

FPT INFORMATION SYSTEM CORPORATION

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2012

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FPT INFORMATION SYSTEM CORPORATION

101 Lang Ha, Dong Da District

Hanoi, S.R. 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 2012.

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 at the date of this report are as follows:

Members’ Council

Mr. Do Cao Bao Chairman

Board of Directors

| | |
|----------------------|-------------------------|
| Mr. Duong Dung Trieu | General Director |
| Mr. Nguyen Tuan Hung | Deputy General Director |
| Mr. Phung Viet Thang | Deputy General Director |
| Mr. Le Thanh Trung | Deputy General Director |
| Mr. Do Son Giang | Deputy General Director |

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 Corporation 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 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,



Duong Dung Trieu
General Director

04 March 2013

No.: 500 /Deloitte-AUDHN-RE

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheet of FPT Information System Corporation ("the Corporation") as at 31 December 2012, 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") prepared on 04 March 2013, as set out from page 3 to page 22. 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 2012 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.



Pham Hoai Nam
Deputy General Director
CPA Certificate No. D.0042/KTV

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

04 March 2013
Hanoi, S.R. Vietnam

Dang Van Khai
Auditor
CPA Certificate No. 0758/KTV

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

FORM B 01-DN/HN

Unit: VND

| ASSETS | Codes | Notes | 31/12/2012 | 31/12/2011 |
|--|------------|----------|--------------------------|--------------------------|
| A. CURRENT ASSETS (100=110+120+130+140+150) | 100 | | 2,876,192,734,760 | 2,820,121,046,165 |
| I. Cash and cash equivalents | 110 | 5 | 667,668,492,911 | 528,296,441,594 |
| 1. Cash | 111 | | 507,952,142,911 | 469,057,847,945 |
| 2. Cash equivalents | 112 | | 159,716,350,000 | 59,238,593,649 |
| II. Short-term financial investments | 120 | 6 | 125,835,906,785 | 51,454,796,054 |
| 1. Short-term investments | 121 | | 125,835,906,785 | 51,454,796,054 |
| III. Short-term receivables | 130 | | 1,827,294,542,735 | 1,644,532,908,768 |
| 1. Trade accounts receivable | 131 | | 1,352,298,601,174 | 1,209,080,384,372 |
| 2. Advances to suppliers | 132 | | 47,733,198,034 | 69,813,584,965 |
| 3. Inter-company receivables | 133 | 28 | 27,843,764,671 | 37,568,995,661 |
| 4. Receivables from construction contracts under percentage of completion method | 134 | 7 | 272,484,692,839 | 208,768,519,606 |
| 5. Other receivables | 135 | 8 | 129,008,766,969 | 130,542,312,836 |
| 6. Provision for short-term doubtful debts | 139 | | (2,074,480,952) | (11,240,888,672) |
| IV. Inventories | 140 | 9 | 216,039,842,676 | 561,486,120,699 |
| 1. Inventories | 141 | | 216,442,006,766 | 561,659,752,834 |
| 2. Provision for devaluation of inventories | 149 | | (402,164,090) | (173,632,135) |
| V. Other short-term assets | 150 | | 39,353,949,653 | 34,350,779,050 |
| 1. Short-term prepayments | 151 | | 13,664,326,171 | 10,097,382,352 |
| 2. Value added tax deductibles | 152 | | 18,913,359,493 | 17,546,835,410 |
| 3. Other short-term assets | 158 | | 6,776,263,989 | 6,706,561,288 |
| B. NON-CURRENT ASSETS (200=220+260) | 200 | | 206,519,881,729 | 130,915,202,073 |
| I. Fixed assets | 220 | | 118,247,871,003 | 113,054,013,390 |
| 1. Tangible fixed assets | 221 | 10 | 76,228,311,754 | 89,171,324,097 |
| - Cost | 222 | | 183,102,657,987 | 171,217,564,535 |
| - Accumulated depreciation | 223 | | (106,874,346,233) | (82,046,240,438) |
| 2. Intangible fixed assets | 227 | 11 | 26,466,896,561 | 18,080,495,283 |
| - Cost | 228 | | 44,811,617,133 | 29,311,253,280 |
| - Accumulated amortisation | 229 | | (18,344,720,572) | (11,230,757,997) |
| 3. Construction in progress | 230 | | 15,552,662,688 | 5,802,194,010 |
| II. Other long-term assets | 260 | | 88,272,010,726 | 17,861,188,683 |
| 1. Long-term prepayments | 261 | 12 | 84,134,257,539 | 14,015,385,976 |
| 2. Other long-term assets | 268 | | 4,137,753,187 | 3,845,802,707 |
| TOTAL ASSETS (270 = 100 + 200) | 270 | | 3,082,712,616,489 | 2,951,036,248,238 |

The notes set out on pages 7 to 22 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2012

FORM B 01-DN/HN
Unit: VND

| RESOURCES | Codes | Notes | 31/12/2012 | 31/12/2011 |
|--|------------|-----------|--------------------------|--------------------------|
| A. LIABILITIES (300 = 310+330) | 300 | | 1,979,432,347,183 | 1,713,420,041,998 |
| I. Current liabilities | 310 | | 1,977,656,538,149 | 1,672,446,788,820 |
| 1. Short-term loans | 311 | 14 | 645,661,410,045 | 622,382,121,524 |
| 2. Trade accounts payable | 312 | | 675,220,287,984 | 423,708,815,039 |
| 3. Advances from customers | 313 | | 216,239,585,862 | 234,850,063,214 |
| 4. Taxes and amounts payable to the State budget | 314 | 15 | 98,072,092,747 | 64,339,931,475 |
| 5. Payables to employees | 315 | | 22,492,955,949 | 109,085,743,349 |
| 6. Accrued expenses | 316 | | 113,821,104,013 | 57,629,180,447 |
| 7. Inter-company payables | 317 | 28 | 105,076,632,657 | 66,069,394,754 |
| 8. Payables relating to construction contracts under percentage of completion method | 318 | | 6,475,957,808 | 16,886,638,003 |
| 9. Other current payables | 319 | 16 | 7,257,296,723 | 9,468,978,140 |
| 10. Short-term provisions | 320 | | 12,408,830,825 | 14,038,851,095 |
| 11. Bonus and welfare funds | 323 | | 30,733,326,744 | 32,727,518,742 |
| 12. Unearned revenue | 338 | | 44,197,056,792 | 21,259,553,038 |
| II. Long-term liabilities | 330 | | 1,775,809,034 | 40,973,253,178 |
| 1. Unearned revenue | 338 | | - | 7,629,691,000 |
| 2. Scientific and technological development fund | 339 | | 1,775,809,034 | 33,343,562,178 |
| B. OWNER'S EQUITY (400=410+430) | 400 | | 1,054,236,424,078 | 1,188,584,567,786 |
| I. Owners' equity | 410 | 17 | 1,051,486,424,078 | 1,185,834,567,786 |
| 1. Charter capital | 411 | | 550,000,000,000 | 450,480,510,000 |
| 2. Foreign exchange reserve | 416 | | 397,428,991 | (405,349,543) |
| 3. Investment and development fund | 417 | | 27,740,764,485 | 27,740,764,485 |
| 4. Retained earnings | 420 | | 473,348,230,602 | 708,018,642,844 |
| II. Other resources and funds | 430 | | 2,750,000,000 | 2,750,000,000 |
| 1. Subsidised fund | 432 | | 2,750,000,000 | 2,750,000,000 |
| C. MINORITY INTERESTS | 439 | | 49,043,845,228 | 49,031,638,454 |
| TOTAL RESOURCES (440 = 300+ 400+439) | 440 | | 3,082,712,616,489 | 2,951,036,248,238 |

| OFF BALANCE SHEET ITEMS | Unit | 31/12/2012 | 31/12/2011 |
|---|------|-----------------|----------------|
| 1. Goods held under trust or for processing | VND | 290,313,116,536 | 48,353,857,373 |
| 2. Foreign currencies | | | |
| - United States Dollar | USD | 3,757,482.88 | 2,568,331.21 |
| - Euro | EUR | 124,439.58 | 257.63 |
| - Japanese Yen | JPY | 8,794,020.00 | 4,435,449.00 |
| - Singapore Dollar | SGD | 26,710.58 | 55,139.21 |



Duong Dung Trieu
General Director

04 March 2013

Ngô Thị Minh Huệ
Chief Accountant

Nguyễn Thị Hậu
Preparer

The notes set out on pages 7 to 22 are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

FORM B 02-DN/HN

Unit: VND

| ITEMS | Codes | Notes | 2012 | 2011 |
|---|-------|-------|-------------------|-------------------|
| 1. Gross revenue | 01 | 18 | 4,046,023,068,482 | 4,234,357,404,723 |
| 2. Deductions | 02 | 18 | 1,186,614,563 | 945,824,882 |
| 3. Net revenue (10=01-02) | 10 | 18 | 4,044,836,453,919 | 4,233,411,579,841 |
| 4. Cost of sales | 11 | 19 | 3,256,323,616,230 | 3,228,403,894,948 |
| 5. Gross profit from goods sold and services rendered (20 = 10 - 11) | 20 | | 788,512,837,689 | 1,005,007,684,893 |
| 6. Financial income | 21 | 20 | 68,562,023,957 | 79,710,379,595 |
| 7. Financial expenses | 22 | 21 | 61,765,631,054 | 89,004,673,228 |
| - In which: Interest expense | 23 | | 36,042,089,049 | 26,630,852,672 |
| 8. Selling expenses | 24 | | 177,162,577,630 | 177,217,229,495 |
| 9. General and administration expenses | 25 | | 144,251,509,590 | 258,983,292,118 |
| 10. Operating profit (30 = 20+(21-22)-(24+25)) | 30 | | 473,895,143,372 | 559,512,869,647 |
| 11. Other income | 31 | 22 | 32,964,570,070 | 24,953,488,477 |
| 12. Other expenses | 32 | 23 | 24,021,808,846 | 5,641,298,159 |
| 13. Profit from other activities (40=31-32) | 40 | | 8,942,761,224 | 19,312,190,318 |
| 14. Accounting profit before tax (50=30+40) | 50 | | 482,837,904,596 | 578,825,059,965 |
| 15. Current corporate income tax expense | 51 | 24 | 98,698,774,931 | 104,957,592,878 |
| 16. Net profit after corporate income tax (60=50-51) | 60 | | 384,139,129,665 | 473,867,467,087 |
| - Attributable to minority interests | 61 | | (137,793,226) | 27,807,945 |
| - Attributable to equity holders of the Holding company | 62 | | 384,276,922,891 | 473,839,659,142 |



Duong Dung Trieu
General Director

04 March 2013

Ngo Thi Minh Hue
Chief Accountant

Nguyen Thi Hau
Preparer

The notes set out on pages 7 to 22 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2012

FORM B 03-DN/HN

Unit: VND

| ITEMS | Codes | 2012 | 2011 |
|---|-----------|--------------------------|-------------------------|
| I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 1. Profit before tax | 01 | 482,837,904,596 | 578,825,059,965 |
| 2. Adjustments for: | | | |
| Depreciation and amortization | 02 | 35,853,531,543 | 33,801,712,897 |
| Provisions | 03 | (8,937,875,765) | 9,950,519,225 |
| Unrealized foreign exchange (gain)/loss | 04 | (711,346,244) | 3,163,116,130 |
| Foreign exchange translation differences | | 802,778,534 | (405,349,543) |
| (Gain) from investing activities | 05 | (42,655,015,017) | (46,477,544,422) |
| Interest expense | 06 | 36,042,089,049 | 26,630,852,672 |
| 3. Operating profit before movements in working capital | 08 | 503,232,066,696 | 605,488,366,924 |
| Changes in receivables | 09 | (172,130,536,678) | (505,388,430,167) |
| Changes in inventories | 10 | 345,217,746,068 | (321,704,281,797) |
| Changes in accounts payable (not including accrued interest and corporate income tax payable) | 11 | 249,471,201,975 | 360,021,948,482 |
| Changes in prepaid expenses and other assets | 12 | (73,678,461,030) | 7,437,936,482 |
| Interest paid | 13 | (36,314,445,713) | (26,379,840,247) |
| Corporate income tax paid | 14 | (95,783,017,059) | (89,548,873,309) |
| Other cash outflows | 16 | (46,952,035,787) | (49,880,480,963) |
| Net cash from/(used in) operating activities | 20 | 673,062,518,472 | (19,953,654,595) |
| II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 1. Acquisition of fixed assets and other long-term assets | 21 | (33,549,472,731) | (48,912,690,124) |
| 2. Proceeds from sales, disposal of fixed assets | 22 | 364,757,624 | 476,034,328 |
| 3. Cash outflow for lending | 23 | (74,910,853,878) | - |
| 4. Cash recovered from lending | 24 | - | 565,666,670 |
| 5. Interest earned, dividends and profit received | 27 | 30,466,748,916 | 34,170,647,079 |
| Net cash (used in) investing activities | 30 | (77,628,820,069) | (13,700,342,047) |
| III. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 1. Proceeds from receiving capital from owner | 31 | - | 250,990,000 |
| 2. Proceeds from receiving capital from minority interests | | 150,000,000 | - |
| 3. Buying treasury shares | 32 | - | (110,700,000) |
| 4. Proceeds from borrowings | 33 | 1,969,521,893,351 | 1,774,651,241,011 |
| 5. Repayment of borrowings | 34 | (1,944,096,834,697) | (1,660,861,606,448) |
| 6. Profits paid | 36 | (481,000,152,844) | (22,521,840,500) |
| Net cash (used in)/from financing activities | 40 | (455,425,094,190) | 91,408,084,063 |
| Net increase in cash | 50 | 140,008,604,213 | 57,754,087,421 |
| Cash and cash equivalents at beginning of the year | 60 | 528,296,441,594 | 469,538,292,621 |
| Effect of changes in foreign exchange rates | 61 | (636,552,896) | 1,004,061,552 |
| Cash and cash equivalents at end of the year | 70 | 667,668,492,911 | 528,296,441,594 |



Duong Dung Trieu
General Director

04 March 2013


Ngo Thi Minh Hue
Chief Accountant


Nguyen Thi Hau
Preparer

The notes set out on pages 7 to 22 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 – Company Limited (“the Corporation”), formerly known as FPT Information System Corporation – Joint-stock Company, changed its ownership form in accordance 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 twelfth amendment dated 23 January 2013, the Corporation’s charter capital is VND 550,000,000,000.

As at 31 December 2012, the Corporation had 13 subsidiaries and two branches in Ho Chi Minh City and Da Nang City.

The number of employees as at 31 December 2012 was 2,353 (31 December 2011: 2,432).

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;
- Producing computers and peripheral devices;
- Installing industrial machines 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 service;
- Providing information technology and other information services.

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, Vietnamese Accounting System and prevailing relevant regulations in Vietnam.

Financial year

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

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

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 24 October 2012, the Ministry of Finance issued Circular No. 179/2012/TT-BTC ("Circular 179") providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Circular 179 came into effect from 10 December 2012 and is applied from financial year 2012. Circular 179 provides detailed guidance on the exchange rates applicable to payment and revaluation of monetary items denominated in foreign currencies. According to the Board of Directors' assessment, Circular 179 has immaterial effect on the Corporation's consolidated financial statements for the year ended 31 December 2012.

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. 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.

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 Corporation except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Financial instrumentsInitial recognition*Financial assets*

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Corporation comprise cash and cash equivalents, short-term investments, trade and other receivables.

Financial liabilities

At the date of initial recognition, financial liabilities are recognized at cost net of transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Corporation comprise trade and other payables, accrued expenses and borrowings.

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***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Re-measurement after initial recognition**

Currently, there are no requirements for the re-measurement of the financial instruments after initial recognition.

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.

Provision for doubtful debts

Provision for doubtful debts is made for receivables that are overdue for six months or more and recover is unlikely, 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:

| | 2012 (years) |
|-------------------------|-------------------------------|
| 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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Long-term prepayments**

Long-term prepayments comprise costs of small tools, supplies and spare parts issued for consumption, which are expected to provide future economic benefits to the Corporation 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 two years in accordance with the prevailing accounting regulations. Contract expenses incurred are allocated over the contract performance periods.

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 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 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 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.

Foreign currencies

The Corporation 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" and Circular No. 179/2012/TT-BTC dated 24 October 2012 by the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balance of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the rates of exchange of Joint Stock Commercial Bank for Foreign Trade 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 owners.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**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 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.

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.

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 were no significant differences between carrying amount of assets and liabilities in the consolidated balance sheet and the corresponding tax bases as at 31 December 2012.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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5. CASH AND CASH EQUIVALENTS

| | 31/12/2012 | 31/12/2011 |
|------------------|------------------------|------------------------|
| | VND | VND |
| Cash on hand | 1,465,843,709 | 1,208,719,753 |
| Cash in bank | 506,486,299,202 | 467,849,128,192 |
| Cash equivalents | 159,716,350,000 | 59,238,593,649 |
| | 667,668,492,911 | 528,296,441,594 |

6. SHORT-TERM FINANCIAL INVESTMENTS

| | 31/12/2012 | 31/12/2011 |
|--|------------------------|-----------------------|
| | VND | VND |
| Deposit with the terms from over 3 months to less than twelve months | 125,835,906,785 | 51,454,796,054 |
| | 125,835,906,785 | 51,454,796,054 |

7. RECEIVABLES FROM CONSTRUCTION CONTRACTS UNDER PERCENTAGE OF COMPLETION METHOD

The Corporation has progress contracts with revenue recognized under percentage of completion method at the balance sheet date as follows:

| | 31/12/2012 | 31/12/2011 |
|--|------------------------|------------------------|
| | VND | VND |
| Contract costs incurred plus recognised profits less recognised losses to date | 1,302,986,970,885 | 1,279,518,037,795 |
| Less: Progress billings | (1,030,502,278,046) | (1,070,749,518,189) |
| | 272,484,692,839 | 208,768,519,606 |

8. OTHER RECEIVABLES

| | 31/12/2012 | 31/12/2011 |
|--|------------------------|------------------------|
| | VND | VND |
| Receivables from maintenance service contracts | 120,017,650,850 | 117,681,050,907 |
| Other receivables | 8,991,116,119 | 12,861,261,929 |
| | 129,008,766,969 | 130,542,312,836 |

9. INVENTORIES

| | 31/12/2012 | 31/12/2011 |
|--|------------------------|------------------------|
| | VND | VND |
| Goods in transit | 7,909,148,189 | 33,792,631,821 |
| Tools and supplies | 108,503,983 | 1,552,665 |
| Work in progress | 102,444,538,876 | 382,160,409,393 |
| Merchandise | 102,280,415,748 | 143,427,017,875 |
| Goods on consignment | 3,699,399,970 | 2,278,141,080 |
| Total | 216,442,006,766 | 561,659,752,834 |
| Provision for devaluation of inventories | (402,164,090) | (173,632,135) |
| Net realisable value | 216,039,842,676 | 561,486,120,699 |

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10. TANGIBLE FIXED ASSETS

| | Machinery, Equipment VND | Motor Vehicles VND | Office Equipment VND | Other fixed assets VND | Total VND |
|---|--------------------------------|--------------------------|----------------------------|------------------------------|------------------------|
| COST | | | | | |
| As at 01/01/2012 | 103,758,645,991 | 8,508,624,374 | 58,080,715,330 | 869,578,840 | 171,217,564,535 |
| Purchases for the year | 3,486,577,500 | - | 7,954,437,351 | - | 11,441,014,851 |
| Transfer from construction in progress | 6,422,808,013 | - | - | - | 6,422,808,013 |
| Other additions | - | - | 624,463 | - | 624,463 |
| Disposals | (25,188,624) | - | (5,907,894,813) | (10,264,355) | (5,943,347,792) |
| Other decreases | - | - | (36,006,083) | - | (36,006,083) |
| As at 31/12/2012 | 113,642,842,880 | 8,508,624,374 | 60,091,876,248 | 859,314,485 | 183,102,657,987 |
| ACCUMULATED DEPRECIATION | | | | | |
| As at 01/01/2012 | 32,514,101,355 | 4,134,314,999 | 44,528,245,244 | 869,578,840 | 82,046,240,438 |
| Charge for the year | 20,458,591,642 | 1,236,584,438 | 7,904,475,495 | - | 29,599,651,575 |
| Charge to purchases using Scientific and Technological development fund | - | - | 886,624,929 | - | 886,624,929 |
| Disposals | (25,188,624) | - | (5,594,690,462) | (10,264,355) | (5,630,143,441) |
| Other decreases | - | - | (28,027,268) | - | (28,027,268) |
| As at 31/12/2012 | 52,947,504,373 | 5,370,899,437 | 47,696,627,938 | 859,314,485 | 106,874,346,233 |
| NET BOOK VALUE | | | | | |
| As at 31/12/2012 | 60,695,338,507 | 3,137,724,937 | 12,395,248,310 | - | 76,228,311,754 |
| As at 31/12/2011 | 71,244,544,636 | 4,374,309,375 | 13,552,470,086 | - | 89,171,324,097 |

As at 31 December 2012, the cost of the Corporation's tangible fixed assets includes VND 29,860 million (31 December 2011: VND 28,635 million) of assets which have been fully depreciated but are still in use.

11. INTANGIBLE FIXED ASSETS

| | Computer software VND | Copyright, patents VND | Others VND | Total VND |
|---|-----------------------------|------------------------------|--------------------|-----------------------|
| COST | | | | |
| As at 01/01/2012 | 26,066,247,939 | 3,245,005,341 | - | 29,311,253,280 |
| Purchases for the year | 15,197,949,737 | 189,796,520 | 125,759,483 | 15,513,505,740 |
| Disposals | (13,141,887) | - | - | (13,141,887) |
| As at 31/12/2012 | 41,251,055,789 | 3,434,801,861 | 125,759,483 | 44,811,617,133 |
| ACCUMULATED AMORTIZATION | | | | |
| As at 01/01/2012 | 10,108,354,965 | 1,122,403,032 | - | 11,230,757,997 |
| Charge for the year | 6,158,424,461 | 95,226,437 | 229,070 | 6,253,879,968 |
| Charge to purchases using Scientific and Technological development fund | - | 873,224,494 | - | 873,224,494 |
| Eliminated on disposals | (13,141,887) | - | - | (13,141,887) |
| As at 31/12/2012 | 16,253,637,539 | 2,090,853,963 | 229,070 | 18,344,720,572 |
| NET BOOK VALUE | | | | |
| As at 31/12/2012 | 24,997,418,250 | 1,343,947,898 | 125,530,413 | 26,466,896,561 |
| As at 31/12/2011 | 15,957,892,974 | 2,122,602,309 | - | 18,080,495,283 |

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

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12. LONG-TERM PREPAYMENTS

| | 2012 | 2011 |
|------------------------|-----------------------|-----------------------|
| | VND | VND |
| Opening balance | 14,015,385,976 | 13,664,497,423 |
| Increase | 102,233,290,305 | 14,778,295,736 |
| Allocated to expenses | (31,228,299,784) | (14,267,936,248) |
| Other deductions | (886,118,958) | (159,470,935) |
| Closing balance | 84,134,257,539 | 14,015,385,976 |

13. INVESTMENTS IN SUBSIDIARIES

Details of the Corporation's subsidiaries as at 31 December 2012 are as follows:

| Name of company | Place of establishment | Proportion of interest (%) | Proportion of voting right (%) | Principal activities | Investment as at 31/12/2012 VND | Investment as at 31/12/2011 VND |
|--|-------------------------------|-----------------------------------|---------------------------------------|--|--|--|
| FPT ERP Services Company Limited | Hanoi | 100% | 100% | Provide system integration, software and information technology services | 18,000,000,000 | 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 | 192,000,000,000 | 100,000,000,000 |
| FPT FSE Information System Company Limited | Hanoi | 100% | 100% | Provide system integration, software and information technology services | 79,000,000,000 | 60,000,000,000 |
| FPT Software Development Company Limited | HCM city | 100% | 100% | Provide system integration, software and information technology services | 14,000,000,000 | 6,000,000,000 |
| FPT Information System Services Company Limited | Hanoi | 100% | 100% | Provide system integration, software and information technology services | 20,000,000,000 | 16,000,000,000 |
| FPT Information System of Telecom & Public Services Company Limited | Hanoi | 100% | 100% | Provide system integration, software and information technology services | 119,000,000,000 | 65,000,000,000 |
| FPT Public Finance Solution Company Limited | Hanoi | 100% | 100% | Provide system integration, software and information technology services | 16,000,000,000 | 10,000,000,000 |
| FPT Information System of The South Company Limited | HCM city | 100% | 100% | Provide system integration, software and information technology services | 35,000,000,000 | 22,000,000,000 |
| Telehouse International Corporation of Vietnam | Hanoi | 51% | 51% | Provide data center services | 51,988,780,000 | 51,988,780,000 |
| FPT Information System Cambodia Company Limited | Cambodia | 100% | 100% | Provide system integration, software and information technology services | 1,459,310,000 | 833,360,000 |
| FPT Information System Singapore Company Limited | Singapore | 100% | 100% | Provide system integration, software and information technology services | 10,417,000,000 | 10,417,000,000 |
| E-customs FCS Service Company Limited | HCM city | 70% | 70% | Provide system integration, software and information technology services | 350,000,000 | - |
| FPT High Technology Solutions Company Limited | HCM city | 100% | 100% | Provide system integration, software and information technology services | 40,000,000,000 | - |
| | | | | | 597,215,090,000 | 352,239,140,000 |

During the year, FPT Information System Corporation established a subsidiary - FPT High Technology Solutions One-member Limited Liability Company with the Corporation's estimated capital contribution of VND 40 billion. FPT High Technology Solutions One-member Limited Liability Company has been granted Business Registration Certificate No.413041000063, firstly registered on 28 December 2012 by Saigon Hi-tech Park. As at 31 December 2012, the Corporation had not made capital contribution to this subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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14. SHORT-TERM LOANS

| | 31/12/2012 | 31/12/2011 |
|-----------------------|-------------------------------|-------------------------------|
| | <u>VND</u> | <u>VND</u> |
| Short-term borrowings | 645,661,410,045 | 622,382,121,524 |
| | <u>645,661,410,045</u> | <u>622,382,121,524</u> |

Short-term borrowings represent borrowings from banks and FPT Corporation 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 as at 31 December 2012 are as follows:

| | 31/12/2012 | 31/12/2011 |
|--|-------------------------------|-------------------------------|
| | <u>VND</u> | <u>VND</u> |
| CitiBank | 221,471,940,310 | 390,395,953,884 |
| Bank for Investment and Development of Vietnam | - | 30,746,558,519 |
| HSBC Bank Ltd. (Vietnam) | - | 201,239,609,121 |
| Joint Stock Commercial Bank for Foreign Trade of Vietnam | 74,339,825,736 | - |
| Joint Stock International Bank of Vietnam | 2,753,611,295 | - |
| Standard Chartered Bank Vietnam | 269,096,032,704 | - |
| FPT Corporation | 78,000,000,000 | - |
| | <u>645,661,410,045</u> | <u>622,382,121,524</u> |

15. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

| | 31/12/2012 | 31/12/2011 |
|-----------------------|------------------------------|------------------------------|
| | <u>VND</u> | <u>VND</u> |
| Value added tax | 44,317,449,555 | 13,519,827,999 |
| Import, export duties | 830,580,731 | 1,491,832,334 |
| Corporate income tax | 51,136,900,331 | 48,221,142,459 |
| Personal income tax | 1,607,040,904 | 1,020,244,418 |
| Withholding tax | 180,121,226 | 86,884,265 |
| | <u>98,072,092,747</u> | <u>64,339,931,475</u> |

16. OTHER CURRENT PAYABLES

| | 31/12/2012 | 31/12/2011 |
|---|-----------------------------|-----------------------------|
| | <u>VND</u> | <u>VND</u> |
| Social, unemployment and health insurance | 561,873,750 | 2,651,788,560 |
| Trade union fees | 3,155,967,938 | 2,094,209,094 |
| Other payables | 3,539,455,035 | 4,722,980,486 |
| | <u>7,257,296,723</u> | <u>9,468,978,140</u> |

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17. OWNERS' EQUITY
Movement in owner's equity:

| | Charter capital VND | Treasury shares VND | Foreign exchange reserve VND | Investment and development fund VND | Retained earnings VND | Total VND |
|---------------------------------------|------------------------|---------------------------|------------------------------------|---|--------------------------|-------------------|
| As at 01/01/2011 | 450,480,510,000 | (140,290,000) | - | 27,740,764,485 | 304,084,790,116 | 782,165,774,601 |
| Profit for the year | - | - | - | - | 473,839,659,142 | 473,839,659,142 |
| Buying treasury shares | - | (110,700,000) | - | - | - | (110,700,000) |
| Profit distributed to funds | - | - | - | - | (47,383,965,914) | (47,383,965,914) |
| Dividends declared | - | - | - | - | (22,521,840,500) | (22,521,840,500) |
| Others | - | 250,990,000 | (405,349,543) | - | - | (154,359,543) |
| As at 01/01/2012 | 450,480,510,000 | - | (405,349,543) | 27,740,764,485 | 708,018,642,844 | 1,185,834,567,786 |
| Capital increase (i) | 99,519,490,000 | - | - | - | (99,519,490,000) | - |
| Profit in the year | - | - | - | - | 384,276,922,891 | 384,276,922,891 |
| Profit transferred to FPT Corporation | - | - | - | - | (481,000,152,844) | (481,000,152,844) |
| Profit distributed to funds (ii) | - | - | - | - | (38,427,692,289) | (38,427,692,289) |
| Others | - | - | 802,778,534 | - | - | 802,778,534 |
| As at 31/12/2012 | 550,000,000,000 | - | 397,428,991 | 27,740,764,485 | 473,348,230,602 | 1,051,486,424,078 |

- (i) According to the decision of the Board of Directors of FPT Corporation No. 38.1-2012/QD-FPT HDQT dated 10 May 2012, the Corporation distributed 2012's profit after tax to charter capital.
- (ii) According to decision of the Members' Council date 31 December 2012, the Corporation distributed 2012's profit after tax attributable to equity holders of FPT Corporation to bonus and welfare funds at the rate of 10%.

Charter capital:

Under the Corporation's 12th amended Business Registration Certificate dated 23 January 2013, the charter capital of the Corporation is VND 550,000,000,000. As 31 December 2012, the charter capital of the Corporation had been fully contributed by its owner, FPT Corporation.

18. REVENUE

| | 2012 VND | 2011 VND |
|------------------------|--------------------------|--------------------------|
| Sales | 4,046,023,068,482 | 4,234,357,404,723 |
| Sales of goods | 2,920,530,753,015 | 3,297,562,238,980 |
| Sales of services | 1,125,492,315,467 | 936,795,165,743 |
| Less deductions | 1,186,614,563 | 945,824,882 |
| Sales return | 1,186,614,563 | 945,824,882 |
| Net sales | 4,044,836,453,919 | 4,233,411,579,841 |

19. COST OF SALES

| | 2012 VND | 2011 VND |
|--|--------------------------|--------------------------|
| Cost of goods sold | 2,429,347,612,353 | 2,617,576,344,387 |
| Cost of services rendered | 826,936,914,967 | 610,808,218,008 |
| Provision for devaluation of inventories | 39,088,910 | 19,332,553 |
| | 3,256,323,616,230 | 3,228,403,894,948 |

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

| | 2012 VND | 2011 VND |
|-----------------------|-----------------------|-----------------------|
| Bank interest | 31,634,778,768 | 35,798,985,379 |
| Foreign exchange gain | 25,958,562,213 | 33,284,149,291 |
| Others | 10,968,682,976 | 10,627,244,925 |
| | 68,562,023,957 | 79,710,379,595 |

21. FINANCIAL EXPENSES

| | 2012 VND | 2011 VND |
|-----------------------|-----------------------|-----------------------|
| Interest expense | 36,042,089,049 | 26,630,852,672 |
| Foreign exchange loss | 19,902,040,567 | 62,373,820,556 |
| Others | 5,821,501,438 | - |
| | 61,765,631,054 | 89,004,673,228 |

22. OTHER INCOME

| | 2012 VND | 2011 VND |
|--|-----------------------|-----------------------|
| Proceeds from disposal of fixed assets | 364,757,624 | 476,034,328 |
| Bonus and commission | 12,129,277,715 | 20,418,834,952 |
| Others | 20,470,534,731 | 4,058,619,197 |
| | 32,964,570,070 | 24,953,488,477 |

23. OTHER EXPENSES

| | 2012 VND | 2011 VND |
|--------------------------------|-----------------------|----------------------|
| Disposal of fixed assets | 252,203,905 | 128,533,110 |
| Penalty in breach of contracts | 20,742,977,084 | 2,021,945,244 |
| Others | 3,026,627,857 | 3,490,819,805 |
| | 24,021,808,846 | 5,641,298,159 |

24. CORPORATE INCOME TAX

| | 2012 VND | 2011 VND |
|--|------------------------|------------------------|
| Profit before tax | 482,837,904,596 | 578,825,059,965 |
| Income tax expense at the tax rate in the Business Registration Certificate and prevailing tax regulations | 106,787,314,337 | 116,918,046,705 |
| Effect of non-deductible expenses | 269,942,796 | 287,242,721 |
| Effect of non-taxable income and tax incentives | (10,869,883,710) | (12,247,696,548) |
| Other effect (*) | 2,511,401,508 | - |
| Corporate income tax | 98,698,774,931 | 104,957,592,878 |

(*) Other effect of corporate income tax is the arrears of corporate income tax collection according to Tax inspection minutes dated 14 August 2012 at the subsidiary - FPT Information System of Telecom & Public Services Company Limited.

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25. PRODUCTION COST BY NATURE

| | 2012 VND | 2011 VND |
|--|--------------------------|--------------------------|
| Raw materials and consumables | 2,209,444,620,102 | 2,977,003,363,903 |
| Labour | 358,532,702,902 | 397,963,957,007 |
| Depreciation and amortization | 35,853,531,543 | 33,801,712,897 |
| Bidding and hospitality | 45,679,018,577 | 36,763,379,469 |
| Scientific and technological development fund expenses | (23,500,000,000) | 34,302,781,795 |
| Provision expenses | (9,151,527,770) | 10,103,436,636 |
| Out-sourced services | 622,842,485,190 | 417,374,522,386 |
| Other expenses | 58,321,002,389 | 53,980,908,953 |
| | 3,298,021,832,933 | 3,961,294,063,046 |

26. FINANCIAL INSTRUMENTS

Capital risk management

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to the owner through the optimisation of the debt and equity balance.

The capital structure of the Corporation consists of net debt (borrowings disclosed in Note 14, offset by cash and cash equivalents) and equity attributable to equity holders of the parent (comprising capital, reserves and retained earnings).

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 4.

Categories of financial instruments

| | Carrying amounts | |
|------------------------------|--------------------------|--------------------------|
| | 31/12/2012 | 31/12/2011 |
| | VND | VND |
| Financial assets | | |
| Cash and cash equivalents | 667,668,492,911 | 528,296,441,594 |
| Short-term investments | 125,835,906,785 | 51,454,796,054 |
| Trade & other receivables | 1,785,106,862,868 | 1,581,791,871,510 |
| Total | 2,578,611,262,564 | 2,161,543,109,158 |
| Financial liabilities | | |
| Borrowings | 645,661,410,045 | 622,382,121,524 |
| Trade & other payables | 784,028,471,959 | 524,501,190,279 |
| Accruals | 113,821,104,013 | 57,629,180,447 |
| Total | 1,543,510,986,017 | 1,204,512,492,250 |

The Corporation has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

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

Financial risk management objectives

The Corporation has set up risk management system to identify and assess the risks exposed by the Corporation and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Corporation's operations.

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices. The Corporation does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

Foreign currency risk management

The Corporation undertakes certain transactions denominated in USD, Euro, JPY, SGD; therefore, exposures to exchange rate fluctuations arise.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

| | Assets | | Liabilities | |
|-----------------------------|-----------------|-----------------|-------------------|-----------------|
| | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 |
| United States Dollars (USD) | 123,912,950,707 | 267,834,589,422 | 1,039,305,255,564 | 964,167,434,566 |
| Euro (EUR) | 13,455,276,937 | 36,557,217,594 | 555,249,021 | - |
| Japan Yen (JPY) | 31,867,318,924 | 1,972,150,237 | 24,351,725 | - |
| Singapore Dollar (SGD) | 5,226,956,004 | 5,622,900,399 | 6,745,894,545 | 250,483,178 |

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollars, Euro, Japanese Yen and Singapore Dollars.

The following table details the Company's sensitivity to a 1% increase and decrease in Vietnam Dong against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. For a 1% increase/decrease in the following foreign currencies against Vietnam Dong, the profit/(loss) before tax in the year would increase/decrease by the same amount as follows:

| | 2012 | 2011 |
|-----------------------------|-----------------|-----------------|
| | VND | VND |
| United States Dollars (USD) | (9,153,923,049) | (6,963,328,451) |
| Euro (EUR) | 129,000,279 | 365,572,176 |
| Japanese Yen (JPY) | 318,429,672 | 19,721,502 |
| Singapore Dollar (SGD) | (15,189,385) | 53,724,172 |

Interest rate risk management

The Corporation has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Corporation by maintaining an appropriate level of borrowings and analyzing market competition to enjoy favorable interest rates from appropriate lenders.

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

26. FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk management (Continued)

Commodity price risk management

The Corporation purchases materials, commodities from local and foreign suppliers for business purpose. Therefore, the Corporation is exposed to the risk of changes in selling prices of materials, commodities.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Corporation does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that period. The Corporation's policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term.

The following table details the Corporation's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets including interest that will be earned on those assets, if any and undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

| | <u>Less than 1 year</u> | <u>From 1- 5 years</u> | <u>Total</u> |
|---------------------------|--------------------------|------------------------|--------------------------|
| | VND | VND | VND |
| 31/12/2012 | | | |
| Cash and cash equivalents | 667,668,492,911 | - | 667,668,492,911 |
| Short-term investments | 125,835,906,785 | - | 125,835,906,785 |
| Trade and other payables | 1,785,106,862,868 | - | 1,785,106,862,868 |
| Total | 2,578,611,262,564 | - | 2,578,611,262,564 |
| 31/12/2012 | | | |
| Borrowings | 645,661,410,045 | - | 645,661,410,045 |
| Trade and other payables | 784,028,471,959 | - | 784,028,471,959 |
| Accruals | 113,821,104,013 | - | 113,821,104,013 |
| Total | 1,543,510,986,017 | - | 1,543,510,986,017 |
| Net liquidity gap | 1,035,100,276,547 | - | 1,035,100,276,547 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

26. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management (Continued)

| | Less than 1 year VND | From 1- 5 years VND | Total VND |
|---------------------------|--------------------------|-------------------------|--------------------------|
| 31/12/2011 | | | |
| Cash and cash equivalents | 528,296,441,594 | - | 528,296,441,594 |
| Short-term investments | 51,454,796,054 | - | 51,454,796,054 |
| Trade and other payables | 1,581,791,871,510 | - | 1,581,791,871,510 |
| Total | 2,161,543,109,158 | - | 2,161,543,109,158 |
| 31/12/2011 | | | |
| Borrowings | 622,382,121,524 | - | 622,382,121,524 |
| Trade and other payables | 494,501,190,279 | 30,000,000,000 | 524,501,190,279 |
| Accruals | 57,629,180,447 | - | 57,629,180,447 |
| Total | 1,174,512,492,250 | 30,000,000,000 | 1,204,512,492,250 |
| Net liquidity gap | 987,030,616,908 | (30,000,000,000) | 957,030,616,908 |

The management assessed the liquidity risk concentration at low level. The management believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

27. COMMITMENTS

Operating lease commitments

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

| | 2012 VND | 2011 VND |
|---------------------------------------|------------------------|------------------------|
| Within one year | 59,072,084,649 | 34,701,601,713 |
| In the second to fifth year inclusive | 142,702,301,340 | 94,689,757,576 |
| After five years | 171,665,326,690 | 15,497,747,100 |
| | 373,439,712,679 | 144,889,106,389 |

28. RELATED PARTY TRANSACTIONS AND BALANCES

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

| | 2012 VND | 2011 VND |
|--|-----------------|-----------------|
| Sales of merchandise and services | | |
| FPT Corporation | 15,478,068,845 | 29,709,421,439 |
| FPT Software Company Limited | 73,481,463,417 | 53,493,342,966 |
| FPT Telecom Joint Stock Company | 29,383,729,728 | 59,099,702,993 |
| Purchases | | |
| FPT Corporation | 32,158,174,728 | 28,328,183,053 |
| FPT Software Company Limited | 30,992,339,128 | 8,877,732,477 |
| FPT Trading Company Limited | 155,308,687,936 | 278,070,553,510 |
| FPT Telecom Joint Stock Company | 7,830,580,559 | 3,298,131,728 |
| Profit transferred to FPT Corporation | 481,000,152,844 | - |
| Dividend paid to FPT Corporation: | - | 20,781,250,000 |
| - In cash | - | 20,781,250,000 |
| Interest expense | | |
| FPT Corporation | 11,066,486,111 | 2,636,882,004 |

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

28. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The related party balances as at the balance sheet date are as following:

| | 31/12/2012 | 31/12/2011 |
|---------------------------------------|------------------------|-----------------------|
| | VND | VND |
| Receivables | | |
| FPT Corporation | 1,445,138,076 | 3,620,917 |
| FPT Software Company Limited | 22,972,909,615 | 30,881,815,340 |
| FPT Telecom Joint Stock Company | 962,674,680 | 1,802,253,574 |
| Other subsidiaries of FPT Corporation | 2,463,042,300 | 4,842,765,830 |
| Total | 27,843,764,671 | 37,530,455,661 |
| Payables | | |
| FPT Corporation | 6,820,332,288 | 3,152,803,336 |
| FPT Software Company Limited | 10,799,019,516 | 3,743,045,586 |
| FPT Trading Company Limited | 68,145,974,639 | 58,114,827,913 |
| FPT Telecom Joint Stock Company | 1,541,504,500 | 10,466,500 |
| Other subsidiaries of FPT Corporation | 17,769,801,714 | 1,048,251,419 |
| Total | 105,076,632,657 | 66,069,394,754 |
| Loan | | |
| FPT Corporation | 78,000,000,000 | - |

29. COMPARATIVE FIGURES

Comparative figures are those of the audited consolidated financial statements of System Corporation - Company limited for the year ended 31 December 2011.



Dương Dũng Triệu
 General Director

04 March 2013

Ngo Thi Minh Hue
 Chief Accountant

Nguyen Thi Hau
 Preparer

