,506	Over 3 years
International Data Company Limited	8,196,862,540	-	Over 3 years	8,196,862,540	-	2-3 years
Others	52,664,174,048	22,997,128,034	Over 6 months	19,838,850,759	2,404,778,547	Over 6 months
	<b>78,870,417,646</b>	<b>22,997,128,034</b>		<b>46,045,094,357</b>	<b>7,723,808,053</b>	

(\*) Recoverable value is determined at cost less allowance for doubtful short-term receivables.

10. INVENTORIES

	Closing balance		Opening balance	
	Cost	VND Provision	Cost	VND Provision
Goods in transit	4,578,669,691	-	75,471,208,522	-
Tools and supplies	582,476,705	-	660,417,955	-
Work in progress	296,589,826,522	-	304,073,644,782	-
Merchandise	141,709,709,697	(2,560,395,019)	149,604,958,202	(3,831,528,933)
Goods on consignment	341,820,534	-	467,699,578	-
	<b>443,802,503,149</b>	<b>(2,560,395,019)</b>	<b>530,277,929,039</b>	<b>(3,831,528,933)</b>

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12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Others	Total
	VND	VND	VND	VND	VND	VND
<b>COST</b>						
Opening balance	2,343,157,419	143,327,364,746	64,416,062,229	11,930,090,950	3,976,048,892	225,992,724,236
Additions	174,140,054	331,554,910	29,340,093,651	-	848,550,491	30,694,339,106
Transfer from construction in progress	127,981,627,542	-	-	-	-	127,981,627,542
Other increases	2,755,647,213	11,269,062	247,819,375	5,661,639	-	3,020,397,289
Disposals	-	(50,378,226,783)	(2,943,194,415)	-	-	(53,321,421,198)
Other decreases	-	(13,621,452)	-	(162,734,545)	-	(176,355,997)
<b>Closing balance</b>	<b>133,254,572,228</b>	<b>93,278,340,483</b>	<b>91,060,780,840</b>	<b>11,773,018,044</b>	<b>4,824,599,383</b>	<b>334,191,310,978</b>
<b>ACCUMULATED DEPRECIATION</b>						
Opening balance	1,758,792,100	120,887,136,849	58,098,043,712	9,665,011,789	2,359,060,150	192,768,044,600
Charge for the year	855,548,414	5,106,457,690	10,390,332,292	794,284,523	22,151,813	17,168,774,732
Other increases	523,730,830	-	140,878,925	-	-	664,609,755
Disposals	-	(50,376,477,900)	(2,943,194,415)	-	-	(53,319,672,315)
Other decreases	-	(257,586,049)	-	(10,000,000)	(492,325,145)	(759,911,194)
<b>Closing balance</b>	<b>3,138,071,344</b>	<b>75,359,530,590</b>	<b>65,686,060,514</b>	<b>10,449,296,312</b>	<b>1,888,886,818</b>	<b>156,521,845,578</b>
<b>NET BOOK VALUE</b>						
Opening balance	584,365,319	22,440,227,897	6,318,018,517	2,265,079,161	1,616,988,742	33,224,679,636
Closing balance	130,116,500,884	17,918,809,893	25,374,720,326	1,323,721,732	2,935,712,565	177,669,465,400

As at 31 December 2018, the cost of the Corporation's tangible fixed assets includes VND 124,323,723,516 (31 December 2017: VND 120,035,988,040) of assets which have been fully depreciated but are still in use.

13. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Copyright and patent VND	Licenses and franchises VND	Computer software VND	Others VND	Total VND
<b>COST</b>					
Opening balance	193,435,971	635,335,000	85,384,304,328	619,083,207	86,832,158,506
Additions	-	-	2,190,615,424	-	2,190,615,424
Transfer from construction in progress	-	-	2,866,209,718	-	2,866,209,718
Other increases	-	8,726,667	-	-	8,726,667
Disposals	-	-	(246,426,092)	-	(246,426,092)
Other decreases	(8,726,667)	-	-	(6,927,380)	(15,654,047)
<b>Closing balance</b>	<b>184,709,304</b>	<b>644,061,667</b>	<b>90,194,703,378</b>	<b>612,155,827</b>	<b>91,635,630,176</b>
<b>ACCUMULATED AMORTIZATION</b>					
Opening balance	139,594,289	296,158,451	71,635,058,117	474,408,188	72,545,219,045
Charge for the year	26,393,301	89,049,561	7,729,208,452	143,674,411	7,988,325,725
Other increases	18,721,714	-	7,148,240	1,221,468	27,091,422
Disposals	-	-	(245,556,240)	-	(245,556,240)
Other decreases	-	-	(18,721,714)	(7,148,240)	(25,869,954)
<b>Closing balance</b>	<b>184,709,304</b>	<b>385,208,012</b>	<b>79,107,136,855</b>	<b>612,155,827</b>	<b>80,289,209,998</b>
<b>NET BOOK VALUE</b>					
Opening balance	53,841,682	339,176,549	13,749,246,211	144,675,019	14,286,939,461
Closing balance	-	258,853,655	11,087,566,523	-	11,346,420,178

As at 31 December 2018, the cost of the Corporation's intangible fixed assets includes VND 54,861,094,387 (31 December 2017: VND 52,328,441,354) of assets which have been fully depreciated but are still in use.

## 14. TAXES AND AMOUNTS RECEIVABLE FROM/PAYABLE TO THE STATE BUDGET

	Opening balance	Payable/Receivable during the year	Paid/Received during the year	Closing balance
	VND	VND	VND	VND
<b>a. Receivables</b>				
Value added tax	-	9,616,027	-	9,616,027
- Output value added tax	-	9,616,027	-	9,616,027
Import, export duties	-	146,595,189	-	146,595,189
Corporate income tax	1,977,587,542	-	174,546,054	1,803,041,488
Other taxes	-	647,086,310	-	647,086,310
	<b><u>1,977,587,542</u></b>	<b><u>803,297,526</u></b>	<b><u>174,546,054</u></b>	<b><u>2,606,339,014</u></b>
<b>b. Payables</b>				
Value added tax	30,915,846,846	487,698,144,333	484,560,011,787	34,053,979,392
- Output VAT (i)	30,217,609,805	403,618,418,173	400,214,594,552	33,621,433,426
- VAT on imports	698,237,041	84,079,726,160	84,345,417,235	432,545,966
Import duty	82,431,217	1,520,356,873	1,569,762,111	33,025,979
Corporate income tax (ii)	8,854,824,186	36,339,598,176	44,265,809,870	928,612,492
Other taxes	4,998,152,177	54,712,684,492	52,877,049,436	6,833,787,233
- Personal income tax	2,236,898,617	40,293,156,857	39,482,770,956	3,047,284,518
- Other taxes	2,761,253,560	14,419,527,635	13,394,278,480	3,786,502,715
Other payables	503,709,096	61,795,434	557,689,219	7,815,311
	<b><u>45,354,963,522</u></b>	<b><u>580,332,579,308</u></b>	<b><u>583,830,322,423</u></b>	<b><u>41,857,220,407</u></b>

- (i) The amount of tax paid during the year includes VND 54,435,114,472 presenting actually paid in cash amount and VND 345,779,480,080 offset against deductible input VAT.
- (ii) The amount of tax paid during the year includes VND 44,091,263,816 presenting actually paid in cash amount and VND 174,546,054 offset against the receivables from the State budget.

## 15. LONG-TERM CONSTRUCTION IN PROGRESS

	Closing balance	Opening balance
	VND	VND
Data Center Phase 3	15,174,823,173	-
Tan Thuan Project	-	122,790,367,827
Smart video solutions project	-	8,927,619,636
Smart transportation project	-	7,176,295,619
Core FPT.eHospital	-	2,866,209,718
Management of public transport	-	1,012,456,601
E-ticketing system in HCM city	-	5,226,654,325
Others	40,300,000	1,052,409,247
	<b><u>15,215,123,173</u></b>	<b><u>149,052,012,973</u></b>

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16. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	VND Amount able to be paid off	Amount	VND Amount able to be paid off
Uromax (Singapore) Pte Ltd	98,271,602,741	98,271,602,741	88,278,563,762	88,278,563,762
UNIQBE Limited	75,392,039,970	75,392,039,970	-	-
CMC Sai Gon System Integration Company Limited	44,557,051,462	44,557,051,462	2,219,500,000	2,219,500,000
Cisco Systems Intl BV, Netherl	39,552,910,383	39,552,910,383	41,281,435,575	41,281,435,575
Microtec Vietnam Company Limited	25,799,387,940	25,799,387,940	28,877,912,269	28,877,912,269
Microsoft Regional Sales Corporation	12,139,230,525	12,139,230,525	75,313,715,727	75,313,715,727
VST ECS (Thailand) Company limited	-	-	76,392,290,214	76,392,290,214
Abel Solutions Limited	-	-	68,985,421,145	68,985,421,145
Fiserv (ASPAC) Pte, Ltd.	4,889,035,325	4,889,035,325	66,716,734,439	66,716,734,439
Microtec Systems Technology Solutions	-	-	43,712,507,080	43,712,507,080
Other suppliers	458,020,159,374	458,020,159,374	478,913,688,802	478,913,688,802
Trade payables to related parties	87,866,012,922	87,866,012,922	93,114,328,017	93,114,328,017
(for significant balances see in Note 32)				
	<b>846,487,430,642</b>	<b>846,487,430,642</b>	<b>1,063,806,097,030</b>	<b>1,063,806,097,030</b>

## 17. SHORT-TERM ADVANCES FROM CUSTOMERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Sai Gon River Tunnel Management Center	42,715,837,337	48,076,469,337
Department of Information Technology and Statistics of Customs	42,401,547,700	21,992,787,600
Vietnam Post	36,316,719,372	36,316,719,372
General Department of Taxation	28,838,815,000	7,717,609,500
National Board of Revenue (NBR) - Bangladesh	25,805,615,327	1,008,719,959
Ministry of Planning and Finance - Myanmar	6,592,937,735	25,249,635,557
Hanoi Stock Exchange	-	1,944,000,000
Executive Management Board of Electronic Government Project in Quang Ninh Province	-	49,516,478,861
Others	131,423,740,741	213,579,564,597
	<b><u>314,095,213,212</u></b>	<b><u>405,401,984,783</u></b>

## 18. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Accrued interest	5,902,944,489	5,042,726,980
Accrued expenses for system integration projects	448,068,837,389	406,451,294,106
Other accruals	104,600,441	492,783,077
	<b><u>454,076,382,319</u></b>	<b><u>411,986,804,163</u></b>

## 19. OTHER SHORT-TERM PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Trade union fees	7,783,068,514	7,097,925,744
Social, unemployment and health insurance	3,978,133,885	2,837,174,387
Payable to FPT Corporation for Tan Thuan project	133,532,640,304	98,566,530,815
Payables to Synnex FPT Joint Stock Company-Ho Chi Minh Branch for Tan Thuan Project	-	36,106,801,640
Others	18,966,846,685	8,393,716,564
	<b><u>164,260,689,388</u></b>	<b><u>153,002,149,150</u></b>

FPT INFORMATION SYSTEM CORPORATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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20. SHORT-TERM LOANS

	Opening balance		In the year		Closing balance	
	Amount	VND	Increases	VND	Amount	VND
Short-term loans	1,216,499,811,946	1,216,499,811,946	2,822,339,212,753	2,849,147,823,059	1,189,691,201,640	1,189,691,201,640
		<u>1,216,499,811,946</u>	<u>2,822,339,212,753</u>	<u>2,849,147,823,059</u>	<u>1,189,691,201,640</u>	<u>1,189,691,201,640</u>

Short-term loans represent loans with terms of 12 months or less from banks and FPT Corporation - the parent company. Interest rates are specified for each withdrawal.

Details of outstanding loan principal as at 31 December 2018 are as follows:

	Closing balance	Opening balance
	VND	VND
The Bank Of Tokyo-Mitsubishi UFJ, Ltd. - Hanoi Branch	406,359,469,767	451,761,108,994
BNP Paribas - Hanoi Branch	317,578,381,826	-
Sumitomo mitsui Banking Corporation - Hanoi Branch	120,899,784,862	-
Joint Stock Commercial Bank for Investment and Development of Vietnam - Ha Thanh Branch	86,726,027,535	-
ANZ (Vietnam) Limited Liability Company	63,557,741,949	83,964,052,523
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh Branch	61,942,167,839	122,138,111,738
ANZ Bank- Singapore Branch	56,539,386,185	57,223,991,817
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Operation Center	40,958,241,677	236,787,905,702
HSBC Bank (Vietnam) - Hanoi Branch	17,630,000,000	76,600,000,000
FPT Corporation	17,500,000,000	77,500,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade - Hai Ba Trung Branch	-	16,693,748,090
Bank for Investment and Development of Cambodia - Hanoi Branch	-	34,330,893,082
Citibank N.A. Vietnam - Hanoi Branch	-	59,500,000,000
	<u>1,189,691,201,640</u>	<u>1,216,499,811,946</u>



11. PREPAYMENTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
<b>a. Current</b>		
Tools and dies issued for consumption	5,558,334	44,441,104
Office rental expense	11,837,252,734	2,550,237,000
Others (*)	24,122,087,457	24,572,706,457
	<u><b>35,964,898,525</b></u>	<u><b>27,167,384,561</b></u>
<b>b. Non-current</b>		
Tools and dies issued for consumption	8,632,641,262	6,899,390,187
Office set-up cost	66,469,773,777	14,096,087,391
Others (*)	23,859,392,731	26,274,393,216
	<u><b>98,961,807,770</b></u>	<u><b>47,269,870,794</b></u>

(\*) Mainly represent prepayments for system integration contracts.



FPT INFORMATION SYSTEM CORPORATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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21. OWNER'S EQUITY

Movement in owner's equity

	Owner's contributed capital VND	Foreign exchange reserve VND	Retained earnings VND	Total VND
Prior year's opening balance as previously reported	850,000,000,000	(3,672,785,028)	110,674,629,425	957,001,844,397
Profit for the year	-	-	30,913,375,108	30,913,375,108
Profit distributed to funds	-	-	(3,091,337,511)	(3,091,337,511)
Transfer to the owner	-	-	(62,000,000,000)	(62,000,000,000)
Others	-	744,202,786	-	744,202,786
<b>Current year's opening balance</b>	<b>850,000,000,000</b>	<b>(2,928,582,242)</b>	<b>76,496,667,022</b>	<b>923,568,084,780</b>
Profit for the year	-	-	113,865,550,935	113,865,550,935
Profit distributed to funds (i)	-	-	(11,386,555,094)	(11,386,555,094)
Others	-	5,263,552,821	-	5,263,552,821
<b>Current year's closing balance</b>	<b>850,000,000,000</b>	<b>2,334,970,579</b>	<b>178,975,662,863</b>	<b>1,031,310,633,442</b>

(i) According to Decision No. 1970/2018/QĐ-FIS dated 31 December 2018 by the Chairman, the Corporation distributed 2018 profit after tax attributable to equity holders of the Corporation to bonus and welfare funds at the rate of 10%.

Charter capital and investment capital

Under the Corporation's 17<sup>th</sup> amended Business Registration Certificate dated 16 June 2014, the charter capital of the Corporation is VND 850,000,000,000. As at 31 December 2018, the charter capital of the Corporation had been fully contributed by its owner, FPT Corporation.

Per amended Business Registration Certificate	Contributed capital as at	
	Closing balance VND	Opening balance VND
FPT Corporation	850,000,000,000	850,000,000,000
	<b>850,000,000,000</b>	<b>850,000,000,000</b>

22. OFF-CONSOLIDATED-BALANCE SHEET ITEMS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Materials, goods held under trust	200,365,504,729	206,763,211,350

**Foreign currencies**

	<u>Closing balance</u>	<u>Opening balance</u>
Unit	VND	VND
- United States Dollar	4,373,489	4,693,981
- Euro	457	457
- Japanese Yen	1,932,935	1,884,406
- Singapore Dollar	730,018	252,392
- Kiat	111,071,448	79,321,673
- BDT Bangladesh	208,133	129,602

23. REVENUE

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
<b>Sales of merchandise and services</b>	<b>4,972,604,455,204</b>	<b>5,027,186,878,343</b>
Sales of finished goods/merchandise	3,097,341,057,116	2,939,322,481,777
Sales of services	1,875,263,398,088	2,087,864,396,566
<b>Deductions</b>	<b>102,876,366</b>	<b>1,236,629,025</b>
Sales return	102,876,366	1,236,629,025
<b>Net sales</b>	<b>4,972,501,578,838</b>	<b>5,025,950,249,318</b>
Revenue from related parties (Details stated in Note 32)	328,228,329,050	174,396,370,961

Of which:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Software development	963,929,579,698	999,058,699,093
System integration	3,097,238,180,750	2,938,085,852,752
Informatics service	911,333,818,390	1,088,805,697,473
	<b>4,972,501,578,838</b>	<b>5,025,950,249,318</b>

24. COST OF SALES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Cost of merchandise sold	2,690,830,687,257	2,478,273,502,780
Cost of services rendered	1,471,089,732,624	1,863,207,531,608
Provision for inventory devaluation	756,424,906	484,381,818
	<b>4,162,676,844,787</b>	<b>4,341,965,416,206</b>

25. PRODUCTION COST BY NATURE

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Raw materials and consumables	2,683,577,996,170	2,599,486,370,479
Labour	763,393,059,228	674,444,846,878
Depreciation and amortisation	25,157,100,457	27,323,854,434
Out-sourced services	1,253,167,615,867	1,619,157,709,826
Other monetary expenses	98,513,574,236	172,273,668,585
	<b>4,823,809,345,958</b>	<b>5,092,686,450,202</b>

26. FINANCIAL INCOME

	<u>Current year</u> VND	<u>Prior year</u> VND
Interest income	23,305,335,019	13,449,375,757
Foreign exchange gain	24,080,493,295	24,805,253,503
Other financial income	322,897,696	2,902,342,919
	<u><b>47,708,726,010</b></u>	<u><b>41,156,972,179</b></u>

27. FINANCIAL EXPENSES

	<u>Current year</u> VND	<u>Prior year</u> VND
Interest expense	52,641,437,729	59,371,684,197
Foreign exchange loss	20,957,529,578	18,413,624,776
Other financial expenses	2,369,621,856	255,085,753
	<u><b>75,968,589,163</b></u>	<u><b>78,040,394,726</b></u>

28. OTHER INCOME

	<u>Current year</u> VND	<u>Prior year</u> VND
Sale, disposal of fixed assets	174,475,750	27,387,789
Bonus and commission	29,946,492,946	30,575,798,392
Others	3,424,997,943	1,299,748,438
	<u><b>33,545,966,639</b></u>	<u><b>31,902,934,619</b></u>

29. OTHER EXPENSES

	<u>Current year</u> VND	<u>Prior year</u> VND
Carrying amount of fixed assets and sale, disposal of fixed assets	2,800,896	-
Penalty due to breach of contracts	902,203	3,862,953,578
Others	3,438,378,676	1,373,891,296
	<u><b>3,442,081,775</b></u>	<u><b>5,236,844,874</b></u>

30. CORPORATE INCOME TAX

	<u>Current year</u> VND	<u>Prior year</u> VND
<b>Current corporate income tax expense</b>		
Corporate income tax expense based on taxable profit in the current year	36,141,670,346	19,649,077,201
Adjustments for corporate income tax expense in previous years to the current year	197,927,830	2,936,658,596
<b>Total current corporate income tax expense</b>	<u><b>36,339,598,176</b></u>	<u><b>22,585,735,797</b></u>

31. COMMITMENTS

*Operating lease commitments*

During the year, the Corporation had operating lease commitments relating to office rentals, which fall due as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Within one year	41,221,241,436	32,098,696,566
In the second to fifth year inclusive	98,882,345,642	144,270,102,022
	<u><b>140,103,587,078</b></u>	<u><b>176,368,798,588</b></u>

32. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related parties	Relationship
FPT Corporation	Parent company
FPT Software Company Limited	Affiliates
FPT Telecom Joint Stock Company	Affiliates
Synnex FPT Joint Stock Company	Associates of FPT Corporation

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

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
<b>Sales</b>	<b>328,228,329,050</b>	<b>174,396,370,961</b>
FPT Corporation	98,126,910,677	90,605,847,953
FPT Software Company Limited	32,076,891,828	25,690,914,174
Synnex FPT Joint Stock Company	3,635,198,545	5,402,437,900
FPT Telecom Joint Stock Company	<u>194,389,328,000</u>	<u>52,697,170,934</u>
<b>Purchases</b>	<b>348,398,907,509</b>	<b>625,626,223,070</b>
FPT Corporation	37,949,669,562	38,809,867,012
FPT Software Company Limited	9,142,627,184	36,972,014,821
Synnex FPT Joint Stock Company	276,212,806,472	529,061,296,136
FPT Telecom Joint Stock Company	<u>25,093,804,291</u>	<u>20,783,045,101</u>
<b>Interest income</b>	<b>22,281,469,053</b>	<b>12,608,153,054</b>
FPT Corporation	<u>22,281,469,053</u>	<u>12,608,153,054</u>
<b>Interest expense</b>	<b>1,776,972,802</b>	<b>2,619,750,010</b>
FPT Corporation	<u>1,776,972,802</u>	<u>2,619,750,010</u>
<b>Profit transferred to FPT Corporation</b>	<b>-</b>	<b>62,000,000,000</b>


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


	Current year VND	Prior year VND
<b>Short-term trade receivables</b>	<b>119,482,726,199</b>	<b>33,807,473,994</b>
FPT Corporation	53,183,416,258	32,632,934,932
FPT Software Company Limited	1,426,478,697	1,086,155,193
FPT Telecom Joint Stock Company	64,734,995,809	84,500,869
Synnex FPT Joint Stock Company	137,835,435	3,883,000
<b>Short-term loan receivables</b>	<b>200,000,000,000</b>	-
FPT Corporation	200,000,000,000	-
<b>Other short-term receivables</b>	<b>672,934,805</b>	<b>784,750,276</b>
FPT Corporation	672,934,805	784,750,276
<b>Short-term trade payables</b>	<b>87,866,012,922</b>	<b>93,114,328,017</b>
FPT Corporation	854,544,378	5,800,492,542
FPT Software Company Limited	16,007,727,505	6,994,217,486
Synnex FPT Joint Stock Company	64,781,958,961	67,277,886,049
FPT Telecom Joint Stock Company	6,221,782,078	13,041,731,940
<b>Other current payables</b>	<b>133,532,640,304</b>	<b>134,673,332,455</b>
FPT Corporation	133,532,640,304	98,566,530,815
Synnex FPT Joint Stock Company	-	36,106,801,640
<b>Short-term loans</b>	<b>17,500,000,000</b>	<b>77,500,000,000</b>
FPT Corporation	17,500,000,000	77,500,000,000

33. COMPARATIVE FIGURES

Certain restatements have been made to the prior year's figures to enhance their comparability with the current year's presentation. Details are as follows:

Consolidated financial statements for 2017	Previously reported amount VND	Restatements VND	Amount after restatement VND
Cash outflow for lending, buying debt instruments of other entities	-	(650,000,000,000)	(650,000,000,000)
Cash recovered from lending, selling debt instruments of other entities	205,495,000,000	650,000,000,000	855,495,000,000

  
 Nguyen Thi Hau  
 Preparer

  
 Ngo Thi Minh Hue  
 Chief Accountant

  
 Do Son Giang  
 Deputy General Director

29 March 2019