

**FPT INFORMATION SYSTEM CORPORATION**

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2010**

**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGE(S)</u></b>
STATEMENT OF THE BOARD OF DIRECTORS	1
AUDITORS' REPORT	2
CONSOLIDATED BALANCE SHEET	3 - 4
CONSOLIDATED INCOME STATEMENT	5
CONSOLIDATED CASH FLOW STATEMENT	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7 - 19



## **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 2010.

### **THE BOARDS OF MANAGEMENT AND DIRECTORS**

The members of the Boards of Management and Directors of the Corporation who held office during the year and at the date of this report are as follows:

#### **Board of Management**

Mr. Do Cao Bao	Chairman
Mr. Truong Gia Binh	Member (resigned on 18 March 2010)
Mr. Bui Quang Ngoc	Member
Mr. Nguyen Diep Tung	Member
Mr. Duong Dung Trieu	Member
Mr. Nguyen Khac Thanh	Member (appointed on 18 March 2010)

#### **Board of Directors**

Mr. Duong Dung Trieu	General Director (appointed on 24 March 2010)
Mr. Do Cao Bao	General Director (resigned on 24 March 2010)
Mr. Nguyen Tuan Hung	Deputy General Director
Mr. Phung Viet Thang	Deputy General Director
Mr. Le Thanh Trung	Deputy General Director (appointed on 9 March 2010)
Mr. Do Son Giang	Deputy General Director (appointed on 9 March 2010)
Mr. Nguyen Lam Phuong	Deputy General Director (resigned on 26 March 2010)

### **BOARD OF DIRECTORS’ STATEMENT OF RESPONSIBILITY**

The Board of Directors of the Corporation is responsible for preparing the consolidated financial statements of each year, which give a true and fair view of the financial position of the Corporation and of its results and cash flows for the year. 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 Company and to ensure that the consolidated financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam. The Board of Directors is also responsible for safeguarding the assets of the Company and hence 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,



**Duong Dung Trieu**  
General Director

4 March 2011



No.: 308 /Deloitte-AUDHN-RE

## AUDITORS' REPORT

To: **The Shareholders  
The Boards of Management and Directors  
FPT Information System Corporation**

We have audited the accompanying consolidated balance sheet of FPT Information System Corporation ("the Corporation") as at 31 December 2010, the related consolidated statements of income and cash flows for the year then ended, and the notes thereto (collectively referred to as "the consolidated financial statements"), as set out from page 3 to page 19. 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.

### Respective Responsibilities of the Board of Directors and Auditors

As stated in the Statement of the Board of Directors on page 1, these consolidated financial statements are the responsibility of the Corporation's Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

### Basis of Opinion

We have conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of, in all material respects, the financial position of the Corporation as at 31 December 2010 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam.



Tran Thi Thuy Ngoc  
Deputy General Director  
CPA Certificate No. D.0031/KTV

For and on behalf of  
**DELOITTE VIETNAM COMPANY LIMITED**

4 March 2011  
Hanoi, S.R. Vietnam

Tran Huy Cong  
Auditor  
CPA Certificate No. 0891/KTV

**CONSOLIDATED BALANCE SHEET**

As at 31 December 2010

FORM B 01-DN/HN

Unit: VND

ASSETS	Codes	Notes	31/12/2010	31/12/2009
<b>A. CURRENT ASSETS</b> (100=110+120+130+140+150)	<b>100</b>		<b>1,938,803,832,028</b>	<b>1,541,979,277,017</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>469,538,292,621</b>	<b>571,924,634,457</b>
1. Cash	111		218,502,763,634	279,827,056,505
2. Cash equivalents	112		251,035,528,987	292,097,577,952
<b>II. Short-term financial investments</b>	<b>120</b>		<b>53,085,534,645</b>	-
1. Short-term investments	121		53,085,534,645	-
<b>III. Short-term receivables</b>	<b>130</b>		<b>1,140,509,484,602</b>	<b>766,583,920,480</b>
1. Trade accounts receivable	131		783,643,863,074	579,497,874,231
2. Advances to suppliers	132		99,088,544,802	64,804,714,776
3. Inter-company receivables	133	24	25,580,427,305	7,827,021,804
4. Receivables from construction contracts under percentage of completion method	134	6	136,174,286,595	93,492,909,795
5. Other receivables	135		97,212,037,919	22,007,790,056
6. Provision of doubtful debts	139		(1,189,675,093)	(1,046,390,182)
<b>IV. Inventories</b>	<b>140</b>	<b>7</b>	<b>239,681,144,548</b>	<b>173,167,475,194</b>
1. Inventories	141		239,955,471,037	173,539,350,071
2. Provision for devaluation of inventories	149		(274,326,489)	(371,874,877)
<b>V. Other short-term assets</b>	<b>150</b>		<b>35,989,375,612</b>	<b>30,303,246,886</b>
1. Short-term prepayments	151		17,601,417,592	14,708,999,228
2. Value added tax deductibles	152		12,369,144,881	11,344,895,140
3. Other short-term assets	158		6,018,813,139	4,249,352,518
<b>B. NON-CURRENT ASSETS</b> (200=220+260)	<b>200</b>		<b>115,841,107,877</b>	<b>51,695,455,910</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>98,260,551,225</b>	<b>43,933,860,443</b>
1. Tangible fixed assets	221	8	90,003,765,160	35,945,203,394
- Cost	222		145,226,376,110	82,733,186,011
- Accumulated depreciation	223		(55,222,610,950)	(46,787,982,617)
2. Intangible fixed assets	227	9	8,256,786,065	7,988,657,049
- Cost	228		13,906,906,416	11,111,262,375
- Accumulated amortisation	229		(5,650,120,351)	(3,122,605,326)
<b>II. Other long-term assets</b>	<b>260</b>		<b>17,580,556,652</b>	<b>7,761,595,467</b>
1. Long-term prepayments	261		13,965,537,658	6,048,783,390
2. Other long-term assets	268		3,615,018,994	1,712,812,077
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>2,054,644,939,905</b>	<b>1,593,674,732,927</b>

The notes set out on pages 7 to 19 are an integral part of these consolidated financial statements



**CONSOLIDATED BALANCE SHEET (Continued)**

As at 31 December 2010

FORM B 01-DN/HN  
Unit: VND

RESOURCES	Codes	Notes	31/12/2010	31/12/2009
<b>A. LIABILITIES (300 = 310+330)</b>	<b>300</b>		<b>1,220,725,334,795</b>	<b>1,134,439,973,087</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,219,870,511,864</b>	<b>1,134,430,047,520</b>
1. Short-term loans and liabilities	311	11	471,208,816,080	297,288,777,984
2. Trade accounts payable	312		290,082,310,257	243,223,388,664
3. Advances from customers	313		130,213,663,899	176,902,216,734
4. Taxes and amounts payable to the State budget	314	12	49,334,937,802	40,444,992,038
5. Payables to employees	315		63,679,379,688	75,009,671,997
6. Accrued expenses	316		79,891,722,548	41,538,964,547
7. Inter-company payables	317	24	40,103,508,593	215,451,869,512
8. Payables relating to construction contracts under percentage of completion method	318		25,525,538,952	11,213,656,810
9. Other current payables	319	13	6,263,038,322	2,447,536,420
10. Short-term provisions	320		7,112,649,645	6,483,962,315
11. Bonus and welfare funds	323		33,817,239,709	15,720,528,871
12. Unearned revenue	338		22,637,706,369	8,704,481,628
<b>II. Long-term liabilities</b>	<b>330</b>		<b>854,822,931</b>	<b>9,925,567</b>
1. Provision for severance allowance	336		2,243,600	9,925,567
2. Scientific and technological development fund	339		852,579,331	-
<b>B. EQUITY</b>	<b>400</b>		<b>784,915,774,601</b>	<b>459,234,759,840</b>
(400=410+430)				
<b>I. Owners' equity</b>	<b>410</b>	<b>14</b>	<b>782,165,774,601</b>	<b>456,484,759,840</b>
1. Charter capital	411		450,480,510,000	350,000,000,000
2. Treasury shares	414		(140,290,000)	-
3. Investment and development fund	417		27,740,764,485	7,860,264,436
4. Retained earnings	420		304,084,790,116	98,624,495,404
<b>II. Other resources and funds</b>	<b>430</b>		<b>2,750,000,000</b>	<b>2,750,000,000</b>
1. Subsidised fund	432		2,750,000,000	2,750,000,000
<b>C. MINORITY INTERESTS</b>	<b>439</b>		<b>49,003,830,509</b>	<b>-</b>
<b>TOTAL RESOURCES (440 = 300+ 400+439)</b>	<b>440</b>		<b>2,054,644,939,905</b>	<b>1,593,674,732,927</b>

OFF BALANCE SHEET ITEMS	Notes	31/12/2010	31/12/2009
1. Goods held under trust		50,004,719,142	48,271,191,549



**Đương Dũng Triệu**  
General Director

*ukh*  
**Ngô Thị Minh Huệ**  
Chief Accountant

*clbau*  
**Nguyen Thi Hau**  
Preparer

4 March 2011

The notes set out on pages 7 to 19 are an integral part of these consolidated financial statements

**CONSOLIDATED INCOME STATEMENT**

For the year ended 31 December 2010

FORM B 02-DN/HN

Unit: VND

ITEMS	Codes	Notes	2010	2009
1. Gross sales	01	15	3,246,543,083,503	3,000,859,529,343
2. Less deductions	02	15	2,273,239,262	6,225,330,049
<b>3. Net sales (10=01-02)</b>	<b>10</b>	<b>15</b>	<b>3,244,269,844,241</b>	<b>2,994,634,199,294</b>
4. Cost of sales	11	16	2,449,992,119,330	2,302,362,016,172
<b>5. Gross profit from sales (20 = 10 - 11)</b>	<b>20</b>		<b>794,277,724,911</b>	<b>692,272,183,122</b>
6. Financial income	21	17	65,862,072,687	25,474,334,026
7. Financial expenses	22	18	71,187,144,691	41,869,345,359
- In which: Interest expense	23		21,230,242,175	3,781,200,392
8. Selling expenses	24		154,594,952,700	125,499,181,777
9. General and administration expenses	25		166,970,630,593	150,992,789,259
<b>10. Operating profit</b> (30 = 20+(21-22)-(24+25))	<b>30</b>		<b>467,387,069,614</b>	<b>399,385,200,753</b>
11. Other income	31	19	21,721,836,194	22,182,215,549
12. Other expenses	32	20	5,138,186,648	6,775,854,031
<b>13. Profit from other activities (40=31-32)</b>	<b>40</b>		<b>16,583,649,546</b>	<b>15,406,361,518</b>
<b>14. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>483,970,719,160</b>	<b>414,791,562,271</b>
15. Current corporate income tax expense	51	21	87,306,887,667	74,927,177,717
<b>16. Net profit after corporate income tax</b> (60=50-51)	<b>60</b>		<b>396,663,831,493</b>	<b>339,864,384,554</b>
- Attributable to minority interests	61		(946,169,491)	-
- Attributable to Holding company's shareholders	62		397,610,000,984	339,864,384,554
<b>17. Basic earnings per share</b>	<b>70</b>	<b>22</b>	<b>8,904</b>	<b>3,587</b>



**Đương Dũng Triệu**  
General Director

4 March 2011

*ukhuc*  
**Ngô Thị Minh Huệ**  
Chief Accountant

*Đâu*  
**Nguyễn Thị Hậu**  
Preparer

The notes set out on pages 7 to 19 are an integral part of these consolidated financial statements







**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FORM B 09-DN/HN**

*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 ("the Corporation"), formerly known as FPT Information System Co., Ltd., changed its ownership form in accordance with the Resolution dated 30 July 2009 issued by the Board of Management of FPT Corporation. The Corporation was granted the first Business Registration Certificate dated 13 August 2009 by Hanoi Department of Planning and Investment. According to its seventh amendment dated 8 December 2010, the Corporation's charter capital is VND 450,480,510,000.

As at 31 December 2010, the Corporation had 9 subsidiaries and two branches in Ho Chi Minh City and Da Nang City.

The number of employees as at 31 December 2010 was 2,354 (31 December 2009: 2,032).

**Operating industry and principal activities**

The Corporation's operating and principal activities include:

- Operating in the services of information technology and other services related to computer: dealing with incidents of computer, installing software;
- Programming computer: designing, repairing, testing and aiding software following request of client, programming software;
- Services of repairing and maintaining computer and peripheral devices;
- Services of repairing and maintaining communications equipments;
- Install electrical system;
- Trade electric machines, equipment, material (dynamo, electric motor, electric wire and other devices in electric circuit);
- Construct buildings in kind (only when eligible conditions and capacity are satisfied in accordance with legal regulations);
- Provide real estate brokerage service;
- Trade real estate, land use right of owners, users or leasees;
- Provide e-signature certification services;
- Train human resources for software industry (only when obtaining approval of competent authorities);
- Trade, provide, execute, install electronic, radio and television equipment and products (excluding construction work design);
- Provide training on e-commercial system and e-commercial services (only when obtaining approval of competent authorities);
- Provide e-commercial services;
- Produce, manufacture, assemble IT equipment;
- Provide contents and mobile value added services;
- Train and lease disaster recovery center; provide data recovery services (only when obtaining approval of competent authorities);
- Research, consult, design, produce, integrate, lease disaster recovery center; provide data recovery services (excluding construction work design);
- Consult and provide IT outsourcing services (excluding labor brokerage, export and recruitment for labor-export enterprises), data center and call center (excluding those prohibited by the State), and business process outsourcing services (BPO);
- Produce, develop, provide and implement software products and services (including ERP software products and services);
- Trade, lease, install telecommunication equipment and products; provide telecommunication services and systems;
- Trade, lease, install information technology equipment and products; provide information technology services and systems;
- Provide training, transfer information systems and apply them in other technologies (only when obtaining approval from competent authorities);
- Research, consult, design, produce, integrate, transfer information systems and informatics, and apply them in other technologies;
- The enterprise only build works when having enough conditions following law.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD**

**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, Vietnamese Accounting System and prevailing relevant regulations in Vietnam.

**Accounting period**

The Corporation's financial year begins on 1 January and ends on 31 December.

**3. NEW ACCOUNTING GUIDANCE IN ISSUE NOT YET ADOPTED**

On 06 November 2009, the Ministry of Finance issued Circular No.210/2009/TT-BTC ("Circular 210") guiding the application of International Financial Reporting Standards on presentation of financial statements and disclosures of financial instruments. The adoption of Circular 210 requires disclosures of certain financial instruments as well as the effect thereof on the financial statements. This Circular is effective for the financial year ending on or after 31 December 2011. The Board of Directors is considering the extent of impact of the adoption on the Company's consolidated financial statements for future accounting periods.

**4. 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, Vietnamese Accounting System and relevant regulations in Vietnam 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. Actual results could 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.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Company except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, 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.

**Receivables and 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>2010 and 2009</u> <u>(years)</u>
Machinery and equipment	5 - 25
Motor vehicles	4 - 6
Office equipment	3 - 5
Other fixed assets	3 - 5

**Intangible fixed assets and amortisation**

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

**Long-term prepayments**

Long-term prepayments comprise costs of small tools, supplies and spare parts issued for consumption, advertising expenditures incurred during the pre-operating stage which are expected to provide future economic benefits to the Company for more than 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 current prevailing accounting regulations



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**      **FORM B 09-DN/HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**Revenue recognition**

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

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
  - (b) the Company 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 Company;
- 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 periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period. 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 Company;
  - (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 of a transaction involving the rendering of service is recognised in the consolidated financial statement by reference to the percentage of completion of transaction at the end of the period. The percentage of completion is assessed by performance. Revenue is not recognised if there is material unreliable element related to recovery of receivables.

**Foreign currencies**

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates". Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing on the balance sheet date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement. Unrealised exchange gains at the balance sheet date are not treated as part of distributable profit to shareholders.

**Borrowing costs**

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.

All other borrowing costs are recognised in the consolidated income statement when incurred.

**Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

### 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 net profit 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.

Under the Business Registration Certificate and prevailing tax regulations, the Corporation and its subsidiaries are obliged to pay corporate income tax at the rate of 10% of their taxable income for software production and services for 12 years and entitled to tax exemption for 4 years from the year they have taxable income and a 50% reduction in tax payable for the 9 subsequent years. Other activities relating to sales of goods and services are subject to the tax rate of 25%

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 period 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 Corporation did not recognise deferred tax since there are not significant differences between carrying amount of assets and liabilities in consolidated balance sheet and the corresponding tax bases as at 31 December 2010.

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.

### 5. CASH AND CASH EQUIVALENTS

	31/12/2010	31/12/2009
	VND	VND
Cash on hand	881,237,358	1,033,792,314
Cash in bank	217,621,526,276	252,293,000,951
Cash in transit	-	26,500,263,240
Cash equivalents	251,035,528,987	292,097,577,952
	<u>469,538,292,621</u>	<u>571,924,634,457</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN  
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

6. RECEIVABLES FROM CONSTRUCTION CONTRACTS UNDER PERCENTAGE OF COMPLETION METHOD

	31/12/2010 VND	31/12/2009 VND
Contract costs incurred plus recognised profits less recognised losses to date	1,134,914,438,445	949,454,610,679
Progress billings and advances from customers	(998,740,151,850)	(855,961,700,884)
<b>Receivables from construction contracts</b>	<b>136,174,286,595</b>	<b>93,492,909,795</b>

7. INVENTORIES

	31/12/2010 VND	31/12/2009 VND
Goods in transit	53,982,376,698	46,178,858,020
Tools and supplies	15,739,835	25,770,328
Work in progress	85,470,762,908	66,592,244,236
Merchandise	100,486,591,596	60,742,477,487
<b>Total</b>	<b>239,955,471,037</b>	<b>173,539,350,071</b>
Provision for devaluation of inventories	(274,326,489)	(371,874,877)
<b>Net realisable value</b>	<b>239,681,144,548</b>	<b>173,167,475,194</b>

8. TANGIBLE FIXED ASSETS

	Machinery, Equipment VND	Motor Vehicles VND	Office Equipment VND	Other fixed assets VND	Total VND
<b>COST</b>					
As at 1/1/2010	26,029,754,157	6,890,612,036	47,151,828,029	2,660,991,789	82,733,186,011
Purchases for the year	55,641,995,715	2,451,095,528	13,364,362,731	-	71,457,453,974
Purchases using Scientific and Technological development fund	-	-	877,500,000	-	877,500,000
Other additions	163,139,591	-	144,468,769	-	307,608,360
Disposals	-	(472,312,552)	(6,760,601,741)	-	(7,232,914,293)
Other decreases	-	-	(1,125,044,993)	(1,791,412,949)	(2,916,457,942)
<b>As at 31/12/2010</b>	<b>81,834,889,463</b>	<b>8,869,395,012</b>	<b>53,652,512,795</b>	<b>869,578,840</b>	<b>145,226,376,110</b>
<b>ACCUMULATED DEPRECIATION</b>					
As at 1/1/2010	4,987,809,240	2,366,930,075	37,084,948,661	2,348,294,641	46,787,982,617
Charge for the year	7,594,705,095	1,117,026,493	7,922,854,058	307,618,325	16,942,203,971
Charge to Scientific and Technological development fund	-	-	73,125,000	-	73,125,000
Other additions	89,806,628	-	53,311,280	-	143,117,908
Disposals	-	(295,195,352)	(5,881,446,736)	-	(6,176,642,088)
Other decreases	-	-	(756,081,688)	(1,791,094,770)	(2,547,176,458)
<b>As at 31/12/2010</b>	<b>12,672,320,963</b>	<b>3,188,761,216</b>	<b>38,496,710,575</b>	<b>864,818,196</b>	<b>55,222,610,950</b>
<b>NET BOOK VALUE</b>					
As at 31/12/2010	69,162,568,500	5,680,633,796	15,155,802,220	4,760,644	90,003,765,160
As at 31/12/2009	21,041,944,917	4,523,681,961	10,066,879,368	312,697,148	35,945,203,394

As at 31 December 2010, the cost of the Corporation's tangible fixed assets includes VND 28,141 million (31 December 2009: VND 28,391 million) of equipment which has been fully depreciated but is still in use.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN  
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

9. INTANGIBLE FIXED ASSETS

	Computer software VND	Copyright, patents VND	Total VND
<b>COST</b>			
As at 01/01/2010	11,111,262,375	-	11,111,262,375
Purchases for the year	124,845,000	-	124,845,000
Purchase using Scientific and Technological development fund	-	2,670,799,041	2,670,799,041
As at 31/12/2010	11,236,107,375	2,670,799,041	13,906,906,416
<b>ACCUMULATED AMORTIZATION</b>			
As at 01/01/2010	3,122,605,326	-	3,122,605,326
Charge for the year	2,304,948,442	-	2,304,948,442
Charge to Scientific and Technological development fund	-	222,566,583	222,566,583
As at 31/12/2010	5,427,553,768	222,566,583	5,650,120,351
<b>NET BOOK VALUE</b>			
As at 31/12/2010	5,808,553,607	2,448,232,458	8,256,786,065
As at 31/12/2009	7,988,657,049	-	7,988,657,049

10. INVESTMENTS IN SUBSIDIARIES

Details of the Corporation's subsidiaries as at 31 December 2010 are as follows:

Name of company	Place of establishment	Proportion of interest (%)	Proportion of voting right (%)	Principal activities	Investment as at 31/12/2010 VND	Investment as at 31/12/2009 VND
FPT ERP Services Company Limited	Hanoi	100%	100%	Provide system integration, software and information technology services	10.000.000.000	10.000.000.000
FPT Information System of Financing and Banking Services Company Limited	Hanoi	100%	100%	Provide system integration, software and information technology services	100.000.000.000	100.000.000.000
FPT FSE Information System Company Limited	Hanoi	100%	100%	Provide system integration, software and information technology services	60.000.000.000	60.000.000.000
FPT Software Development Company Limited	HCM city	100%	100%	Provide system integration, software and information technology services	6.000.000.000	6.000.000.000
FPT Information System Services Company Limited	Hanoi	100%	100%	Provide system integration, software and information technology services	16.000.000.000	16.000.000.000
FPT Information System of Telecom & Public Services Company Limited	Hanoi	100%	100%	Provide system integration, software and information technology services	65.000.000.000	65.000.000.000
FPT Public Finance Solution Company Limited	Hanoi	100%	100%	Provide system integration, software and information technology services	10.000.000.000	10.000.000.000
FPT Information System of The South Company Limited	HCM city	100%	100%	Provide system integration, software and information technology services	22.000.000.000	-
Telehouse International Corporation of Vietnam	Hanoi	51%	51%	Provide data center services	51.988.780.000	-
					340.988.780.000	267.000.000.000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**  
 These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

**11. SHORT-TERM BORROWINGS AND LIABILITIES**

	31/12/2010 VND	31/12/2009 VND
Short-term borrowings	471,208,816,080	297,288,777,984
	<b>471,208,816,080</b>	<b>297,288,777,984</b>

Short-term borrowings represent borrowings from banks in the form of Letter of Credit. These borrowings, which may be withdrawn in VND or USD, are unsecured and bear the interest rate specified for each withdrawal. Details of outstanding principals borrowed from banks as at 31 December 2010 are as follows:

	31/12/2010 VND	31/12/2009 VND
Tien Phong Commercial Joint Stock Bank	12,300,000,000	157,059,050,000
CitiBank	334,067,565,000	98,154,527,000
Bank for Investment and Development of Vietnam	52,757,114,085	28,960,950,348
HSBC Bank (Vietnam) Bank Ltd.	72,084,136,995	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam	-	13,114,250,636
	<b>471,208,816,080</b>	<b>297,288,777,984</b>

**12. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET**

	31/12/2010 VND	31/12/2009 VND
Value added tax	12,941,109,451	22,049,146,802
Import, export duties	1,763,888,062	2,318,195,628
Corporate income tax	32,812,422,890	13,162,403,725
Personal income tax	1,317,975,796	2,759,384,387
Withholding tax	499,541,603	155,861,496
	<b>49,334,937,802</b>	<b>40,444,992,038</b>

**13. OTHER CURRENT PAYABLES**

	31/12/2010 VND	31/12/2009 VND
Social, unemployment and health insurance	398,785,339	385,024,811
Trade union fees	1,475,895,055	1,114,853,117
Other payables	4,388,357,928	947,658,492
	<b>6,263,038,322</b>	<b>2,447,536,420</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN  
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

14. OWNERS' EQUITY

Movement in owners' equity:

	Charter capital VND	Treasury shares VND	Investment and development fund VND	Financial reserve fund VND	Retained earnings VND	Total VND
As at 01/01/2009	250,000,000,000	-	-	2,189,861,912	-	252,189,861,912
Contribution from shareholders	100,000,000,000	-	-	-	-	100,000,000,000
Profit for the year	-	-	-	-	339,864,384,554	339,864,384,554
Profit distributed to funds	-	-	7,860,264,436	-	(23,580,793,307)	(15,720,528,871)
Profit distributed to owners	-	-	-	(2,189,861,912)	(182,659,095,843)	(184,848,957,755)
Dividends paid	-	-	-	-	(35,000,000,000)	(35,000,000,000)
As at 31/12/2009	350,000,000,000	-	7,860,264,436	-	98,624,495,404	456,484,759,840
Contribution from shareholders	12,982,510,000	-	-	-	-	12,982,510,000
Profit in the year	-	-	-	-	397,610,000,984	397,610,000,984
Buying treasury shares	-	(140,290,000)	-	-	-	(140,290,000)
Profit distributed to funds (i)	-	-	19,880,500,049	-	(59,641,500,147)	(39,761,000,098)
Dividends declared (ii)	87,498,000,000	-	-	-	(132,542,922,000)	(45,044,922,000)
Others (iii)	-	-	-	-	34,715,875	34,715,875
As at 31/12/2010	450,480,510,000	(140,290,000)	27,740,764,485	-	304,084,790,116	782,165,774,601

- i. Profit distribution for the year 2010 was made in accordance with Decision No. 612/2010/FIS/NQ-HDQT dated 31 December 2010 by the Board of Managements of FPT Information System Corporation with the amount of VND 59,641,500,147, in which VND 19,880,500,049 was distributed to charter capital supplementary reserve (presented in Investment and development fund) and VND 39,761,000,098 to Bonus and welfare funds.
- ii. In the year, the Corporation declared and paid dividends in the amount of VND 132,542,922,000, in which dividends paid by shares out of the 2009 retained earning under the Resolution dated 18 March 2010 of the General Shareholders' Meeting were declared at the rate of 4:1 from 2009 with the amount of VND 87,498,000,000 and the 2010 dividends paid in cash was paid in accordance with Meeting Minutes No. 612/2010/FIS-BB-HDQT dated 31 December 2010 issued by the Board of Management with the rate of VND 1,000 per share, equivalent to VND 45,044,922,000. The final dividends of 2010 will be approved at the Annual General Shareholders' Meeting.
- iii. Represent an increase in retained earning by receiving from the excess of the corporate income tax paid to FPT Corporation in 2009 over the actual amount payable.

Charter capital:

Under the Corporation's Business Registration Certificate, the charter capital of the Corporation is VND 450,480,510,000 equivalent to 45,048,051 shares. Par value of each share is VND 10,000.

Detail of charter capital contributions by the shareholders as at 31 December 2010 were as follows:

Shareholders	As per Business Registration Certificate			As at 31/12/2010
	Number of shares	%	VND	VND
FPT Corporation	41,562,500	92.26	415,625,002,500	415,625,002,500
Others	3,485,550	7.74	34,855,507,500	34,855,507,500
	<b>45,048,050</b>	<b>100</b>	<b>450,480,510,000</b>	<b>450,480,510,000</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)** **FORM B 09-DN/HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

15. REVENUE	2010 VND	2009 VND
Sales	3,246,543,083,503	3,000,859,529,343
Sales of goods	2,479,057,819,781	2,407,457,024,253
Sales of services	767,485,263,722	593,402,505,090
<b>Less deductions</b>	<b>2,273,239,262</b>	<b>6,225,330,049</b>
Sales return	2,273,239,262	6,225,330,049
<b>Net sales</b>	<b>3,244,269,844,241</b>	<b>2,994,634,199,294</b>
16. COST OF SALES	2010 VND	2009 VND
Cost of goods sold	2,003,791,965,696	1,959,524,638,791
Cost of services rendered	446,191,535,459	342,669,096,770
Provision for devaluation of inventories	8,618,175	168,280,611
	<b>2,449,992,119,330</b>	<b>2,302,362,016,172</b>
17. FINANCIAL INCOME	2010 VND	2009 VND
Bank interest	34,234,935,353	3,325,007,594
Foreign exchange gain	25,421,291,171	22,149,326,432
Others	6,205,846,163	-
	<b>65,862,072,687</b>	<b>25,474,334,026</b>
18. FINANCIAL EXPENSES	2010 VND	2009 VND
Interest expense	21,230,242,175	3,781,200,392
Foreign exchange loss	49,956,902,516	38,088,144,967
	<b>71,187,144,691</b>	<b>41,869,345,359</b>
19. OTHER INCOME	2010 VND	2009 VND
Proceeds from disposal of fixed assets	669,097,424	1,132,354,740
Bonus & commission	18,519,744,593	17,881,825,883
Others	2,532,994,177	3,168,034,926
	<b>21,721,836,194</b>	<b>22,182,215,549</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN  
 These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

20. OTHER EXPENSES

	2010 VND	2009 VND
Loss from disposal of fixed assets	618,885,551	963,137,601
Penalty in breach of contracts	2,499,062,186	3,342,951,678
Others	2,020,238,911	2,469,764,752
	<u>5,138,186,648</u>	<u>6,775,854,031</u>

21. CORPORATE INCOME TAX

	2010 VND	2009 VND
Profit before tax	483,970,719,160	414,791,562,271
Income tax expense at the tax rate in the Business Registration Certificate and prevailing tax regulations	95,865,305,880	87,186,538,244
Effect of non-deductible expenses	468,485,135	838,129,586
Effect of non-taxable income and tax incentives	(9,026,903,348)	(13,097,490,113)
Corporate income tax	<u>87,306,887,667</u>	<u>74,927,177,717</u>

22. BASIC EARNINGS PER SHARE

	2010 VND	From 01/9/2009 to 31/12/2009 VND
Earnings for the purposes of basic earning VND	397,610,000,984	156,930,133,434
Weighted average number of ordinary shares for the purposes of basic earnings Share	44,655,157	43,750,000
Basic earnings per share in the year (i) VND/Share	8,904	3,587

- i. In 2010, the Corporation has paid dividends by share out of the 2009 retained earning to existing shareholders at the rate of 4:1 equivalent to additional number of shares of 8,749,800. Therefore, the recalculated basic earnings per share for the period from 1 September 2009 to 31 December 2009 is VND 3,587 per share (amount presented in the 2009 consolidated financial statements was VND 4,484 per share).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN/HN**

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

**23. COMMITMENTS**

*Operating lease commitments*

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

	2010 VND	2009 VND
Within one year	50,030,670,293	14,662,762,097
In the second to fifth year inclusive	75,166,160,974	8,939,859,879
After five years	-	-
	<u>125,196,831,267</u>	<u>23,602,621,976</u>

*Capital contribution commitments*

According to Decision No. 02-11-2010/BBHDQT/FPT issued by the Board of Management of FPT Corporation, FPT Corporation approved FPT Information System Corporation to establish subsidiaries which are FPT IS Singapore Ltd. and FPT IS Cambodia with the committed contributed capital of USD 500,000 to each subsidiary. These subsidiaries are planned to be established in Quarter I of 2011.

**24. RELATED PARTY TRANSACTIONS AND BALANCES**

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

	2010 VND	2009 VND
<b>Sales of merchandise and services</b>		
FPT Corporation	64,296,587,323	263,001,250,832
FPT Software Joint Stock Company	35,541,063,854	20,856,552,133
FPT Trading Group	1,565,600,943	3,283,879,273
FPT Telecom Joint Stock Company	35,502,554,151	67,554,647,966
<b>Purchases</b>		
FPT Corporation	24,050,253,665	269,732,749,953
FPT Software Joint Stock Company	10,408,258,655	16,782,680,976
FPT Trading Group	260,544,868,839	196,469,973,912
FPT Telecom Joint Stock Company	2,885,668,418	1,829,370,327
Profit transfer to FPT Corporation	(34,715,875)	182,659,095,843
Dividend paid to FPT Corporation:	124,687,500,000	33,250,000,000
- By cash	41,562,500,000	33,250,000,000
- By share	83,125,000,000	-
<b>Allocated interest expense</b>		
FPT Corporation	3,195,171,326	(2,586,629,643)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)** **FORM B 09-DN/HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**24. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

*The related parties' balances were as follows:*

	31/12/2010	31/12/2009
	VND	VND
<b>Receivables</b>		
FPT Corporation	1,314,499,142	285,500,550
FPT Software Joint Stock Company	13,491,813,849	4,314,132,801
FPT Trading Group	365,382,800	446,213,050
FPT Telecom Joint Stock Company	10,017,428,060	2,597,883,503
Other subsidiaries of FPT Corporation	391,303,454	183,291,900
<b>Total</b>	<b>25,580,427,305</b>	<b>7,827,021,804</b>
<b>Payables</b>		
FPT Corporation	2,890,561,187	190,170,431,338
FPT Software Joint Stock Company	1,540,311,477	2,931,752,514
FPT Trading Group	32,046,305,630	11,043,875,185
FPT Telecom Joint Stock Company	179,630,000	323,367,000
Other subsidiaries of FPT Corporation	3,446,700,299	10,982,443,475
<b>Total</b>	<b>40,103,508,593</b>	<b>215,451,869,512</b>

**25. COMPARATIVE FIGURES**

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

		31/12/2009	31/12/2009
		(Presented in	(Reclassification in
		financial statements	financial statements
		for year 2009)	for year 2010)
	Codes	VND	VND
Accrued expenses	316	48,022,926,862	41,538,964,547
Short-term provision	320	-	6,483,962,315

**26. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENT ISSUANCE**

The consolidated financial statements for the year ended 31 December 2010 was approved by the Board of Management and authorised for issue on 28 February 2011.



**Dương Dũng Triệu**  
General Director

4 March 2011

*(Signature)*  
**Ngô Thị Minh Huệ**  
Chief Accountant

*(Signature)*  
**Nguyen Thi Hau**  
Preparer