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

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2014



TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE BOARD OF DIRECTORS	1
INDEPENDENT AUDITORS' REPORT	2
CONSOLIDATED BALANCE SHEET	3 - 4
CONSOLIDATED INCOME STATEMENT	5
CONSOLIDATED CASH FLOW STATEMENT	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7 - 24



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 2014.

THE MEMBERS' COUNCIL AND BOARD OF DIRECTORS

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

Members' Council

Mr. Do Cao Bao Chairman

Board of Directors

Mr. Duong Dung Trieu	General Director (resigned on 19 April 2014)
Mr. Pham Minh Tuan	General Director (appointed on 19 April 2014)
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
Mr. Nguyen Hoang Minh	Deputy General Director (appointed on 24 December 2014)

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

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

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

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

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

For and on behalf of the Board of Directors,



Đo Son Giang

Deputy General Director

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

04 March 2015

No.: 220 /VNIA-HN-BC

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of FPT Information System Corporation (the "Company"), prepared on 04 March 2015 as set out from page 3 to page 24, which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated statement of income and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime and legal regulations relating to financial reporting.



Trần Thị Thuý Ngọc
Deputy General Director
Audit Practising Registration Certificate
No. 0031-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED
04 March 2015
Hanoi, S.R. Vietnam

Tao Hai Nhan
Auditor
Audit Practising Registration Certificate
No. 1576-2013-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

FORM B 01-DN/HN

Unit: VND

ASSETS	Codes	Notes	31/12/2014	31/12/2013
A. CURRENT ASSETS	100		3,448,998,539,676	3,090,776,864,132
(100=110+120+130+140+150)				
I. Cash and cash equivalents	110	5	664,011,934,943	676,593,312,788
1. Cash	111		577,588,684,943	411,664,562,788
2. Cash equivalents	112		86,423,250,000	264,928,750,000
II. Short-term financial investments	120	6	39,091,250,000	6,000,000,000
1. Short-term investments	121		39,091,250,000	6,000,000,000
III. Short-term receivables	130		2,087,600,820,108	2,197,912,770,860
1. Trade accounts receivable	131		1,531,216,834,075	1,695,501,701,841
2. Advances to suppliers	132		57,354,287,398	43,316,231,711
3. Inter-company receivables	133	30	35,622,077,845	20,972,113,724
4. Receivables from contracts under percentage of completion method	134	7	366,338,086,216	306,554,359,929
5. Other receivables	135	8	100,589,132,328	136,338,138,109
6. Provision for short-term doubtful debts	139		(3,519,597,754)	(4,769,774,454)
IV. Inventories	140	9	603,180,324,894	165,461,914,500
1. Inventories	141		604,201,210,913	165,978,465,169
2. Provision for devaluation of inventories	149		(1,020,886,019)	(516,550,669)
V. Other short-term assets	150		55,114,209,731	44,808,865,984
1. Short-term prepayments	151		37,711,123,958	28,134,928,640
2. Value added tax deductibles	152		1,935,432,859	3,137,337,507
3. Taxes and amounts receivables from State Budget	154		553,826,540	4,806,050
4. Other short-term assets	158		14,913,826,374	13,531,793,787
B. NON-CURRENT ASSETS	200		231,122,911,376	214,514,078,921
(200=220+260)				
I. Fixed assets	220		144,512,870,628	124,943,350,050
1. Tangible fixed assets	221	10	57,159,893,102	62,226,236,023
- Cost	222		199,562,821,486	178,255,522,410
- Accumulated depreciation	223		(142,402,928,384)	(116,029,286,387)
2. Intangible assets	227	11	22,483,399,458	26,137,516,665
- Cost	228		67,176,021,281	58,883,430,380
- Accumulated amortisation	229		(44,692,621,823)	(32,745,913,715)
3. Construction in progress	230	12	64,869,578,068	36,579,597,362
II. Other long-term assets	260		86,610,040,748	89,570,728,871
1. Long-term prepayments	261	13	82,016,995,229	85,043,298,942
2. Deferred tax assets	262		663,744,246	346,453,193
3. Other long-term assets	268		3,929,301,273	4,180,976,736
TOTAL ASSETS (270 = 100 + 200)	270		3,680,121,451,052	3,305,290,943,053

The notes set out on pages 7 to 24 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2014

FORM B 01-DN/HN
Unit: VND

RESOURCES	Codes	Notes	31/12/2014	31/12/2013
A. LIABILITIES (300 = 310+330)	300		2,694,558,907,139	2,155,239,098,208
I. Current liabilities	310		2,691,883,142,952	2,154,966,942,182
1. Short-term loans	311	15	943,500,909,865	683,006,170,877
2. Trade accounts payable	312		918,111,845,630	635,108,068,291
3. Advances from customers	313		289,884,037,291	195,712,249,212
4. Taxes and amounts payable to the State budget	314	16	35,485,206,401	42,608,726,563
5. Payables to employees	315		75,422,092,318	93,341,422,361
6. Accrued expenses	316		158,318,702,924	185,570,112,422
7. Inter-company payables	317	30	129,732,119,511	183,833,089,899
8. Payables relating to contracts under percentage of completion method	318		15,756,096,426	28,377,082,233
9. Other current payables	319	17	10,244,280,152	13,102,435,920
10. Short-term provisions	320		11,622,354,406	13,343,697,618
11. Bonus and welfare funds	323		17,645,371,629	29,575,738,633
12. Unearned revenue	338		86,160,126,399	51,388,148,153
II. Long-term liabilities	330		2,675,764,187	272,156,026
1. Long-term loans	334	18	817,445,300	-
2. Deferred tax liabilities	335		1,666,222,604	-
3. Scientific and technological development fund	339		192,096,283	272,156,026
B. OWNER'S EQUITY (400=410+430)	400		936,100,771,269	1,100,755,865,135
I. Owner's equity	410	19	933,350,771,269	1,098,005,865,135
1. Charter capital	411		850,000,000,000	550,000,000,000
2. Foreign exchange reserve	416		899,702,404	(422,924,007)
3. Investment and development fund	417		-	27,740,764,485
4. Retained earnings	420		82,451,068,865	520,688,024,657
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		49,461,772,644	49,295,979,710
TOTAL RESOURCES (440 = 300+ 400+439)	440		3,680,121,451,052	3,305,290,943,053

OFF BALANCE SHEET ITEMS	Unit	31/12/2014	31/12/2013
1. Goods held under trust or for processing	VND	179,232,471,568	192,504,242,365
2. Foreign currencies			
- United States Dollar	USD	1,947,647.37	2,523,356.24
- Euro	EUR	648.12	50,797.41
- Japanese Yen	JPY	43,809,346.00	37,048,178.00
- Singapore Dollar	SGD	287,418.49	69,244.16
- Kiat	MMK	5,066,630.00	218,053.00



Đỗ Sơn Giang
Deputy General Director

04 March 2015

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Ngô Thị Minh Huệ
Chief Accountant

Hau
Nguyễn Thị Hậu
Preparer

The notes set out on pages 7 to 24 are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

FORM B 02-DN/HN

Unit: VND

ITEMS	Codes	Notes	2014	2013
1. Gross revenue from goods sold and services rendered	01	20	4,361,582,683,832	4,480,252,716,755
2. Deductions	02	20	47,590,000	682,029,117
3. Net revenue from goods sold and services rendered (10=01-02)	10	20	4,361,535,093,832	4,479,570,687,638
4. Cost of sales	11	21	3,602,156,637,970	3,561,099,594,985
5. Gross profit from goods sold and services rendered (20 = 10 - 11)	20		759,378,455,862	918,471,092,653
6. Financial income	21	22	33,887,784,792	57,227,105,783
7. Financial expenses	22	23	45,520,491,537	57,483,252,825
- In which: Interest expense	23		23,541,976,919	34,546,609,021
8. Selling expenses	24		336,012,726,942	280,631,542,466
9. General and administration expenses	25		229,559,662,753	199,616,737,947
10. Operating profit (30 = 20+(21-22)-(24+25))	30		182,173,359,422	437,966,665,198
11. Other income	31	24	37,146,064,375	25,322,859,569
12. Other expenses	32	25	15,303,653,555	4,336,192,263
13. Profit from other activities (40=31-32)	40		21,842,410,820	20,986,667,306
14. Accounting profit before tax (50=30+40)	50		204,015,770,242	458,953,332,504
15. Current corporate income tax expense	51	26	43,587,401,620	86,484,990,045
16. Deferred corporate tax (income)/expense	52		1,348,931,551	(346,453,193)
17. Net profit after corporate income tax (60=50-51-52)	60		159,079,437,071	372,814,795,652
- Attributable to minority interests	61		165,792,934	252,134,482
- Attributable to equity holders of the Holding company	62		158,913,644,137	372,562,661,170



Do Son Giang
 Deputy General Director

04 March 2015

Ngo Thi Minh Hue
 Chief Accountant

Nguyen Thi Hau
 Preparer

The notes set out on pages 7 to 24 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

FORM B 03-DN/HN

Unit: VND

ITEMS	Codes	2014	2013
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	204,015,770,242	458,953,332,504
2. Adjustments for:			
Depreciation and amortization	02	40,421,045,215	43,314,969,858
Provisions	03	(745,841,350)	2,809,680,081
Unrealized foreign exchange loss/(gain)	04	6,523,754,041	1,232,509,687
Foreign exchange translation differences		1,322,626,411	(820,352,998)
(Gain) from investing activities	05	(26,247,411,503)	(39,615,476,762)
Interest expense	06	23,541,976,919	34,546,609,021
3. Operating profit before movements in working capital	08	248,831,919,975	500,421,271,391
Changes in receivables	09	119,161,512,204	(363,385,601,470)
Changes in inventories	10	(438,222,745,744)	50,463,541,597
Changes in accounts payable (not including accrued interest and corporate income tax payable)	11	337,523,056,777	111,058,824,771
Changes in prepaid expenses and other assets	12	(6,451,772,300)	(11,635,419,544)
Interest paid	13	(23,381,276,332)	(34,366,339,361)
Corporate income tax paid	14	(60,182,892,062)	(109,427,562,587)
Other cash outflows	16	(25,344,162,599)	(32,168,218,268)
Net cash from operating activities	20	151,933,639,919	110,960,496,529
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition of fixed assets and other long-term assets	21	(60,277,075,808)	(52,834,365,498)
2. Proceeds from sales, disposal of fixed assets	22	1,156,686,837	765,051,971
3. Cash outflow for lending	23	(66,699,800,000)	(31,282,500,000)
4. Cash recovered from lending	24	33,608,550,000	151,118,406,785
5. Interest earned, dividends and profit received	27	16,642,549,677	32,542,519,397
Net cash (used in)/ from investing activities	30	(75,569,089,294)	100,309,112,655
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	2,360,207,501,482	1,737,805,560,065
2. Repayment of borrowings	34	(2,107,785,332,292)	(1,707,475,652,412)
3. Profits paid	36	(341,000,000,000)	(232,500,000,000)
Net cash (used in) financing activities	40	(88,577,830,810)	(202,170,092,347)
Net (decrease)/increase in cash	50	(12,213,280,185)	9,099,516,837
Cash and cash equivalents at beginning of the year	60	676,593,312,788	667,668,492,911
Effect of changes in foreign exchange rates	61	(368,097,660)	(174,696,960)
Cash and cash equivalents at the end of the year	70	664,011,934,943	676,593,312,788



Do Son Giang
Deputy General Director

04 March 2015

ukh
Ngo Thi Minh Hue
Chief Accountant

Thau
Nguyen Thi Hau
Preparer

The notes set out on pages 7 to 24 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 with the Resolution dated 06 May 2011 issued by the Board of Directors of FPT Corporation. The Corporation was granted the first Business Registration Certificate No.0104128565 dated 13 August 2009 by Hanoi Department of Planning and Investment. According to its 17th amended Certificate dated 16 June 2014, the Corporation’s charter capital is VND 850,000,000,000.

As at 31 December 2014, the Corporation had 14 subsidiaries and two branches in Ho Chi Minh City and Da Nang City.

The number of employees as at 31 December 2014 was 2,635 (31 December 2013: 2,503).

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, accounting regime for enterprises and legal regulations relating to financial reporting.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

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

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. NEW ACCOUNTING GUIDANCE IN ISSUE NOT YET ADOPTED

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC ("Circular 200") guiding the application of accounting regime for enterprises and Circular No. 202/2014/TT-BTC (Circular 202) guiding the preparation and presentation of consolidated financial statements. These circulars are effective for financial years beginning on or after 01 January 2015. Circular 200 will supersede the regulations for accounting regime promulgated under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 issued by the Ministry of Finance and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. Circular 202 will supersede section XIII in Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance guiding the preparation and presentation of consolidated financial statements in accordance with Vietnamese Accounting Standard No. 25 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries".

The Board of Directors is considering the extent of impact of the adoption of these circulars 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, accounting regime for enterprises and legal regulations relating to financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and enterprises controlled by the Corporation (its subsidiaries) up to 31 December each year. Control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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 instruments

Initial 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 and other financial instruments.

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)

Financial liabilities

At the date of initial recognition, financial liabilities are recognized at cost plus 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.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent 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:

	2014 (years)
Machinery and equipment	5 - 20
Motor vehicles	4 - 6
Office equipment	3 - 5
Other fixed assets	3 - 5

Intangible assets and amortisation

Intangible assets represent computer software and copyright, patents, licenses and franchises that are stated at cost less accumulated amortisation. Intangible 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)

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for the purposes not yet determined, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the Corporation's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Long-term prepayments

Long-term prepayments comprise costs of small tools, supplies and spare parts issued for consumption and expenses related to progression contracts, which are expected to provide future economic benefits to the Corporation for 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 from software development, system intergration and informatics services

Revenue of a transaction involving the rendering of service is recognised in the consolidated income statement by reference to the percentage of completion of transaction at the year end. The percentage of completion is assessed by performance or the percentage of the incurred expense of the completed work over the total contract cost estimate. Revenue is not recognised if there is material unreliable element related to recovery of receivables.

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

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

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)

Foreign currencies

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

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

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

Recording of foreign exchange difference in other situations

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 balances 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 the owner.

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.

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)

Taxation (Continued)

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 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

	31/12/2014	31/12/2013
	VND	VND
Cash on hand	1,152,038,572	1,455,836,355
Cash in bank	576,436,646,371	410,208,726,433
Cash equivalents	86,423,250,000	264,928,750,000
	664,011,934,943	676,593,312,788

Account balance in VND and foreign currencies at the Bank for Investment and Development of Vietnam as at 31 December 2014 of approximately VND 132 billion is used to secure the Corporation's short-term loans at this bank (see further in Note 15).

6. SHORT-TERM FINANCIAL INVESTMENTS

Short-term financial investments represent the balance of deposits with term of over 3 months and less than 01 year.

7. RECEIVABLES FROM 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:

	31/12/2014	31/12/2013
	VND	VND
Contract costs incurred plus recognised profits	1,575,886,912,803	1,979,879,239,079
less recognised losses to date		
Less: Progress billings	(1,209,548,826,587)	(1,673,324,879,150)
	366,338,086,216	306,554,359,929

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

8. OTHER RECEIVABLES

	31/12/2014 VND	31/12/2013 VND
Receivables from maintenance service contracts in progress	92,294,878,439	133,976,742,779
Other receivables	8,294,253,889	2,361,395,330
	100,589,132,328	136,338,138,109

9. INVENTORIES

	31/12/2014 VND	31/12/2013 VND
Goods in transit	8,297,071,354	9,537,899,241
Tools and supplies	1,040,564,729	311,824,466
Work in progress	424,972,670,451	100,851,012,760
Merchandise	168,264,300,644	53,736,172,902
Goods on consignment	1,626,603,735	1,541,555,800
Total	604,201,210,913	165,978,465,169
Provision for devaluation of inventories	(1,020,886,019)	(516,550,669)
Net realisable value	603,180,324,894	165,461,914,500

10. TANGIBLE FIXED ASSETS

	Machinery, Equipment VND	Motor Vehicles VND	Office Equipment VND	Other fixed assets VND	Total VND
COST					
As at 01/01/2014	124,149,670,426	10,280,988,780	43,086,323,612	738,539,592	178,255,522,410
Purchases for the year	4,884,106,576	3,556,515,619	10,990,941,086	3,960,569,420	23,392,132,701
Other additions	330,872,793	-	325,744,658	-	656,617,451
Disposals	-	(730,077,899)	(1,497,059,361)	-	(2,227,137,260)
Other decreases	(153,289,503)	-	(30,151,520)	(330,872,793)	(514,313,816)
As at 31/12/2014	129,211,360,292	13,107,426,500	52,875,798,475	4,368,236,219	199,562,821,486
ACCUMULATED DEPRECIATION					
As at 01/01/2014	74,986,991,049	6,565,343,592	33,738,412,154	738,539,592	116,029,286,387
Charge for the year	20,422,402,574	1,658,550,719	6,149,408,696	243,488,990	28,473,850,979
Charge to purchases using Scientific and Technological development fund	-	-	57,608,969	-	57,608,969
Other additions	330,872,793	-	23,859,286	-	354,732,079
Disposals	(38,076,190)	(730,077,899)	(1,328,201,430)	-	(2,096,355,519)
Other decreases	(24,559,484)	-	(60,762,234)	(330,872,793)	(416,194,511)
As at 31/12/2014	95,677,630,742	7,493,816,412	38,580,325,441	651,155,789	142,402,928,384
NET BOOK VALUE					
As at 31/12/2014	33,533,729,550	5,613,610,088	14,295,473,034	3,717,080,430	57,159,893,102
As at 31/12/2013	49,162,679,377	3,715,645,188	9,347,911,458	-	62,226,236,023

As at 31 December 2014, the cost of the Corporation's tangible fixed assets includes VND 40,030 million (31 December 2013: VND 36,918 million) of assets which have been fully depreciated but are 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

11. INTANGIBLE ASSETS

	Computer software VND	Copyright, patents VND	Licenses and franchises VND	Others VND	Total VND
COST					
As at 01/01/2014	55,335,965,923	3,421,704,974	-	125,759,483	58,883,430,380
Purchases for the year	4,634,441,079	-	635,335,000	77,358,738	5,347,134,817
Transfer from construction in progress	-	2,954,182,477	-	-	2,954,182,477
Other decreases	(8,726,393)	-	-	-	(8,726,393)
As at 31/12/2014	59,961,680,609	6,375,887,451	635,335,000	203,118,221	67,176,021,281
ACCUMULATED AMORTIZATION					
As at 01/01/2014	29,757,711,628	2,946,053,190	-	42,148,897	32,745,913,715
Charge for the year	11,686,814,745	173,533,756	19,727,296	67,118,439	11,947,194,236
Other decreases	(486,128)	-	-	-	(486,128)
As at 31/12/2014	41,444,040,245	3,119,586,946	19,727,296	109,267,336	44,692,621,823
NET BOOK VALUE					
As at 31/12/2014	18,517,640,364	3,256,300,505	615,607,704	93,850,885	22,483,399,458
As at 31/12/2013	25,578,254,295	475,651,784	-	83,610,586	26,137,516,665

12. CONSTRUCTION IN PROGRESS

	2014 VND	2013 VND
Opening balance	36,579,597,362	15,552,662,688
Increase	31,244,163,183	21,026,934,674
Transfer to fixed assets	(2,954,182,477)	-
Closing balance	64,869,578,068	36,579,597,362
	31/12/2014 VND	31/12/2013 VND
Research and construction of Security Monitoring system	7,501,766,101	6,540,051,087
"E-fleet" taxi operating and management system	10,779,661,396	9,833,311,396
Bus information and management system	4,376,620,034	3,824,173,961
Anti-fake invoice coding system "E-invoice"	8,222,133,370	2,692,189,215
Smath card Socialization project	3,261,098,957	3,261,098,957
Others	30,728,298,210	10,428,772,746
	64,869,578,068	36,579,597,362

As at 31 December 2014, construction in progress includes value of VND 1,930,179,347 under project to provide electronic ticketing system of Vietnam Railways Corporation as collateral for the long-term borrowing from Joint Stock Commercial Bank for Investment and Development of Vietnam - Ha Thanh Branch.

13. LONG-TERM PREPAYMENTS

	2014 VND	2013 VND
Opening balance	85,043,298,942	84,134,257,539
Increase	69,396,296,971	76,262,523,431
Allocated to expenses	(71,798,288,271)	(70,746,181,593)
Other deductions	(624,312,413)	(4,607,300,435)
Closing balance	82,016,995,229	85,043,298,942

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. INVESTMENTS IN SUBSIDIARIES

Details of the Corporation's subsidiaries as at 31 December 2014 are as follows:

Name of company	Place of establishment	Proportion of interest (%)	Proportion of voting right (%)	Principal activities
FPT ERP Services Company Limited	Hanoi	100%	100%	Provide system integration, software solutions and services
FPT Information System of Financing and Banking Services Company Limited	Hanoi	100%	100%	Provide system integration, software solutions and services
FPT FSE Information System Company Limited	Hanoi	100%	100%	Provide system integration, software solutions and services
FPT Software Development Company Limited	HCM city	100%	100%	Provide system integration, software solutions and services
FPT Information System Services Company Limited	Hanoi	100%	100%	Provide system integration, software solutions and services
FPT Information System of Telecom & Public Services Company Limited	Hanoi	100%	100%	Provide system integration, software solutions and services
FPT Public Finance Solution Company Limited	Hanoi	100%	100%	Provide system integration, software solutions and services
FPT Information System of The South Company Limited	HCM city	100%	100%	Provide system integration, software solutions and services
FPT Information System Cambodia Company Limited	Cambodia	100%	100%	Provide system integration, software solutions and services
FPT Information System Singapore Company Limited	Singapore	100%	100%	Provide system integration, software solutions and services
FPT High Technology Solutions Company Limited	HCM city	100%	100%	Provide system integration, software solutions and services
FPT Information Service Company Limited	Hanoi	100%	100%	Provide system integration, software solutions and services
FPT High Technology Solutions One-member Limited Liability Company	HCM city	100%	100%	Provide system integration, software solutions and services
E-customs FCS Service Company Limited	HCM city	70%	70%	Provide system integration, software solutions and services
Telehouse International Corporation of Vietnam	Hanoi	51%	51%	Provide data center services

On 10 December 2014, the Corporation's Chairman issued Decision No. 974/2014/QD-FIS for the reorganization of the Corporation. Accordingly, from 01 January 2015, the Corporation had 12 subsidiaries. As at 31 December 2014, the Corporation had 14 subsidiaries as mentioned above since the legal procedures related to the restructuring have not been completed.

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. SHORT-TERM LOANS

	31/12/2014	31/12/2013
	VND	VND
Short-term borrowings	943,500,909,865	683,006,170,877
	943,500,909,865	683,006,170,877

Short-term borrowings represent borrowings from banks and FPT Corporation - the parent company, under the following forms:

- Unsecured loans from Joint Stock Commercial Bank for Industry and Trade of Vietnam - Hai Ba Trung branch and ANZ Bank - Singapore branch;
- Loan from Joint Stock Commercial Bank for Investment and Development of Vietnam - Ha Thanh branch secured by the Corporation's entire account balance in VND and foreign currencies at this bank;
- The remaining loans are guaranteed by FPT Corporation (the parent company).

Interest rates are specified for each withdrawal. Details of outstanding loan principal as at 31 December 2014 are as follows:

	31/12/2014	31/12/2013
	VND	VND
CitiBank	294,340,155,000	230,112,725,000
ANZ Bank- Singapore Branch	247,585,618,911	-
Hongkong & Shanghai HSBC - Hanoi Branch	143,018,920,000	-
Joint Stock Commercial Bank for Investment and Development of Vietnam - Ha Thanh Branch	105,431,823,374	-
FPT Corporation	66,000,000,000	23,100,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Head office	51,421,739,869	-
Joint Stock Commercial Bank for Industry and Trade of Vietnam - Hai Ba Trung Branch	35,702,652,711	-
Standard Chartered Bank Vietnam	-	16,224,000,000
ANZ Vietnam	-	270,736,901,924
Joint Stock Commercial Bank for Investment and Development of Vietnam	-	142,832,543,953
	943,500,909,865	683,006,170,877

16. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	31/12/2014	31/12/2013
	VND	VND
Value added tax	15,212,357,234	13,214,378,017
Import, export duties	82,251,841	82,697,591
Corporate income tax	12,123,846,628	28,194,327,789
Personal income tax	4,082,544,084	737,280,502
Withholding tax	3,984,206,614	377,853,854
Other tax	-	2,188,810
	35,485,206,401	42,608,726,563

17. OTHER CURRENT PAYABLES

	31/12/2014	31/12/2013
	VND	VND
Social, unemployment and health insurance	673,024,392	1,007,746,851
Trade union fees	4,576,083,946	4,450,105,420
Other payables	4,995,171,814	7,644,583,649
	10,244,280,152	13,102,435,920

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

18. LONG-TERM LOANS

	31/12/2014	31/12/2013
	VND	VND
Joint Stock Commercial Bank for Investment and Development of Vietnam - Ha Thanh Branch	817,445,300	-
Total	817,445,300	-

On 19 November 2014, the Corporation entered into a long-term loan agreement with Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) - Ha Thanh Branch for an amount of VND 36 billion for investment project to provide electronic ticketing system of Vietnam Railways Corporation. The loan is disbursed within 60 months from the date of the first loan drawdown. This loan is payable in installments, beginning 31 March 2016. The formal repayment schedule with the amount of debt will be signed by the Corporation and the Bank after the last drawdown or the project capital fully disbursed.

The loan bears a floating interest rate which is determined by the Bank's 12-month savings deposit interest rate with interest paid in arrears from time to time plus (+) a margin of 3.0% p.a., but within the range of floor and ceiling lending interest rates applicable to medium and long-term loans specified by the Bank from time to time.

The Company uses the assets formed in the future from the investment project to provide electronic ticketing system Vietnam Railways Corporation as collateral for this loan. The loan was withdrawn for the first time on 24 November 2014 with the amount of VND 817,445,300.

19. OWNER'S EQUITY

Movement in owner's equity

	Charter capital	Foreign exchange	Investment and	Retained earnings	Total
	VND	reserve	development fund	VND	VND
	VND	VND	VND	VND	VND
As at 01/01/2013	550,000,000,000	397,428,991	27,740,764,485	473,348,230,602	1,051,486,424,078
Profit for the year	-	-	-	372,562,661,170	372,562,661,170
Profit distributed to funds	-	-	-	(37,722,867,115)	(37,722,867,115)
Profit transferred to FPT Corporation	-	-	-	(287,500,000,000)	(287,500,000,000)
Others	-	(820,352,998)	-	-	(820,352,998)
As at 01/01/2014	550,000,000,000	(422,924,007)	27,740,764,485	520,688,024,657	1,098,005,865,135
Capital increase (i)	300,000,000,000	-	(27,740,764,485)	(272,259,235,515)	-
Profit in the year	-	-	-	158,913,644,137	158,913,644,137
Profit transferred to FPT Corporation	-	-	-	(309,000,000,000)	(309,000,000,000)
Profit distributed to funds (ii)	-	-	-	(15,891,364,414)	(15,891,364,414)
Others	-	1,322,626,411	-	-	1,322,626,411
As at 31/12/2014	850,000,000,000	899,702,404	-	82,451,068,865	933,350,771,269

(i) According to Decision No. 46-2014/QD-FPT dated 30 May 2014 of the Board of Directors of FPT Corporation on the addition of the subsidiary's charter capital using the Corporation's retained earnings and investment and development funds kept at the Corporation up to 31 December 2013.

(ii) According to Decision dated 31 December 2014 by the Members' Council, the Corporation distributed 2014 consolidated profit after tax attributable to equity holders of the Corporation to bonus and welfare funds at the rate of 10%.

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. FINANCIAL INSTRUMENTS (Continued)

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.

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 and financial liabilities based on the earliest date on which the Corporation can be required to pay. 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
31/12/2014			
Cash and cash equivalents	664,011,934,943	-	664,011,934,943
Short-term investments	39,091,250,000	-	39,091,250,000
Trade and other payables	2,030,246,532,710	-	2,030,246,532,710
Other financial assets	12,284,343,999	-	12,284,343,999
Total	2,745,634,061,652	-	2,745,634,061,652
31/12/2014			
Borrowings	944,318,355,165	-	944,318,355,165
Trade and other payables	1,053,031,233,238	-	1,053,031,233,238
Accruals	158,318,702,924	-	158,318,702,924
Total	2,155,668,291,327	-	2,155,668,291,327
Net liquidity gap	589,965,770,325	-	589,965,770,325

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

19. OWNERS' EQUITY (Continued)

Charter capital and investment capital

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

	Per Investment	Contributed capital	
	Certificate	31/12/2014	31/12/2013
	VND	VND	VND
FPT Corporation	850,000,000,000	850,000,000,000	550,000,000,000
Total	850,000,000,000	850,000,000,000	550,000,000,000

20. REVENUE

	2014	2013
	VND	VND
Sales	4,361,582,683,832	4,480,252,716,755
Sales of goods	2,918,569,120,749	3,120,362,077,900
Sales of services	1,443,013,563,083	1,359,890,638,855
Less deductions	47,590,000	682,029,117
Sales return	47,590,000	682,029,117
Net sales	4,361,535,093,832	4,479,570,687,638
Of which:		
	2014	2013
	VND	VND
Software development	656,248,709,098	665,132,174,941
System integration	2,918,521,530,749	3,119,680,048,783
Informatics service	786,764,853,985	694,758,463,914
	4,361,535,093,832	4,479,570,687,638

21. COST OF SALES

	2014	2013
	VND	VND
Cost of goods sold	2,567,141,490,490	2,623,608,877,032
Cost of services rendered	1,034,510,812,130	937,376,331,374
Provision for devaluation of inventories	504,335,350	114,386,579
	3,602,156,637,970	3,561,099,594,985

22. FINANCIAL INCOME

	2014	2013
	VND	VND
Bank interest	16,079,335,186	33,341,228,344
Foreign exchange gain	8,666,278,385	17,387,311,360
Others	9,142,171,221	6,498,566,079
	33,887,784,792	57,227,105,783

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. FINANCIAL EXPENSES

	2014	2013
	VND	VND
Interest expense	23,541,976,919	34,546,609,021
Foreign exchange loss	21,870,705,064	21,544,076,078
Others	107,809,554	1,392,567,726
	45,520,491,537	57,483,252,825

24. OTHER INCOME

	2014	2013
	VND	VND
Proceeds from disposal of fixed assets	1,156,686,837	765,051,971
Bonus and commission	24,480,366,116	22,731,904,543
Others	11,509,011,422	1,825,903,055
	37,146,064,375	25,322,859,569

25. OTHER EXPENSES

	2014	2013
	VND	VND
Disposal of fixed assets	914,961,788	335,129,291
Penalty in breach of contracts	3,205,096,985	2,075,644,273
Others	11,183,594,782	1,925,418,699
	15,303,653,555	4,336,192,263

26. CORPORATE INCOME TAX

	2014	2013
	VND	VND
Profit before tax	204,015,770,242	458,953,332,504
Income tax expense at the tax rate in the Business Registration Certificate and prevailing tax regulations	39,600,283,551	95,987,422,511
Effect of non-deductible expenses	890,480,356	639,118,925
Effect of non-taxable income and tax incentives	(1,765,436,193)	(10,027,244,555)
Effect of deferred corporate tax expense/(income)	1,348,931,551	(346,453,193)
Other effect	3,513,142,355	232,146,357
Corporate income tax	43,587,401,620	86,484,990,045

27. PRODUCTION COST BY NATURE

	2014	2013
	VND	VND
Raw materials and consumables	2,825,175,870,498	2,696,272,023,992
Labour cost	499,424,009,644	462,967,663,405
Depreciation and amortization	40,421,045,215	43,314,969,858
Bidding and hospitality	78,700,609,305	65,880,652,858
Provision reversal	(716,205,602)	2,809,680,081
Out-sourced services	1,009,290,728,139	737,932,370,114
Other monetary expenses	39,554,628,157	30,576,988,974
	4,491,850,685,356	4,039,754,349,282

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. 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 15 and 18, offset by cash and cash equivalents) and equity attributable to equity holders of the parent (comprising capital, reserves and retained earnings).

Gearing ratio

The gearing ratio of the Corporation as at the balance sheet date was as follows:

	<u>31/12/2014</u>	<u>31/12/2013</u>
	VND	VND
Borrowings	944,318,355,165	683,006,170,877
Less: Cash and cash equivalents	664,011,934,943	676,593,312,788
Net debt	280,306,420,222	6,412,858,089
Equity	933,350,771,269	1,098,005,865,135
Net debt to equity ratio	<u>0.300</u>	<u>0.006</u>

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	
	<u>31/12/2014</u>	<u>31/12/2013</u>
	VND	VND
Financial assets		
Cash and cash equivalents	664,011,934,943	676,593,312,788
Short-term investments	39,091,250,000	6,000,000,000
Trade and other receivables	2,030,246,532,710	2,154,596,539,149
Other financial assets	12,284,343,999	12,745,269,336
Total	<u>2,745,634,061,652</u>	<u>2,849,935,121,273</u>
Financial liabilities		
Borrowings	944,318,355,165	683,006,170,877
Trade and other payables	1,053,031,233,238	826,777,838,122
Accruals	158,318,702,924	185,570,112,422
Total	<u>2,155,668,291,327</u>	<u>1,695,354,121,421</u>

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

28. 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 upon its assessment that the cost of hedging foreign exchange risk or interest rate risk might be higher than that incurred from market risk of fluctuation in foreign exchange rates of these instruments in the future.

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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
United States Dollars (USD)	234,624,754,498	133,406,317,631	1,347,198,694,910	986,719,986,262
Euro (EUR)	17,162,011	1,486,649,192	-	-
Japanese Yen (JPY)	8,665,715,078	10,845,348,936	940,727,603	934,698,124
Singapore Dollar (SGD)	7,429,446,819	11,261,946,555	7,782,996,620	1,664,944,929
Ringgit (MYR)	-	1,678,184,254	-	1,120,939,321
Kyats (MMK)	462,883,709	30,639,070	10,168,439	7,695,397,792

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollars and other foreign currencies such as Japanese Yen, Singapore Dola etc.

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 before tax in the year would decrease/ increase by the following amount as follows:

	2014	2013
	VND	VND
United States Dollars (USD)	(11,125,739,404)	(8,533,136,686)
Euro (EUR)	171,620	14,866,492
Japanese Yen (JPY)	77,249,875	99,106,508
Singapore Dollar (SGD)	(3,535,498)	95,970,016
Ringgit (MYR)	-	5,572,449
Kyats (MMK)	4,527,153	(76,647,587)

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. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management (Continued)

	Less than 1 year VND	From 1- 5 years VND	Total VND
31/12/2013			
Cash and cash equivalents	676,593,312,788	-	676,593,312,788
Short-term investments	6,000,000,000	-	6,000,000,000
Trade and other payables	2,154,596,539,149	-	2,154,596,539,149
Other financial assets	12,745,269,336	-	12,745,269,336
Total	2,849,935,121,273	-	2,849,935,121,273
31/12/2013			
Borrowings	683,006,170,877	-	683,006,170,877
Trade and other payables	826,777,838,122	-	826,777,838,122
Accruals	185,570,112,422	-	185,570,112,422
Total	1,695,354,121,421	-	1,695,354,121,421
Net liquidity gap	1,154,580,999,852	-	1,154,580,999,852

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.

29. COMMITMENTS

Operating lease commitments

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

	2014 VND	2013 VND
Within one year	34,702,749,374	39,803,553,547
In the second to fifth year inclusive	185,866,370,131	153,009,553,337
After five years	69,850,617,876	142,813,918,208
	290,419,737,381	335,627,025,092

30. RELATED PARTY TRANSACTIONS AND BALANCES

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

List of related parties

Related party	Relationship
FPT Corporation	Owner
FPT Software Company Limited	Under the same owner
FPT Trading Company Limited	Under the same owner
FPT Telecom Joint Stock Company	Under the same owner

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

30. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

	2014 VND	2013 VND
Sales of merchandise and services		
FPT Corporation	18,555,578,996	20,353,213,661
FPT Software Company Limited	17,701,379,504	49,681,103,492
FPT Trading Company Limited	196,860,122,690	115,976,531,251
FPT Telecom Joint Stock Company	51,072,892,537	27,459,534,504
Purchases		
FPT Corporation	30,217,960,640	28,318,023,191
FPT Software Company Limited	24,563,896,523	10,011,457,469
FPT Trading Company Limited	241,097,483,395	331,883,194,703
FPT Telecom Joint Stock Company	10,751,442,334	7,145,316,015
Profit transferred to FPT Corporation	309,000,000,000	287,500,000,000
Capital increase from the retained earning and development fund	300,000,000,000	-
Interest expense		
FPT Corporation	1,632,658,341	6,438,113,654

The related parties' significant balances as at the balance sheet date are as follows:

	31/12/2014 VND	31/12/2013 VND
Receivables		
FPT Corporation	2,015,021,517	11,395,801,966
FPT Software Company Limited	3,335,747,312	4,377,777,430
FPT Telecom Joint Stock Company	8,117,898,244	119,766,481
FPT Trading Company Limited	20,263,694,722	-
Other subsidiaries of FPT Corporation	1,889,716,050	5,078,767,847
Total	35,622,077,845	20,972,113,724
Payables		
FPT Corporation	48,305,805,408	80,254,710,539
FPT Software Company Limited	23,736,781,888	9,301,777,294
FPT Trading Company Limited	56,561,281,393	88,212,818,673
FPT Telecom Joint Stock Company	979,168,860	717,089,923
Other subsidiaries of FPT Corporation	149,081,962	5,346,693,470
Total	129,732,119,511	183,833,089,899
Loans		
FPT Corporation	66,000,000,000	23,100,000,000

31. COMPARATIVE FIGURES

Comparative figures are those of the Corporation's audited consolidated financial statements for the year ended 31 December 2013.



Đỗ Sơn Giang
 Deputy General Director

Ngô Thị Minh Huệ
 Chief Accountant

Nguyễn Thị Hậu
 Preparer

04 March 2015