

## **FPT INFORMATION SYSTEM CORPORATION**

*(Incorporated in the Socialist Republic of Vietnam)*

## **CONSOLIDATED AUDITED FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**



**FPT INFORMATION SYSTEM CORPORATION**

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

---

**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGE(S)</u></b>
STATEMENT OF THE BOARD OF DIRECTORS	1
INDEPENDENT AUDITORS' REPORT	2 - 3
BALANCE SHEET	4 - 5
INCOME STATEMENT	6
CASH FLOW STATEMENT	7 - 8
NOTES TO THE FINANCIAL STATEMENTS	9 - 30

500-C  
TY  
H  
TTE  
NAM  
-TP H



**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 2019.

**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 Hoang Minh	General Director (appointed on 29 March 2019)
Mr. Nguyen Hoang Minh	Deputy General Director (resigned on 29 March 2019)
Mr. Nguyen Van Khoa	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 2019, 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. 106/20/UQ-FIS dated 01 January 2020)

25 March 2020



No.: 0830 /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 25 March 2020 as set out from page 04 to page 30, which comprise the consolidated balance sheet as at 31 December 2019, 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 consolidated 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 consolidated 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 considers 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.



## INDEPENDENT AUDITORS' REPORT (Continued)

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2019, 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

**DELOITTE VIETNAM COMPANY LIMITED**

25 March 2020  
Hanoi, S.R Vietnam

---

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



## CONSOLIDATED BALANCE SHEET

As at 31 December 2019

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>3,915,455,321,541</b>	<b>4,109,374,445,017</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>542,631,030,145</b>	<b>532,026,817,704</b>
1. Cash	111		501,705,547,372	508,676,817,704
2. Cash equivalents	112		40,925,482,773	23,350,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>3,295,075,000</b>	<b>-</b>
1. Held-to-maturity investments	123		3,295,075,000	-
<b>III. Short-term receivables</b>	<b>130</b>		<b>2,747,449,397,001</b>	<b>3,092,713,802,887</b>
1. Short-term trade receivables	131	5	2,140,586,379,063	2,495,855,163,287
2. Short-term advances to suppliers	132		24,804,832,654	48,694,420,099
3. Receivables from construction contracts under percentage of completion method	134	6	318,339,389,202	251,954,356,007
4. Short-term loan receivables	135	7	200,000,000,000	200,000,000,000
5. Other short-term receivables	136	8	127,196,830,963	152,083,153,106
6. Provision for short-term doubtful debts	137	9	(63,478,034,881)	(55,873,289,612)
<b>IV. Inventories</b>	<b>140</b>	<b>10</b>	<b>553,270,464,118</b>	<b>441,242,108,130</b>
1. Inventories	141		556,605,956,573	443,802,503,149
2. Provision for devaluation of inventories	149		(3,335,492,455)	(2,560,395,019)
<b>V. Other short-term assets</b>	<b>150</b>		<b>68,809,355,277</b>	<b>43,391,716,296</b>
1. Short-term prepayments	151	11	66,106,543,899	35,964,898,525
2. Value added tax deductibles	152		301,712,770	4,820,478,757
3. Taxes and other receivables from the State budget	153	14	2,401,098,608	2,606,339,014
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>287,443,726,408</b>	<b>318,997,351,646</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>4,832,677,404</b>	<b>6,729,454,985</b>
1. Other long-term receivables	216	8	4,832,677,404	6,729,454,985
<b>II. Fixed assets</b>	<b>220</b>		<b>184,632,888,504</b>	<b>189,015,885,578</b>
1. Tangible fixed assets	221	12	180,075,178,667	177,669,465,400
- Cost	222		353,705,096,630	334,191,310,978
- Accumulated depreciation	223		(173,629,917,963)	(156,521,845,578)
2. Intangible assets	227	13	4,557,709,837	11,346,420,178
- Cost	228		92,097,581,103	91,635,630,176
- Accumulated amortisation	229		(87,539,871,266)	(80,289,209,998)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>3,532,871,501</b>	<b>24,290,203,313</b>
1. Long-term work in progress	241		-	9,075,080,140
2. Long-term construction in progress	242		3,532,871,501	15,215,123,173
<b>IV. Other long-term assets</b>	<b>260</b>		<b>94,445,288,999</b>	<b>98,961,807,770</b>
1. Long-term prepayments	261	11	94,445,288,999	98,961,807,770
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>4,202,899,047,949</b>	<b>4,428,371,796,663</b>

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



**CONSOLIDATED BALANCE SHEET (Continued)**

As at 31 December 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>2,931,575,307,579</b>	<b>3,340,527,451,089</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>2,923,355,985,834</b>	<b>3,332,375,676,241</b>
1. Short-term trade payables	311	15	841,421,391,880	846,487,430,642
2. Short-term advances from customers	312	16	190,425,218,376	314,095,213,212
3. Taxes and amounts payable to the State budget	313	14	29,304,854,881	41,857,220,407
4. Payables to employees	314		154,437,189,529	178,419,450,694
5. Short-term accrued expenses	315	17	389,019,781,609	454,076,382,319
6. Payables relating to construction contracts under percentage of	317	6	39,251,428,042	46,561,518,663
7. Short-term unearned revenue	318		72,873,839,993	64,348,256,594
8. Other current payables	319	18	152,736,058,071	164,260,689,388
9. Short-term loans	320	19	968,766,570,325	1,189,691,201,640
10. Short-term provisions	321		59,193,239,001	16,380,395,546
11. Bonus and welfare funds	322		25,926,414,127	16,197,917,136
<b>II. Long-term liabilities</b>	<b>330</b>		<b>8,219,321,745</b>	<b>8,151,774,848</b>
1. Long-term unearned revenue	336		266,495,133	114,828,267
2. Long-term provisions	342		7,760,730,329	7,844,850,298
3. Scientific and technological development fund	343		192,096,283	192,096,283
<b>D. EQUITY</b>	<b>400</b>		<b>1,271,323,740,370</b>	<b>1,087,844,345,574</b>
<b>I. Owner's equity</b>	<b>410</b>	<b>20</b>	<b>1,268,573,740,370</b>	<b>1,085,094,345,574</b>
1. Owner's contributed capital	411		850,000,000,000	850,000,000,000
2. Foreign exchange reserve	417		724,645,541	2,334,970,579
3. Retained earnings	421		361,693,900,263	178,975,662,863
- Retained earnings/(losses) accumulated to the prior year end	421a		178,975,662,863	76,496,667,022
- Retained earnings/(losses) of the current year	421b		182,718,237,400	102,478,995,841
4. Non-controlling interests	429		56,155,194,566	53,783,712,132
<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>4,202,899,047,949</b>	<b>4,428,371,796,663</b>

  
Nguyen Thi Hau  
Preparer

  
Ngo Thi Minh Hue  
Chief Accountant



  
Do Son Giang  
Deputy General Director

25 March 2020

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



**CONSOLIDATED INCOME STATEMENT**

For the year ended 31 December 2019


Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
<b>1. Gross revenue from goods sold and services rendered</b>	<b>01</b>	<b>22</b>	<b>4,936,713,840,837</b>	<b>4,972,604,455,204</b>
2. Deductions	02	22	1,356,184,345	102,876,366
<b>3. Net revenue from goods sold and services rendered (10=01-02)</b>	<b>10</b>		<b>4,935,357,656,492</b>	<b>4,972,501,578,838</b>
4. Cost of sales	11	23	4,061,344,251,088	4,162,676,844,787
<b>5. Gross profit from goods sold and services rendered (20=10-11)</b>	<b>20</b>		<b>874,013,405,404</b>	<b>809,824,734,051</b>
6. Financial income	21	25	67,404,544,959	47,708,726,010
7. Financial expenses	22	26	90,991,130,807	75,968,589,163
- In which: Interest expense	23		58,681,936,335	52,641,437,729
8. Selling expenses	25		319,880,945,454	356,760,495,961
9. General and administration expenses	26		325,514,507,263	302,780,743,330
<b>10. Operating profit (30=20+(21-22)-(25+26))</b>	<b>30</b>		<b>205,031,366,839</b>	<b>122,023,631,607</b>
11. Other income	31	27	48,873,209,444	33,545,966,639
12. Other expenses	32		3,713,092,463	3,442,081,775
<b>13. Profit from other activities (40=31-32)</b>	<b>40</b>		<b>45,160,116,981</b>	<b>30,103,884,864</b>
<b>14. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>250,191,483,820</b>	<b>152,127,516,471</b>
15. Current corporate income tax expense	51	28	44,799,737,608	36,339,598,176
<b>16. Net profit after corporate income tax (60=50-51)</b>	<b>60</b>		<b>205,391,746,212</b>	<b>115,787,918,295</b>
- Profit after tax of the Holding	61		203,020,263,778	113,865,550,935
- Non-controlling interest	62		2,371,482,434	1,922,367,360

  
**Nguyen Thi Hau**  
Preparer

  
**Ngo Thi Minh Hue**  
Chief Accountant



  
**Do Son Giang**  
Deputy General Director

25 March 2020

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



## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

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>250,191,483,820</b>	<b>152,127,516,471</b>
<b>2. Adjustments for:</b>			
Depreciation and amortisation of fixed assets	02	29,806,633,572	25,157,100,457
Provisions	03	51,108,566,191	31,845,808,893
Foreign exchange loss/(gain) arising from translating foreign currency items	04	2,258,316,440	(4,044,147,984)
Gain from investing activities	05	(42,430,751,251)	(397,896,377)
Interest expense	06	58,681,936,335	52,641,437,729
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>349,616,185,107</b>	<b>257,329,819,189</b>
Decreases in receivables	09	323,303,034,492	149,967,485,206
(Increase)/decrease in inventories	10	(102,403,346,263)	77,400,345,750
Decreases in payables (excluding accrued loan interest and corporate income tax payable)	11	(192,852,487,182)	(183,961,729,558)
Increases in prepaid expenses	12	(25,999,270,276)	(60,489,450,940)
Interest paid	14	(57,135,670,060)	(51,781,220,220)
Corporate income tax paid	15	(41,457,646,913)	(44,091,263,816)
Other cash inflows	16	64,000,000	
Other cash outflows	17	(10,637,529,387)	(8,627,064,970)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>242,497,269,518</b>	<b>135,746,920,641</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(18,373,579,017)	(56,228,237,213)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	501,004,562	174,475,750
3. Cash outflow for lending, buying debt instruments of other entities	23	(236,295,075,000)	(1,260,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	233,000,000,000	1,060,000,000,000
5. Interest earned, dividends and profits received	27	32,029,517,442	16,971,024,708
6. Cash loss due to disposal of investment in subsidiary		(21,913,960,648)	-
<b>Net cash used in investing activities</b>	<b>30</b>	<b>(11,052,092,661)</b>	<b>(239,082,736,755)</b>

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



**CONSOLIDATED CASH FLOW STATEMENT (Continued)**

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	2,977,191,807,351	2,821,282,940,937
2. Repayment of borrowings	34	(3,198,116,438,666)	(2,854,315,726,451)
3. Dividends and profits paid	36	-	(194,804,961)
<b>Net cash used in financing activities</b>	<b>40</b>	<b>(220,924,631,315)</b>	<b>(33,227,590,475)</b>
<b>Net increase/ (decrease) in cash (50=20+30+40)</b>	<b>50</b>	<b>10,520,545,542</b>	<b>(136,563,406,589)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>532,026,817,704</b>	<b>662,101,190,320</b>
Effects of changes in foreign exchange rates	61	83,666,899	6,489,033,973
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>542,631,030,145</b>	<b>532,026,817,704</b>

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

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



  
\_\_\_\_\_  
Do Son-Giang  
Deputy General Director

25 March 2020



**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 2019 was 2,503 (31 December 2018: 2,730).

**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 specialised 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 time over 12 months.



### **The Corporation's structure**

As at 31 December 2019, the Corporation had 3 subsidiaries (as at 31 December 2018: 4 subsidiaries). Detailed information of the subsidiaries are as follows:

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

On 18 December 2019, the Corporation signed Contract No. FIS-FSO/201901/CNV with FPT Software Company Limited. According to the Contract, the Corporation shall transfer all its contributed capital in FPT Information System Singapore Company Limited to FPT Software Company Limited with the transfer price of VND 350 million. As at 31 December 2019, FPT Information System Singapore Company Limited is no longer a subsidiary of the Corporation.

### **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 2018.

## **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>Years</u>
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. Contractual 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 revenues**

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, loan receivables is recognised when the Corporation's right to receive payment has been established.

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

### **Foreign currencies**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the 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 income statement.

The individual 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**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	1,283,380,878	1,459,384,274
Bank demand deposits	500,422,166,494	507,217,433,430
Cash equivalents (*)	40,925,482,773	23,350,000,000
	<b>542,631,030,145</b>	<b>532,026,817,704</b>

(\*) Cash equivalents represent the time deposits with original terms from one (01) to three (03) months at Commercial Banks.

**5. TRADE RECEIVABLES**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Joint Stock Commercial Bank for Foreign Trade of Vietnam	417,447,790,686	446,755,974,696
National Board of Revenue (NBR) - Bangladesh	190,128,864,555	143,447,246,322
Joint Stock Commercial Bank for Investment and Development of Vietnam	130,984,077,216	68,228,500,418
General Department of Taxation	126,504,195,965	158,496,855,832
Vietnam Post & Telecommunication Corporation	107,266,098,956	137,788,877,980
Vietnam Bank for Agriculture and Rural Development	101,216,571,193	525,152,060
Vietcombank Financial Leasing Company Limited	61,919,000,000	-
Investment and Construction Executive Management Board for Social Insurance	53,260,575,500	-
VETC Joint Stock Company	35,240,968,645	27,561,830,645
Binh Son Refining and Petrochemical Joint Stock Company	24,216,845,100	34,930,310,000
National Payment Services Joint Stock Company	22,897,864,000	42,996,809,650
Vietnam National Petroleum Group	20,901,660,000	34,266,370,000
Lao Electricity Corporation	8,777,273,230	30,054,489,084
Myanmar International Telecommunication Co., Ltd.	7,231,053,139	29,727,614,485
Electricity of Vietnam	4,865,132,993	45,226,739,592
Department of Information Technology - General Department of Taxation	1,379,700,000	89,262,061,047
Ministry of Planning and Finance - Myanmar	513,042,000	38,916,201,440
Gas Transmission Co., Ltd.	469,004,729	34,588,717,226
Executive Management Board for project to build electronic administration in Quang Ninh Province	-	40,476,323,400
Others	768,187,663,287	973,122,363,211
Receivables from related parties (Details stated in Note 29)	57,178,997,869	119,482,726,199
	<b>2,140,586,379,063</b>	<b>2,495,855,163,287</b>

**6. CONSTRUCTION CONTRACTS**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
<b>Contracts in progress as at the balance sheet date:</b>		
Receivables from construction contracts under percentage of completion method	318,339,389,202	251,954,356,007
Payables relating to construction contracts under percentage of completion method	(39,251,428,042)	(46,561,518,663)
	<b>279,087,961,160</b>	<b>205,392,837,344</b>
Contract costs incurred plus recognised profits less recognised losses to date	2,564,822,594,802	2,817,209,391,708
Less: progress billings	(2,285,734,633,642)	(2,611,816,554,364)
	<b>279,087,961,160</b>	<b>205,392,837,344</b>



**7. SHORT-TERM LOAN RECEIVABLES**

Short-term loan receivables represent the balances due from FPT Corporation with terms of less than one year and interest rate of 7.6 % pa.

**8. OTHER RECEIVABLES**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
<b>a. Current</b>		
Receivable related to maintenance services	114,333,547,990	116,338,929,573
Receivable from employees	2,184,912,821	5,806,154,027
Deposits and mortgages	647,662,370	1,166,093,658
Other receivables	10,030,707,782	28,771,975,848
	<b>127,196,830,963</b>	<b>152,083,153,106</b>
<b>b. Non-current</b>		
Deposits and mortgages	4,832,677,404	6,729,454,985
	<b>4,832,677,404</b>	<b>6,729,454,985</b>

9. BAD DEBT

	Closing balance			Opening balance		
	Cost	Recoverable amount (*)	VND	Cost	Recoverable amount (*)	VND
<b>Total amount of receivables past due or not past due but impaired</b>						
Receivables from CA project	18,031,291,825	-	Over 3 years	18,009,381,058	-	Over 3 years
International Data Company Limited	8,196,862,540	-	Over 3 years	8,196,862,540	-	2-3 years
Others	63,578,217,680	26,328,337,164	Over 6 months	52,664,174,048	22,997,128,034	Over 6 months
	<b>89,806,372,045</b>	<b>26,328,337,164</b>		<b>78,870,417,646</b>	<b>22,997,128,034</b>	

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

10. INVENTORIES

	Closing balance			Opening balance		
	Cost	Provision	VND	Cost	Provision	VND
Goods in transit	23,960,103,130	-		4,578,669,691	-	
Tools and supplies	796,993,212	-		582,476,705	-	
Work in progress	437,250,755,253	-		296,589,826,522	-	
Merchandise	94,043,468,647	(3,335,492,455)		141,709,709,697	(2,560,395,019)	
Goods on consignment	554,636,331	-		341,820,534	-	
	<b>556,605,956,573</b>	<b>(3,335,492,455)</b>		<b>443,802,503,149</b>	<b>(2,560,395,019)</b>	



11. PREPAYMENTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
<b>a. Current</b>		
Tools and dies issued for consumption	183,520,267	5,558,334
Office rental expense	5,656,760,504	11,837,252,734
Others (*)	60,266,263,128	24,122,087,457
	<u><b>66,106,543,899</b></u>	<u><b>35,964,898,525</b></u>
<b>b. Non-current</b>		
Tools and dies issued for consumption	7,302,136,683	8,632,641,262
Office set-up cost	56,598,492,712	66,469,773,777
Others (*)	30,544,659,604	23,859,392,731
	<u><b>94,445,288,999</b></u>	<u><b>98,961,807,770</b></u>

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



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

**FORM B 09-DN/HN**

**12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS**

	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Office equipment VND</b>	<b>Motor vehicles VND</b>	<b>Others VND</b>	<b>Total VND</b>
<b>COST</b>						
<b>Opening 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>
Additions	1,094,040,642	1,707,557,500	7,062,695,673	6,587,926,855	1,327,942,258	17,780,162,928
Transfer from construction in progress	-	21,261,189,124	40,300,000	-	-	21,301,489,124
Reclassification from inventory	-	-	33,562,122,000	-	-	33,562,122,000
Other increases	-	182,864,615	14,705,212	314,828,778	-	512,398,605
Disposals	(310,813,654)	(52,753,903)	(1,617,623,682)	(1,415,851,726)	(87,307,262)	(3,484,350,227)
Disposal of investment in subsidiary	(570,623,125)	(6,163,077,497)	(478,080,883)	(423,900,000)	-	(7,635,681,505)
Reclassification	(4,391,507,907)	4,524,598,393	1,148,012,482	-	(1,281,102,968)	-
Reclassification to inventory	-	-	(42,522,355,273)	-	-	(42,522,355,273)
<b>Closing balance</b>	<b>129,075,668,184</b>	<b>114,738,718,715</b>	<b>88,270,556,369</b>	<b>16,836,021,951</b>	<b>4,784,131,411</b>	<b>353,705,096,630</b>
<b>ACCUMULATED DEPRECIATION</b>						
<b>Opening 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>
Charge for the year	6,486,942,575	6,908,100,892	16,864,326,829	1,114,272,863	781,051,440	32,154,694,599
Other increases	-	131,772,572	72,140,729	77,395,127	-	281,308,428
Disposals	(310,813,685)	(52,753,903)	(1,530,713,689)	(1,308,750,310)	(57,078,650)	(3,260,110,237)
Disposal of investment in subsidiary	(570,623,094)	(3,438,883,287)	(384,410,883)	(317,925,000)	-	(4,711,842,264)
Reclassification	(1,422,428,260)	1,137,488,969	568,163,335	10,000,000	(293,224,044)	-
Reclassification to inventory	-	-	(7,355,978,141)	-	-	(7,355,978,141)
<b>Closing balance</b>	<b>7,321,148,880</b>	<b>80,045,255,833</b>	<b>73,919,588,694</b>	<b>10,024,288,992</b>	<b>2,319,635,564</b>	<b>173,629,917,963</b>
<b>NET BOOK VALUE</b>						
<b>Opening balance</b>	<b>130,116,500,884</b>	<b>17,918,809,893</b>	<b>25,374,720,326</b>	<b>1,323,721,732</b>	<b>2,935,712,565</b>	<b>177,669,465,400</b>
<b>Closing balance</b>	<b>121,754,519,304</b>	<b>34,693,462,882</b>	<b>14,350,967,675</b>	<b>6,811,732,959</b>	<b>2,464,495,847</b>	<b>180,075,178,667</b>

As at 31 December 2019, the cost of the Corporation's tangible fixed assets includes VND 146,228,475,595 (31 December 2018: VND 124,323,723,516) of tangible fixed assets which have been fully depreciated but are still in use.



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

**FORM B 09-DN/HN**

**13. INCREASES, DECREASES IN INTANGIBLE ASSETS**

	Copyright and patent	Licenses and franchises	Computer software	Others	Total
	VND	VND	VND	VND	VND
<b>COST</b>					
Opening balance	184,709,304	644,061,667	90,194,703,378	612,155,827	91,635,630,176
Additions	-	-	674,589,826	-	674,589,826
Other increases	-	-	-	3,273,019	3,273,019
Disposals	(12,493,512)	-	(145,956,406)	-	(158,449,918)
Disposal of investment in subsidiary	-	-	-	(57,462,000)	(57,462,000)
<b>Closing balance</b>	<b>172,215,792</b>	<b>644,061,667</b>	<b>90,723,336,798</b>	<b>557,966,846</b>	<b>92,097,581,103</b>
<b>ACCUMULATED DEPRECIATION</b>					
Opening balance	184,709,304	385,208,012	79,107,136,855	612,155,827	80,289,209,998
Charge for the year	-	89,049,561	7,374,250,606	-	7,463,300,167
Other increases	-	-	-	3,273,019	3,273,019
Disposals	(12,493,512)	-	(145,956,406)	-	(158,449,918)
Disposal of investment in subsidiary	-	-	-	(57,462,000)	(57,462,000)
<b>Closing balance</b>	<b>172,215,792</b>	<b>474,257,573</b>	<b>86,335,431,055</b>	<b>557,966,846</b>	<b>87,539,871,266</b>
<b>NET BOOK VALUE</b>					
Opening balance	-	258,853,655	11,087,566,523	-	11,346,420,178
<b>Closing balance</b>	<b>-</b>	<b>169,804,094</b>	<b>4,387,905,743</b>	<b>-</b>	<b>4,557,709,837</b>

As at 31 December 2019, the cost of the Corporation's intangible assets includes VND 80,592,387,474 (31 December 2018: VND 54,861,094,387) of intangible fixed assets which have been fully depreciated but are still in use.

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

	Opening balance VND	Payable/Receivable during the year VND	Paid/Received during the year VND	Closing balance VND
<b>a. Receivables</b>				
Value added tax	9,616,027	2,254,503,419	9,616,027	2,254,503,419
- <i>Output value added tax</i>	9,616,027	2,254,503,419	9,616,027	2,254,503,419
Import duty	146,595,189	-	-	146,595,189
Corporate income tax (i)	1,803,041,488	-	1,803,041,488	-
Other taxes (ii)	647,086,310	(583,696,952)	63,389,358	-
	<b>2,606,339,014</b>	<b>1,670,806,467</b>	<b>1,876,046,873</b>	<b>2,401,098,608</b>
<b>b. Payables</b>				
Value added tax	34,053,979,392	457,200,184,204	471,759,239,681	19,494,923,915
- <i>Output VAT (iii)</i>	33,621,433,426	368,923,459,477	383,049,968,988	19,494,923,915
- <i>VAT on imports</i>	432,545,966	88,276,724,727	88,709,270,693	-
Import duty	33,025,979	1,033,880,391	1,066,906,370	-
Corporate income tax (i)	928,612,492	44,809,226,201	41,457,646,913	4,280,191,780
Other taxes	6,833,787,233	79,690,857,285	80,994,905,332	5,529,739,186
- <i>Personal income tax</i>	3,047,284,518	57,492,022,407	57,095,716,734	3,443,590,191
- <i>Other taxes</i>	3,786,502,715	22,198,834,878	23,899,188,598	2,086,148,995
Other payables	7,815,311	10,159,689	17,975,000	-
	<b>41,857,220,407</b>	<b>582,744,307,770</b>	<b>595,296,673,296</b>	<b>29,304,854,881</b>

- (i) The amount of tax paid during the year includes VND 41,457,646,913 representing the actually paid in cash amount and VND 1,803,041,488 offset against output VAT.  
The amount of tax payable during the year does not include VND (9,488,593) because of the disposal of FPT Information System Singapore Company Limited.
- (ii) The amount of tax receivable during the year is negative because of the disposal of FPT Information System Singapore Company Limited.
- (iii) The amount of tax paid during the year includes VND 68,301,133,210 representing the actually paid in cash amount and VND 314,748,835,779 offset against deductible input VAT.



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

**FORM B 09-DN/HN**

**15. 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	114,185,724,400	114,185,724,400	98,271,602,741	98,271,602,741
ADG National Investment and Technology Development Corporation	76,946,648,470	76,946,648,470	5,847,508,612	5,847,508,612
ETC Technology Systems	51,950,872,100	51,950,872,100	-	-
SAP Asia Pte Ltd	41,936,172,300	41,936,172,300	32,300,910,693	32,300,910,693
Wirecard (Vietnam) Company Limited	40,682,610,000	40,682,610,000	-	-
Cisco International Limited	29,954,193,929	29,954,193,929	39,552,910,383	39,552,910,383
Microsoft Regional Sales Corporation	25,242,268,197	25,242,268,197	12,139,230,525	12,139,230,525
Microtec Vietnam Company Limited	20,649,573,521	20,649,573,521	25,799,387,940	25,799,387,940
Fiserv (APAC) Pte, Ltd.	9,287,886,921	9,287,886,921	4,889,035,325	4,889,035,325
CMC Sai Gon Technology and Solution Company Limited	3,627,358,002	3,627,358,002	44,557,051,462	44,557,051,462
NT&T Solution Company Limited	1,939,509,000	1,939,509,000	34,827,594,680	34,827,594,680
UNIQBE Limited	-	-	75,392,039,970	75,392,039,970
Other suppliers	337,163,394,582	337,163,394,582	384,243,666,389	384,243,666,389
Trade payables to related parties	87,855,180,458	87,855,180,458	88,666,491,922	88,666,491,922
<i>(Details stated in Note 29)</i>				
	<b>841,421,391,880</b>	<b>841,421,391,880</b>	<b>846,487,430,642</b>	<b>846,487,430,642</b>

**16. SHORT-TERM ADVANCES FROM CUSTOMERS**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Joint Stock Commercial Bank for Foreign Trade of Vietnam	21,145,122,512	1,490,392,000
Vietnam Technology and Commercial Joint Stock Bank	16,770,463,605	1,536,276,840
Department of Information Technology and Statistics of Customs	8,252,670,900	42,401,547,700
Ho Chi Minh City Development Joint Stock Commercial Bank	6,586,884,000	-
Vietnam Post	6,085,185,556	36,316,719,372
General Department of Taxation	5,018,265,000	28,838,815,000
Vietcapital Commercial Joint Stock Bank	4,900,000,000	-
National Board of Revenue (NBR) - Bangladesh	875,976,133	25,805,615,327
Sai Gon River Tunnel Management Center	-	42,715,837,337
Ministry of Planning and Finance - Myanmar	-	6,592,937,735
Others	111,560,550,670	128,397,071,901
Advance from related parties (Details stated in Note 29)	9,230,100,000	-
	<b>190,425,218,376</b>	<b>314,095,213,212</b>

**17. SHORT-TERM ACCRUED EXPENSES**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Accrued interest	7,449,210,764	5,902,944,489
Accrued expenses for system integration projects	381,465,970,404	448,068,837,389
Other accruals	104,600,441	104,600,441
	<b>389,019,781,609</b>	<b>454,076,382,319</b>

**18. OTHER SHORT-TERM PAYABLES**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Trade union fees	7,586,874,277	7,783,068,514
Social, unemployment and health insurance	376,104,430	3,978,133,885
Payables to FPT Corporation-Ho Chi Minh branch for Tan Thuan project	134,899,329,954	133,532,640,304
Others	9,873,749,410	18,966,846,685
	<b>152,736,058,071</b>	<b>164,260,689,388</b>



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

FORM B 09-DN/HN

19. SHORT-TERM LOANS

	Opening balance		In the year		Closing balance	
	Amount	VND Amount able to be paid off	Increases	VND Decreases	Amount	VND Amount able to be paid off
Short-term loans	1,189,691,201,640	1,189,691,201,640	2,977,191,807,351	3,198,116,438,666	968,766,570,325	968,766,570,325
	<b>1,189,691,201,640</b>	<b>1,189,691,201,640</b>	<b>2,977,191,807,351</b>	<b>3,198,116,438,666</b>	<b>968,766,570,325</b>	<b>968,766,570,325</b>

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

Details of outstanding loan principal as at 31 December 2019 are as follows:

	Closing balance	Opening balance
	VND	VND
The Bank of Tokyo-Mitsubishi UFJ, Ltd. - Hanoi Branch	336,189,937,990	406,359,469,767
Joint Stock Commercial Bank for Industry and Trade of Vietnam - Hai Ba Trung Branch	216,746,128,314	-
Sumitomo Mitsui - Hanoi Branch	145,365,719,316	120,899,784,862
BNP Paribas - Hanoi Branch	84,876,824,924	317,578,381,826
Bank of Tokyo-Mitsubishi UFJ, LTD, Labuan Branch	70,996,550,000	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh Branch	43,798,000,476	61,942,167,839
FPT Corporation	17,500,000,000	17,500,000,000
HSBC Private International Bank - Mauritius Branch	14,956,764,427	-
ANZ Bank- Singapore Branch	14,493,465,306	56,539,386,185
CIMB Bank (Vietnam) Limited	8,919,980,618	-
HSBC (Vietnam) Limited Liability Company - Hanoi Branch	8,854,760,000	17,630,000,000
CitiBank Vietnam - Hanoi Branch	6,068,438,954	-
Vietnam Joint Stock Commercial Bank for Investment and Development - Ha Thanh Branch	-	86,726,027,535
ANZ (Vietnam) Limited Liability Company	-	63,557,741,949
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Operation Center	-	40,958,241,677
	<b>968,766,570,325</b>	<b>1,189,691,201,640</b>



20. OWNER'S EQUITY

	Owner's contributed capital VND	Foreign exchange reserve VND	Retained earnings VND	Non-controlling interests VND	Total VND
Prior year's opening balance as previously reported	850,000,000,000	(2,928,582,242)	76,496,667,022	52,056,149,733	975,624,234,513
Profit for the year	-	-	113,865,550,935	1,922,367,360	115,787,918,295
Profit distributed to funds	-	-	(11,386,555,094)	-	(11,386,555,094)
Others	-	5,263,552,821	-	(194,804,961)	5,068,747,860
<b>Current year's opening balance</b>	<b>850,000,000,000</b>	<b>2,334,970,579</b>	<b>178,975,662,863</b>	<b>53,783,712,132</b>	<b>1,085,094,345,574</b>
Profit for the year	-	-	203,020,263,778	2,371,482,434	205,391,746,212
Profit distributed to funds (i)	-	-	(20,302,026,378)	-	(20,302,026,378)
Others	-	(1,610,325,038)	-	-	(1,610,325,038)
<b>Current year's closing balance</b>	<b>850,000,000,000</b>	<b>724,645,541</b>	<b>361,693,900,263</b>	<b>56,155,194,566</b>	<b>1,268,573,740,370</b>

(i) According to Decision No. 1859/2019/QĐ-FIS dated 31 December 2019 by the Chairman, the Corporation distributed 2019 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 31 December 2019, the charter capital of the Corporation had been fully contributed by its owner, FPT Corporation.

	Per amended business registration certificate VND	Contributed capital as at	
		Closing balance VND	Opening balance VND
FPT Corporation	850,000,000,000	850,000,000,000	850,000,000,000
	<b>850,000,000,000</b>	<b>850,000,000,000</b>	<b>850,000,000,000</b>



**21. OFF CONSOLIDATED BALANCE SHEET ITEMS**

**Operating lease**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Minimum lease payment in the future under non-cancellable operating lease under the following terms:		
Within one year	44,461,801,877	41,221,241,436
In the second to fifth year inclusive	73,039,622,112	98,882,345,642
	<b>117,501,423,989</b>	<b>140,103,587,078</b>

**Materials, goods held under trust or for processing**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Materials, goods held under trust	25,054,680,434	200,365,504,729

**Foreign currencies**

	<b>Unit</b>	<b>Closing balance</b>	<b>Opening balance</b>
- United States Dollar	USD	3,165,219	4,373,489
- Euro	EUR	109,939	457
- Japanese Yen	JPY	689,412	1,932,935
- Singapore Dollar	SGD	-	730,018
- Kiat	MMK	-	111,071,448
- BDT Bangladesh	BDT	4,302,365	208,133

**22. REVENUES**

	<b>Current year</b>	<b>Prior year</b>
	<b>VND</b>	<b>VND</b>
<b>Sales of merchandise and services</b>	<b>4,936,713,840,837</b>	<b>4,972,604,455,204</b>
Sales of finished goods/merchandise	3,051,548,152,152	3,097,341,057,116
Sales of services	1,885,165,688,685	1,875,263,398,088
<b>Deductions</b>	<b>1,356,184,345</b>	<b>102,876,366</b>
Sales return	1,356,184,345	102,876,366
	<b>4,935,357,656,492</b>	<b>4,972,501,578,838</b>
<b>Net sales</b>		
Revenue from related parties (Details stated in Note 29)	240,305,909,803	328,228,329,050

Of which:

	<b>Current year</b>	<b>Prior year</b>
	<b>VND</b>	<b>VND</b>
Software development	977,703,261,195	963,929,579,698
System integration	3,050,191,967,806	3,097,238,180,750
Informatics service	907,462,427,491	911,333,818,390
	<b>4,935,357,656,492</b>	<b>4,972,501,578,838</b>

**23. COST OF SALES**

	<b>Current year</b>	<b>Prior year</b>
	<b>VND</b>	<b>VND</b>
Cost of merchandise sold	2,633,921,732,713	2,690,830,687,257
Cost of services rendered	1,426,647,420,939	1,471,089,732,624
Provision for inventory devaluation	775,097,436	756,424,906
	<b>4,061,344,251,088</b>	<b>4,162,676,844,787</b>

**24. PRODUCTION COST BY NATURE**

	<b>Current year</b> <b>VND</b>	<b>Prior year</b> <b>VND</b>
Raw materials and consumables	2,768,216,984,771	2,683,577,996,170
Labour	926,910,648,357	763,393,059,228
Depreciation and amortisation	29,806,633,572	25,157,100,457
Out-sourced services	1,027,063,808,491	1,253,167,615,867
Other monetary expenses	86,327,477,205	98,513,574,236
	<b>4,838,325,552,396</b>	<b>4,823,809,345,958</b>

**25. FINANCIAL INCOME**

	<b>Current year</b> <b>VND</b>	<b>Prior year</b> <b>VND</b>
Interest income	33,865,147,565	23,305,335,019
Foreign exchange gain	25,370,698,452	24,080,493,295
Gain from disposal of investment	8,113,603,942	-
Other financial income	55,095,000	322,897,696
	<b>67,404,544,959</b>	<b>47,708,726,010</b>

**26. FINANCIAL EXPENSES**

	<b>Current year</b> <b>VND</b>	<b>Prior year</b> <b>VND</b>
Interest expense	58,681,936,335	52,641,437,729
Foreign exchange loss	32,309,194,472	20,957,529,578
Other financial expenses	-	2,369,621,856
	<b>90,991,130,807</b>	<b>75,968,589,163</b>

**27. OTHER INCOME**

	<b>Current year</b> <b>VND</b>	<b>Prior year</b> <b>VND</b>
Sale, disposal of fixed assets	501,004,562	174,475,750
Bonus and commission	41,539,701,205	29,946,492,946
Others	6,832,503,677	3,424,997,943
	<b>48,873,209,444</b>	<b>33,545,966,639</b>

**28. CURRENT CORPORATE INCOME TAX EXPENSE**

	<b>Current year</b> <b>VND</b>	<b>Prior year</b> <b>VND</b>
<b>Current corporate income tax expense</b>		
Corporate income tax expense based on taxable profit in the current year	44,803,737,608	36,141,670,346
Adjustments for corporate income tax expense in previous years to the current year	(4,000,000)	197,927,830
<b>Total current corporate income tax expense</b>	<b>44,799,737,608</b>	<b>36,339,598,176</b>

**29. RELATED PARTY TRANSACTIONS AND BALANCES**

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

<b>Related parties</b>	<b>Relationship</b>
FPT Corporation	Parent company
FPT Software Company Limited	Affiliate
FPT Telecom Joint Stock Company	Affiliate
Synnex FPT Joint Stock Company	Associates of FPT Corporation
FPT Digital Retail Joint Stock Company	Associates of FPT Corporation



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

	Current year	Prior year
	VND	VND
<b>Sales</b>	<b>240,305,909,803</b>	<b>328,228,329,050</b>
FPT Corporation	82,205,545,667	98,126,910,677
FPT Software Company Limited	117,747,361,177	32,076,891,828
Synnex FPT Joint Stock Company	9,635,465,725	3,635,198,545
FPT Telecom Joint Stock Company	30,717,537,234	194,389,328,000
<b>Purchases</b>	<b>620,166,090,393</b>	<b>357,334,505,099</b>
FPT Corporation	40,282,184,131	37,949,669,562
FPT Software Company Limited	7,349,153,381	9,142,627,184
Synnex FPT Joint Stock Company	543,276,390,363	276,212,806,472
FPT Telecom Joint Stock Company	20,923,612,258	25,093,804,291
FPT Digital Retail Joint Stock Company	8,334,750,260	8,935,597,590
<b>Interest income</b>	<b>32,257,808,215</b>	<b>22,281,469,053</b>
FPT Corporation	32,257,808,215	22,281,469,053
<b>Gain from disposal of investment</b>	<b>8,113,603,942</b>	-
FPT Software Company Limited	8,113,603,942	-
<b>Interest expense</b>	<b>7,144,958,381</b>	<b>1,776,972,802</b>
FPT Corporation	7,144,958,381	1,776,972,802

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

	Current year	Prior year
	VND	VND
<b>Short-term trade receivables</b>	<b>57,178,997,869</b>	<b>119,482,726,199</b>
FPT Corporation	27,054,157,104	53,183,416,258
FPT Software Company Limited	29,833,270,918	1,426,478,697
FPT Telecom Joint Stock Company	168,904,915	64,734,995,809
Synnex FPT Joint Stock Company	122,664,932	137,835,435
<b>Short-term loan receivables</b>	<b>200,000,000,000</b>	<b>200,000,000,000</b>
FPT Corporation	200,000,000,000	200,000,000,000
<b>Other short-term receivables</b>	<b>8,320,775,075</b>	<b>672,934,805</b>
FPT Corporation	8,320,775,075	672,934,805
<b>Short-term trade payables</b>	<b>87,855,180,458</b>	<b>88,666,491,922</b>
FPT Corporation	961,945,094	854,544,378
FPT Software Company Limited	411,170,239	16,007,727,505
Synnex FPT Joint Stock Company	77,719,577,600	64,781,958,961
FPT Telecom Joint Stock Company	6,232,878,506	6,221,782,078
FPT Digital Retail Joint Stock Company	2,529,609,019	800,479,000
<b>Short-term advances from customers</b>	<b>9,230,100,000</b>	-
FPT Corporation	9,080,100,000	-
FPT Telecom Joint Stock Company	150,000,000	-
<b>Other current payables</b>	<b>134,899,329,954</b>	<b>133,532,640,304</b>
FPT Corporation	134,899,329,954	133,532,640,304
<b>Short-term loans</b>	<b>17,500,000,000</b>	<b>17,500,000,000</b>
FPT Corporation	17,500,000,000	17,500,000,000
<b>Short-term loans</b>	<b>7,144,958,381</b>	-
FPT Corporation	7,144,958,381	-

**30. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

**Supplemental non-cash disclosures**

Cash inflows for interest earned, dividends and profits received during the year exclude an amount of VND 8,366,723,491 (2018: VND 6,475,998,368), representing interest earned during the year that has not yet been received. Consequently, changes in accounts receivable have been adjusted by the same amount.

Cash outflows for interest paid during the year exclude an amount of VND 7,449,210,764 (2018: VND 5,902,944,489), representing interest during the year that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.

**31. COMPARATIVE FIGURES**


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

<b>Consolidated financial statements for 2018</b>	<b>Previously reported amount VND</b>	<b>Restatements VND</b>	<b>Amount after restatement VND</b>
Foreign exchange loss/(gain) arising from translating foreign currency items	5,263,552,821	(5,263,552,821)	-
Effects of changes in foreign exchange rates	1,225,481,152	5,263,552,821	6,489,033,973

  
**Nguyen Thi Hau**  
Preparer

  
**Ngo Thi Minh Hue**  
Chief Accountant



  
**Do Son Giang**  
Deputy General Director

25 March 2020