



FPT CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER II - 2020



CONSOLIDATED BALANCE SHEET
As at 30 June 2020

FORM B 01-DN/HN
Unit: VND

NO.	ASSET	Codes	Notes	30/06/2020	31/12/2019
A - CURRENT ASSETS		100		20,974,738,294,596	18,979,176,128,930
I. Cash and cash equivalents		110	5	4,180,454,757,893	3,453,388,617,569
1	Cash	111		2,107,172,844,328	2,611,644,417,963
2	Cash equivalents	112		2,073,281,913,565	841,744,199,606
II. Short-term financial investments		120	6	8,823,220,085,750	6,708,978,162,325
1	Held-to-maturity investments	123		8,823,220,085,750	6,708,978,162,325
III. Short-term receivables		130		5,803,633,693,745	6,536,251,148,622
1	Short-term trade receivables	131	7	5,005,576,254,722	5,812,938,112,346
2	Short-term advances to suppliers	132		432,212,031,129	274,779,131,899
3	Receivables from construction contracts under percentage of completion method	134		276,042,606,836	318,339,389,202
4	Short-term loan receivables	135		-	394,176,861
5	Other short-term receivables	136	8	522,710,577,339	491,315,953,067
6	Provision for short-term doubtful debts	137	9	(432,907,776,281)	(361,515,614,753)
IV. Inventories		140	10	1,300,202,611,747	1,284,200,733,943
1	Inventories	141		1,375,253,714,502	1,349,958,901,393
2	Provision for devaluation of inventories	149		(75,051,102,755)	(65,758,167,450)
V. Other short-term assets		150		867,227,145,461	996,357,466,471
1	Short-term prepayments	151		648,377,095,553	692,500,771,861
2	Value added tax deductibles	152		176,651,765,342	175,754,512,449
3	Taxes and other receivables from the State budget	153	17	42,198,284,566	128,102,182,161
B - NON-CURRENT ASSETS		200		14,938,070,369,160	14,414,988,134,764
I. Long-term receivables		210		348,427,785,518	262,484,590,350
1	Long-term advances to suppliers	212		380,000,000	380,000,000
2	Long-term loans receivable	215		91,148,113,400	47,427,917,600
3	Other long-term receivables	216	8	311,628,845,936	269,405,846,568
4	Provision for long-term doubtful debts	219		(54,729,173,818)	(54,729,173,818)
II. Fixed assets		220		7,365,996,280,591	7,492,167,954,088
1	Tangible fixed assets	221	11	6,222,257,491,428	6,295,261,846,210
	Cost	222		11,608,745,950,288	11,301,061,772,211
	Accumulated depreciation	223		(5,386,488,458,860)	(5,005,799,926,001)
2	Finance lease assets	224		2,122,993,365	2,845,085,816
	Cost	225		5,410,838,484	6,057,653,223
	Accumulated depreciation	226		(3,287,845,119)	(3,212,567,407)
3	Intangible fixed assets	227	12	1,141,615,795,798	1,194,061,022,062
	Cost	228		1,996,980,044,176	1,973,814,359,687
	Accumulated amortisation	229		(855,364,248,378)	(779,753,337,625)
III. Investment property		230		-	-
III. Long-term assets in progress		240		2,233,265,003,791	1,650,470,873,492
1	Long-term construction in progress	242	13	2,233,265,003,791	1,650,470,873,492
IV. Long-term financial investments		250		2,451,568,314,545	2,496,552,054,488
1	Investments in joint-ventures, associates	252	15	1,890,355,276,994	1,912,712,694,571
2	Equity investments in other entities	253	6	865,250,071,864	893,623,994,517
3	Provision for impairment of long-term financial investments	254		(304,037,034,313)	(309,784,634,600)
VI. Other long-term assets		260		2,325,398,922,216	2,287,383,247,074
1	Long-term prepayments	261		2,291,095,492,149	2,247,131,962,711
2	Deferred tax assets	262		34,303,430,067	40,251,284,363
VII. Goodwill		269		213,414,062,499	225,929,415,272
TOTAL ASSETS		270		35,912,808,663,756	33,394,164,263,694

CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2020

FORM B 01-DN/HN

Unit: VND

NO.	RESOURCES	Codes	Notes	30/06/2020	31/12/2019
A - LIABILITIES		300		18,009,082,670,732	16,594,874,862,688
I. Current liabilities		310		16,991,794,634,833	16,102,256,902,439
1	Short-term trade payables	311	16	2,035,189,882,156	2,641,797,326,788
2	Short-term advances from customers	312		383,308,792,651	398,628,905,824
3	Taxes and amounts payable to the State Budget	313	17	463,842,484,219	554,461,605,696
4	Payables to employees	314		1,203,886,575,748	1,278,884,909,353
5	Short-term accrued expenses	315	18	769,826,846,943	746,853,608,766
6	Payables relating to construction contracts under percentage of completion method	317		82,801,015,777	39,251,428,042
7	Short-term unearned revenue	318	19	1,614,462,947,541	1,827,319,525,947
8	Other current payables	319	20	489,247,068,777	387,440,116,553
9	Short-term loans and obligations under finance leases	320	21	9,571,890,414,760	7,513,635,654,008
10	Short-term provisions	321		100,526,097,313	174,566,812,252
11	Bonus and welfare funds	322		276,812,508,948	539,417,009,210
II. Long-term liabilities		330		1,017,288,035,899	492,617,960,249
1	Long-term unearned revenue	336	19	71,474,299,291	42,777,167,223
2	Other long-term payables	337	20	126,474,179,639	92,105,961,472
3	Long-term loans and obligations under finance leases	338	22	803,273,190,638	349,769,099,942
4	Deferred tax liabilities	341		8,238,522,578	-
5	Long-term provisions	342		7,635,747,470	7,773,635,329
6	Scientific and technological development fund	343		192,096,283	192,096,283
B - EQUITY		400		17,903,725,993,024	16,799,289,401,006
I. Owner's equity		410		17,900,975,993,024	16,796,539,401,006
1	Owner's contributed capital	411	23	7,839,874,860,000	6,783,586,880,000
2	Share premium	412	23	49,794,213,509	49,941,441,360
3	Other capital	414		912,977,796,599	765,332,464,859
4	Treasury shares	415	23	(823,760,000)	(823,760,000)
5	Foreign exchange reserve	417	23	(19,958,864,615)	(7,773,137,062)
6	Investment and development funds	418	23	342,769,607,414	307,526,573,229
7	Other reserves	420	23	87,203,093,024	102,985,531,790
8	Retained earnings	421	23	5,744,686,806,612	5,960,676,956,469
	- Retained earnings accumulated to the prior period	421a		4,119,024,056,110	3,503,602,891,815
	- Retained earnings of the current period	421b		1,625,662,750,502	2,457,074,064,654
9	Non-controlling interests	429		2,944,452,240,481	2,835,086,450,361
II. Other resources and funds		430		2,750,000,000	2,750,000,000
1	Non-business expenditure fund	431		2,750,000,000	2,750,000,000
TOTAL RESOURCES		440		35,912,808,663,756	33,394,164,263,694

Hanoi, 29 July 2020

Preparer

Tran Khuong

Chief Accountant

Hoang Huu Chien

Executive Vice President

Nguyen The Phuong

FPT CORPORATION

17 Duy Tan Street, Dich Vong Hau Ward
Cau Giay District, Hanoi, S.R. Vietnam

Consolidated financial statements
For the period from 01 January 2020 to 30 June 2020

CONSOLIDATED INCOME STATEMENT
For the period from 01 January 2020 to 30 June 2020

FORM B 02-DN/HN
Unit: VND

No.	ITEMS	Codes	Notes	In period		Year to date	
				2020	2019	2020	2019
1	Gross revenue from goods sold and services rendered	01		6,997,263,488,982	6,834,181,383,787	13,642,277,860,771	12,506,307,747,196
2	Deductions	02		17,260,990,645	8,262,859,189	31,710,450,996	13,909,606,534
3	Net revenue from goods sold and services rendered	10	24	6,980,002,498,337	6,825,918,524,598	13,610,567,409,775	12,492,398,140,662
4	Cost of sales	11	25	4,258,247,824,386	4,247,788,982,478	8,264,434,357,298	7,634,938,298,874
5	Gross profit from sales	20		2,721,754,673,951	2,578,129,542,120	5,346,133,052,477	4,857,459,841,788
6	Financial income	21	26	202,241,950,450	164,115,058,319	380,581,645,161	317,692,756,323
7	Financial expenses	22	27	106,159,096,432	204,225,331,566	287,204,830,889	325,528,454,171
	<i>In which: interest expense</i>	23		101,366,297,422	72,389,484,923	200,992,205,231	145,092,342,759
8	Share of profit of associates	24		69,375,800,441	124,252,626,107	149,499,798,843	219,056,585,762
9	Selling expenses	25		606,378,140,166	566,455,497,992	1,226,598,701,672	1,055,041,546,880
10	General and administration expenses	26		1,012,792,679,359	931,280,807,507	1,966,831,969,363	1,911,869,571,430
11	Operating profit	30		1,268,042,508,886	1,164,535,589,481	2,395,578,994,558	2,101,769,611,392
12	Other income	31		28,388,165,756	9,543,483,977	47,525,252,703	43,608,531,788
13	Other expenses	32		10,937,566,638	(4,549,676,842)	15,321,270,430	6,382,671,265
14	Profit from other activities	40		17,450,599,117	14,093,160,819	32,203,982,272	37,225,860,523
15	Accounting profit before tax	50		1,285,493,108,003	1,178,628,750,300	2,427,782,976,830	2,138,995,471,915
16	Current tax expense	51		186,395,040,913	195,218,949,865	390,856,021,690	363,363,920,682
17	Deferred tax expense/(income)	52		14,876,078,695	(2,757,431,817)	15,742,391,893	(4,458,509,773)
18	Profit after tax (60=50-51-52)	60		1,084,221,988,395	986,167,232,252	2,021,184,563,247	1,780,090,061,006
	- Equity holders of the Holding Company	61		878,710,517,512	791,704,283,229	1,625,815,656,552	1,418,008,559,550
	- Non-controlling interests	62		205,511,470,883	194,462,949,023	395,368,906,695	362,081,501,456
19	Basic earnings per share	70	28	1,121	1,017	2,078	1,822
20	Diluted earnings per share	71		1,121	1,017	2,078	1,822

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EXPLANATION ON HIGHER PROFIT AFTER TAX IN 2020 IN COMPARISON TO 2019:

FPT Corporation explains the variation of business results in 2020, in comparison with the same period last year as follows:

Item	Quarter 2 Year 2020	Accumulated Year 2020	Quarter 2 Year 2019	Accumulated Year 2019	Increase/Decrease			
					Quarter 2		Accumulated	
					Amount	Percentage	Amount	Percentage
Net revenue from goods sold and services rendered	6,980,002	13,610,567	6,825,919	12,492,398	154,084	2.26%	1,118,169	8.95%
Accounting profit before tax	1,285,493	2,427,783	1,178,629	2,138,995	106,864	9.07%	288,788	13.50%
Profit after tax	1,084,222	2,021,185	986,167	1,780,090	98,055	9.94%	241,095	13.54%

Despite the initial disruption amid COVID-19 pandemic, FPT achieved an impressive growth for the first half year 2020. In which, consolidated revenues and PBT reached 13,611 billion and 2,428 billion, enjoying the growth of 9% and 14% y-o-y respectively. FPT has improved PBT margin by 30 bps to 17.8%, compared to the first half year 2019 PBT margin of 17.1%.

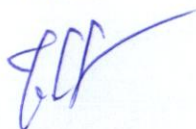
The growth is mainly due those of Technology sector and Telecom sector:**- Technology sector:**

Technology sector is accounted for 57% of FPT's revenue. Global IT Services have brought in the revenue of 5,810 billion, up 18%, and PBT of 896 billion, up 21%, accounted for 43% and 37% of the consolidated revenue and PBT respectively.

- Telecom sector:

Revenue and PBT of telecom services reach 5,217 billion and 883 billion respectively, up 12% and 22%.

Preparer



Tran Khuong

Chief Accountant

Hoang Huu Chien

Hanoi, 29 July 2020

Executive Vice President



Nguyen The Phuong

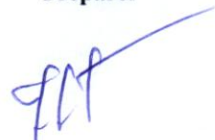
CONSOLIDATED CASH FLOW STATEMENT
For the period from 01 January 2020 to 30 June 2020

FORM B 03-DN/HN
Unit: VND

No.	ITEMS	Codes	Year to date	
			2020	2019
I	Cash flows from operating activities			
1	<i>Profit before tax</i>	01	2,427,782,976,830	2,138,995,471,915
2	<i>Adjustments for:</i>			
	- Depreciation and amortisation	02	730,664,046,304	651,393,925,997
	- Provisions	03	(35,948,906,253)	28,020,596,616
	- Foreign exchange gain/ loss arising from translating foreign currency items	04	(11,130,727,346)	49,086,760,999
	- Gain/losses from investing activities	05	(463,465,156,514)	(367,269,586,552)
	- Interest expense	06	200,992,205,231	145,092,342,759
3	<i>Operating profit before movements in working capital</i>	08	2,848,894,438,252	2,645,319,511,734
	- Increase/Decrease in receivables	09	722,112,383,454	(150,434,896,193)
	- Increase/Decrease in inventories	10	133,073,265,697	(129,607,691,536)
	- Increase/Decrease in accounts payable (not including accrued interest and corporate income tax payable)	11	(958,182,030,266)	(567,686,581,517)
	- Increase/Decrease in prepaid expenses	12	160,146,870	(142,448,288,475)
	- Interest paid	14	(209,667,020,662)	(182,828,597,598)
	- Corporate income tax paid	15	(332,557,258,749)	(312,018,109,846)
	- Other cash inflows/(outflows)	17	(227,394,763,140)	(260,300,729,775)
	<i>Net cash from operating activities</i>	20	1,976,439,161,456	899,994,616,794
II	Cash flows from investing activities			
1	Acquisition of fixed assets and other long-term assets	21	(1,334,502,110,035)	(1,675,531,109,810)
2	Proceeds from sale, disposal of fixed assets and other long-term assets	22	654,022,465	254,896,216
3	Cash inflow/outflow from lending and trading debt instruments of other companies	23	(2,151,860,142,364)	(297,952,217,751)
4	Investments in other entities	25	(12,854,827,059)	(105,352,000,000)
5	Cash recovered from investments in other entities	26	31,000,000,000	101,389,573,200
6	Interest earned, dividends received	27	509,285,526,209	293,848,085,231
	<i>Net cash (used in) investing activities</i>	30	(2,958,277,530,784)	(1,683,342,772,914)
III	Cash flows from financing activities			
1	Proceeds from issuing stocks	31	33,770,672,149	31,782,000,000
2	Capital withdrawals, buying treasury shares and proceeds from shares re-issued	32	-	(269,625,000)
3	Proceeds from borrowings	33	8,557,562,004,354	5,938,475,623,676
4	Repayments of borrowings	34	(6,045,036,239,185)	(5,352,844,740,492)
5	Repayment of obligations under finance leases	35	(766,913,721)	-
6	Dividends paid	36	(830,602,706,100)	(678,514,947,000)
	<i>Net cash from/(used in) financing activities</i>	40	1,714,926,817,497	(61,371,688,816)
	Net (decrease) in cash	50	733,088,448,169	(844,719,844,936)
	Cash and cash equivalents at the beginning of the period	60	3,453,388,617,569	3,925,727,206,293
	Effects of changes in foreign exchange rates	61	(6,022,307,845)	-
	Cash and cash equivalents at the end of the period	70	4,180,454,757,893	3,925,727,206,293

Hanoi, 29 July 2020

Preparer



Tran Khuong

Chief Accountant



Hoang Huu Chien

Executive Vice President



Nguyen The Phuong

FPT CORPORATION

17 Duy Tan Street, Dich Vong Hau Ward
Cau Giay District, Hanoi, S.R. Vietnam

Consolidated financial statements

For the period from 01 January 2020 to 30 June 2020

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

1. GENERAL INFORMATION**Structure of ownership**

FPT Corporation was incorporated as a State-owned company in Vietnam and subsequently equitised in accordance with Decision No. 178/QĐ-TTg, following which the Company officially operated as a joint stock company. FPT Corporation was established under the Business Registration Certificate No. 0103001041 issued for the first time by Hanoi Department of Planning and Investment dated on 13 May 2002 and its amendments.

According to the amended Business Registration Certificate dated 19 December 2008, the Corporation changed its name from the Corporation for Financing and Promoting Technology to FPT Corporation.

According to the 48th amendeant of Business Registration Certificate, the Corporation changed the Charter capital into VND 7,839,874,860,000 .

Since December 2006, the Corporation's shares have been listed on Ho Chi Minh City Stock Exchange.

The total number of the Corporation's employees as at 30 June 2020 was 29,007 (at 31 December 2019 was 28,781).

Operating industry and principal activities

The principal activities of the Corporation are to provide IT and telecommunication products and services. The main products and services provided are (i) software development including software outsourcing; software solutions, software services and ERP services; (ii) system integration; (iii) informatics services including system management, BPO service, Data Center service etc.; (iv) telecommunication services including internet services and value added services; (v) digital content service including online advertising, etc.; (vi) general education, college, university and postgraduate training services.

Normal production and business cycle

The Corporation's normal production and business cycle is carried out for a time period of 12 months or less except for some system integration projects which are carried out for a time period of more than 12 months.

The Corporation's structure

As at 30 June 2020, FPT Corporation had 6 subsidiaries, as follows:

- FPT Information System Corporation;
- FPT Telecom Joint Stock Company;
- FPT Software Company Limited;
- FPT Education Company Limited;
- FPT Online Services Joint Stock Company;
- FPT Investment Company Limited.

and 5 associates:

- FPT Digital Retail Joint Stock Company;
- Synnex FPT Joint Stock Company;
- FPT Fund Management Joint Stock Company;
- FPT Securities Joint Stock Company;
- HOMA Technologies Join Stock Company.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

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

Accounting period

The Corporation's financial year begins on 01 January and ends on 31 December. These consolidated financial statements have been prepared for the period from 01 January 2020 to 30 June 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of 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 Company and enterprises controlled by the Company (its subsidiaries). 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intragroup transactions and balances are eliminated in full on consolidation.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combination

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to consolidated profit and loss in the period of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders's proportion of the net fair value of the assets, liabilities, and contingent liabilities recognised.

Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Company's share of the net assets of the associate. Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognised.

Where a group entity transacts with an associate of the Company, unrealised profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition. After acquisition date, if the Parent continues making investment in the subsidiary, it should determine the cost of additional investment and corresponding increase in ownership of the carrying value of the acquired net asset of the subsidiary (not applying fair value as on acquisition date). The difference between the cost of additional investment and the carrying value of the acquired net asset should be recorded directly into retained earnings (similar to transactions among internal shareholders).

Goodwill arising on the acquisition date is presented separately as an intangible asset in the consolidated balance sheet and is amortised on the straight-line basis in the consolidated income statement according to current regulation. In case where the amount of goodwill impairment loss in the period is more than the annual amortised amount on the straight-line basis, the loss amount shall be recognised.

On disposal of a subsidiary, the attributable amount of unmortised goodwill is reduced corresponding to the disposed share proportion and included in retained earnings in case where the Parent remains its control of the subsidiary, or reduced in full and included in the determination of the profit or loss in case where the Parent loses the control.

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Consolidated financial statements

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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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity, including term deposits (commercial bills), bonds, preference shares which the issuer shall redeem at a certain date in the future, loans held to maturity to earn periodic interest and other held-to-maturity investments.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

Equity investments in other entities

Equity investments in other entities represent the Corporation's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for impairment of long-term financial investment

Provisions for impairment of long-term financial investments are made in accordance with Circular No. 48/2019/TT-BTC dated 08 August 2019 issued by the Ministry of Finance on “Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises” and prevailing accounting regulations. In some cases, according to estimate of the Board of Director, the Corporation prudently makes more provision for impairment of long-term financial investment than requisition of prevailing accounting regulations.

Receivables

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

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

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and where applicable, direct labor costs, and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of inventories within the Corporation is calculated using the first in first out (FIFO) method and inventory recording method is the perpetual method. Net realizable 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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of purchased tangible fixed assets comprises their purchase price and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

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

	2020
	(Years)
Buildings and structures	5 – 25
Machinery and equipment	3 – 25
Motor vehicles	3 – 10
Office equipment	3 – 8
Other assets	3 – 25

Finance lease assets and depreciation

Finance lease assets acquired from finance lease transactions, whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Corporation at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Corporation's general policy on borrowing costs.

Intangible fixed assets and amortization***Land use rights***

Intangible assets represent land use rights that are stated at cost less accumulated amortisation. Definite land use rights are amortised using the straight-line method over the duration of the right to use the land. Indefinite land use rights are not amortised.

License, copyright and patent

Purchase prices of license are accounted for as intangible fixed asset. License is amortised on straight-line basis from 3 to 5 years. The right to operate the high-speed internet line is amortised over 15 years of the operation right.

Purchase price of copyright and patent is capitalized and accounted for as intangible fixed asset. Copyright and patent are amortised on straight-line basis from 3 to 5 years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Brand name, trademark and list of customers.

Purchase prices of trademark and brand name are recorded as intangible asset. Trademark, brand name and list of customers are amortised to the consolidated income statement on straight-line basis over their estimated useful lives.

Computer software

Purchase price of new computer software, which is not an integral part of related hardware is capitalized and accounted for as intangible fixed asset. Computer software is amortised on straight-line basis from 3 to 5 years.

Construction in progress

Properties in the course of construction for production, rental, or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets 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 prepaid land rental and its attributable cost and office rental. Prepaid land rentals are charged to consolidated income statement using the straight-line method over the lease term.

Tools and supplies issued for consumption, small devices and office refurbishment are stated at cost and expensed in accordance with the prevailing regulations.

Provisions

Provisions are made 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 consolidated balance sheet date.

Provision for warranties

The provision for warranties relates mainly to goods sold and services rendered. The provision is based on estimates derived from historical warranty data associated with similar products and services.

Bonus and welfare funds

The Corporation distributes up to 10% of net profit after tax of subsidiaries to bonus and welfare funds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised when the outcome of such transactions can be measured reliably and it is probable that the economic benefits associated with the transactions will flow to the Corporation.

Revenue from the sale of goods

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

- (a) the Corporation has transferred to the buyer 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 from services

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 integration 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.

Revenue from processing services

Revenue from processing services is recognised in the consolidated income statement when the goods have been processed and accepted by the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the receivables due.

Revenue from telecommunication services

Revenue from telecommunication services is recognised on pro-rata basis over the period during which the services are actually provided to customers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from online advertising services

Revenue from online advertising services is recognised on the basis of work completed.

Revenue from tuition and fees

Revenue is recognised in the year when services are rendered. Tuition and fees collected in advance from the students are recorded as unearned revenue on the consolidated balance sheet and accounted to the consolidated income statement in the year in which the semester falls.

Tuition and fee payment

Tuition and fees are fully paid in advance prior to the beginning of each semester.

Enrolment fee or application fee

A one-time fixed application fee is charged per student and collected with applications for enrolment. Proceeds from the application fees are used to defray the costs associated with all procedures relating to processing each student's enrolment, including the administration of applicable evaluation of prior school records and appropriate placement for the student. The application fee is not refundable.

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

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

Foreign currencies

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 consolidated balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Financial statements of foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the foreign operations (including comparative figures) are expressed in reporting currency using exchange rates prevailing on the balance sheet date. Income and expense items (including comparative figures) are translated at the regulated exchange rates. Exchange differences arising, if any, are classified as equity and transferred to the Corporation's foreign exchange reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

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Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

Earnings per share

The Corporation presents basic earnings per share (EPS) and diluted earnings per share (Diluted EPS) for its ordinary shares. Basic EPS is calculated by having the profit or loss attributable to the ordinary shareholders of the Corporation divided by the weighted average number of outstanding ordinary shares during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding taking into consideration the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options.

Related parties

Related parties include associates and key management personnel of the Corporation.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the 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 tax 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.

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4. SEGMENT REPORTING

A business segment is a distinguishable component of an enterprise that is engaged in producing or providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

The Corporation has two major segments under management of FPT Corporation (the Corporation) as follows:

Information Technology and Telecommunication

- **Telecommunication:** providing internet services to individuals and households, internet services to enterprises such as providing internet leased line service, domestic and international telecommunication, domain, hosting, Web Portal services, IPTV etc.;
- **Digital content:** providing online services for enterprises and individual customers, including online newspapers (such as VnExpress.net, Ngoisao.net, iOne.net, PCWorld.com.vn, Gamethu.vn etc.); online advertising, AdNetwork, online music, e-payment etc.;
- **Global IT services:** Software production, providing consultancy and deployment of S.M.A.C/IoT, digital transformation services, IT system transformation services, quality assurance testing, embedded software, ERP implementation and management services;
- **Software solutions, system integration and information services:** providing application software solutions, providing information system integration services, supplying IT equipment, data center services, networking and security system design//development; warranty and maintenance of IT products authorized by hardware vendors.

Investment, education and others: including the following main activities:

- Providing training services in IT, business management majors at general education, high education, university, and post-graduate levels;
- Managing investments in associates;
- Managing and developing real estate projects relating to the Corporation's infrastructure needs.

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4. SEGMENT REPORTING (Continued)**Segment reporting**

Current year

Unit: VND million

Items	Information Technology and Telecommunication				Investment, education and others	Elimination	Total
	Telecommunication	Digital content	Global IT services	Software solution, system integration and informatics services			
Segment revenue	5,217,390	221,309	5,810,278	1,717,055	894,260	(249,723)	13,610,567
Segment expenses (i)							
Directly attributable expenses	(4,395,879)	(138,577)	(4,839,820)	(1,652,971)	(687,399)	256,780	(11,457,865)
In which:							
- Depreciation and amortisation	(530,430)	(1,301)	(136,642)	(13,949)	(50,520)	2,178	(730,664)
- Allocation of long-term prepaid expenses	(751,061)	(2,274)	(47,411)	(9,454)	(45,169)	-	(855,370)
Segment operating result (ii)	821,511	82,732	970,458	64,083	206,861	7,057	2,152,702
Segment profit before tax	833,280	104,927	895,610	71,172	2,243,413	(1,720,618)	2,427,783
Segment assets	12,619,685	1,030,158	10,582,401	4,305,161	11,587,726	(4,212,323)	35,912,809
Segment liabilities	7,768,627	282,339	6,418,681	2,967,218	4,591,459	(4,019,242)	18,009,083
Total expenses for acquisition of fixed assets	1,538,133	1,881	357,077	36,975	793,394	-	2,727,460

- (i) Segment expenses arising from the business activities of the segment are charged directly to that segment and part of the business costs are allocated to that segment, including outbound sales costs and expenses related to transactions with other segments of the business. Accordingly, segment expenses include cost of sales, selling and administration expenses.
- (ii) Segment result is segment revenue less segment expenses (excluding financial income, financial expenses, other income and other expenses). Consequently, in "Investment, education and others" segment, segment result is significantly lower than segment profit before tax, due to an amount of VND 2,055 billion which is the total of financial income and other income (most of which is dividend collected from subsidiaries of the parent).

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Segment reporting (Continued)

Items	Information Technology and Telecommunication				Investment, education and others	Elimination	Total
	Telecommunication	Digital content	Global IT services	Software solution, system integration and informatics services			
Previous year	Unit: VND million						
Segment revenue	4,650,466	271,235	4,931,942	2,031,900	736,692	(129,837)	12,492,398
Segment expenses							
Directly attributable expenses	(3,962,867)	(148,057)	(4,146,145)	(1,915,206)	(561,558)	131,982	(10,601,849)
In which:							
- Depreciation and amortisation	(481,518)	(2,082)	(129,466)	(16,163)	(24,383)	2,146	(651,466)
- Allocation of long-term prepaid expenses	(297,403)	(2,951)	(80,552)	(14,986)	(28,687)	-	(424,580)
Segment operating result	687,599	123,178	785,797	116,695	175,133	2,146	1,890,549
Segment profit before tax	683,890	137,897	741,102	112,566	1,714,729	(1,251,187)	2,138,995
Segment assets	12,825,489	1,055,955	8,363,509	4,390,989	8,140,182	(1,381,960)	33,394,164
Segment liabilities	8,157,544	319,816	4,629,918	2,989,354	2,528,211	(2,029,968)	16,594,875
Total expenses for acquisition of fixed assets	1,548,076	2,738	221,172	23,055	305,382	-	2,100,423

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5. CASH AND CASH EQUIVALENTS

	<u>30/06/2020</u>	<u>31/12/2019</u>
	VND	VND
Cash on hand	3,047,095,705	3,833,056,658
Cash in bank	2,104,125,748,623	2,607,811,361,305
Cash equivalents (i)	2,073,281,913,565	841,744,199,606
	<u>4,180,454,757,893</u>	<u>3,453,388,617,569</u>

(i) Cash equivalents represent bank deposits with terms of 3 months or less.

6. FINANCIAL INVESTMENTS

	<u>30/06/2020</u>		<u>31/12/2019</u>	
	Cost VND	Carrying amount VND	Cost VND	Carrying amount VND
Investment in other entities				
- Other investments	<u>865,250,071,864</u>	<u>561,213,037,551</u>	<u>893,623,994,517</u>	<u>583,839,359,917</u>
	<u>865,250,071,864</u>	<u>561,213,037,551</u>	<u>893,623,994,517</u>	<u>583,839,359,917</u>

	<u>30/06/2020</u>		<u>31/12/2019</u>	
	Cost VND	Carrying amount VND	Cost VND	Carrying amount VND
Held-to-maturity investments				
- Term deposits	8,809,739,471,458	8,809,739,471,458	6,701,205,348,033	6,701,205,348,033
- Other investments	<u>35,275,051,776</u>	<u>13,480,614,292</u>	<u>66,275,051,776</u>	<u>7,772,814,292</u>
	<u>8,845,014,523,234</u>	<u>8,823,220,085,750</u>	<u>6,767,480,399,809</u>	<u>6,708,978,162,325</u>

7. TRADE RECEIVABLES

As at 30/6/2020 trade receivables balance does not include balances of trade receivables which account for 10% or more of the total trade receivables balance.

8. OTHER RECEIVABLES

	<u>30/06/2020</u>	<u>31/12/2019</u>
	VND	VND
a. Short-term		
Receivables from maintenance service contracts in progress	170,974,345,084	114,333,547,990
Other receivables	351,736,232,255	376,982,405,077
	<u>522,710,577,339</u>	<u>491,315,953,067</u>
b. Long-term		
Deposits and mortgages	256,537,756,835	214,269,143,412
Other receivables	55,091,089,101	55,136,703,156
	<u>311,628,845,936</u>	<u>269,405,846,568</u>

9. BAD DEBTS

As at 30/6/2020 bad debts balance does not include bad debts by payees accounting for 10% or more of the total amount overdue.

10. INVENTORIES

	30/06/2020		31/12/2019	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	55,207,553,781	-	105,553,294,510	-
Raw materials	-	(39,782,659,143)	201,087,084,424	(30,279,235,077)
Tools and supplies	26,489,391,013	-	42,977,317,149	-
Work in progress	586,836,202,487	(32,143,439,918)	538,357,210,802	(32,143,439,918)
Goods on consignment	634,827,594	-	554,636,331	-
Merchandise	521,467,704,906	(3,125,003,694)	461,429,358,177	(3,335,492,455)
Total	1,375,253,714,502	(75,051,102,755)	1,349,958,901,393	(65,758,167,450)

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11. TANGIBLE FIXED ASSETS

	Structures and buildings	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
COST						
As at 1/1/2020	2,244,612,256,360	8,231,582,976,860	84,914,113,852	678,498,425,870	61,453,999,269	11,301,061,772,211
Additions	4,240,082,161	655,102,899,272	2,762,121,818	31,311,323,178	3,318,499,290	696,734,925,719
Transfers from CIP	-	7,650,567,908	-	910,405,597	1,258,660,000	9,819,633,505
Disposals	-	(6,641,426,841)	(1,625,578,562)	(2,252,339,118)	(105,215,000)	(10,624,559,521)
Reclassification	(207,946,360)	(5,119,291,596)	-	5,327,237,956	-	-
Other increase/(decreases) (*)	136,253,968	(360,692,386,900)	2,246,702	(27,678,644,046)	(13,291,350)	(388,245,821,626)
As at 30/06/2020	2,248,780,646,129	8,521,883,338,703	86,052,903,810	686,116,409,437	65,912,652,209	11,608,745,950,288
ACCUMULATED DEPRECIATION						
As at 1/1/2020	437,760,265,861	3,966,975,616,646	40,140,775,079	554,001,495,353	6,921,773,062	5,005,799,926,001
Charge for the period	53,076,769,635	541,584,539,857	5,394,588,197	19,016,204,930	3,000,894,088	622,072,996,707
Disposals	-	(5,453,054,004)	(1,625,578,562)	(2,090,934,655)	(76,513,138)	(9,246,080,359)
Reclassification	(25,345,346)	(2,517,523,970)	(25,856,187)	2,568,725,503	-	-
Other increase/(decreases) (*)	(2,111,056,477)	(205,836,411,888)	2,246,702	(24,179,254,923)	(13,906,903)	(232,138,383,489)
As at 30/06/2020	488,700,633,673	4,294,753,166,641	43,886,175,229	549,316,236,208	9,832,247,109	5,386,488,458,860
NET BOOK VALUE						
As at 1/1/2020	1,806,851,990,499	4,264,607,360,214	44,773,338,773	124,496,930,517	54,532,226,207	6,295,261,846,210
As at 30/06/2020	1,760,080,012,456	4,227,130,172,062	42,166,728,581	136,800,173,229	56,080,405,100	6,222,257,491,428

(*) Other decreases in fixed assets during the period mainly represent machinery and equipment from former telecommunications fibre infrastructure during the period from 2014 to 2016. Since 2017, the Corporation has no longer used such assets so the Corporation has reclassified them into inventory for disposal or replacement purpose.

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12. INTANGIBLE FIXED ASSETS

	Land use right	Computer software	License, copyright, and patent	Others	Total
	VND	VND	VND		VND
COST					
As at 1/1/2020	179,681,242,218	381,977,715,513	1,028,502,051,437	383,653,350,519	1,973,814,359,687
Purchases	2,553,990,000	32,463,047,523	3,529,976,747	395,420,000	38,942,434,270
Transfers from CIP	-	-	614,506,040	-	614,506,040
Disposals	-	(7,956,137,662)	(95,143,140)	(777,316,419)	(8,828,597,221)
Other increases/(decreases)	-	(4,623,911,901)	(2,943,285,099)	4,538,400	(7,562,658,600)
As at 30/06/2020	182,235,232,218	401,860,713,473	1,029,608,105,985	383,275,992,500	1,996,980,044,176
ACCUMULATED AMORTISATION					
As at 1/1/2020	9,061,671,828	314,715,063,362	444,364,717,153	11,611,885,282	779,753,337,625
Charge for the period	731,667,957	24,070,962,433	68,542,024,108	60,150,878	93,404,805,376
Disposals	-	(7,956,137,662)	(95,143,140)	(777,316,419)	(8,828,597,221)
Other increases/(decreases)	-	(6,026,550,703)	(2,943,285,099)	4,538,400	(8,965,297,402)
As at 30/06/2020	9,793,339,785	324,803,337,430	509,868,313,022	10,899,258,141	855,364,248,378
NET BOOK VALUE					
As at 1/1/2020	170,619,570,390	67,262,652,151	584,137,334,284	372,041,465,237	1,194,061,022,062
As at 30/06/2020	172,441,892,433	77,057,376,043	519,739,792,963	372,376,734,359	1,141,615,795,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN
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13. CONSTRUCTION IN PROGRESS

	<u>2020</u>	<u>2019</u>
	VND	VND
Opening balance	1,650,470,873,492	1,174,778,083,753
Increase in the period	593,228,269,844	1,205,845,765,978
Transfer to fixed assets	(10,434,139,545)	(715,952,062,667)
Other increase/decrease	-	(14,200,913,572)
Closing balance	<u>2,233,265,003,791</u>	<u>1,650,470,873,492</u>
	<u>30/06/2020</u>	<u>31/12/2019</u>
	VND	VND
Detail by significant projects		
- FPT Tower	1,055,641,299,584	978,819,494,856
- Ftown3	374,249,929,859	344,891,726,250
- Other projects	803,373,774,348	326,759,652,386
	<u>2,233,265,003,791</u>	<u>1,650,470,873,492</u>

14. INVESTMENTS IN SUBSIDIARIES

Details of the Corporation's subsidiaries as at 30 June 2020 are as follows:

<u>Name of subsidiary</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Proportion of voting right</u>	<u>Principal activities</u>
FPT Information System Company Limited	Floor 22, Keangnam Landmark72 Tower, E6, Pham Hung street, Me Tri, Tu Liem, Hanoi	100.00%	100.00%	Providing application software solution, EPR service, IT service and integrated system service
FPT Software Company Limited	Floor 6-12 FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100.00%	100.00%	Providing software services and products
FPT Telecom Joint Stock Company (i)	Floor 2, FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	45.65%	45.65%	Providing ADSL services, fixed line internet services, online advertising and other online services
FPT Education Company Limited	FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100.00%	100.00%	Providing training and technology services
FPT Online Service Joint Stock Company	Lot 29B-31B-33B, Tan Thuan Street, Tan Thuan Dong Ward, District 7, Ho Chi Minh city	49.52%	80.15%	Providing online services
FPT Investment Company Limited	Floor 13, FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100.00%	100.00%	Providing financial services activities (investment consulting service, excluding legal and financial consulting services)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN
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14. INVESTMENTS IN SUBSIDIARIES (Continued)

- (i) As at 30/6/2020, FPT Corporation holds 45.65% ownership interest (31/12/2019: 45.65%) and controls 45.65% of voting rights (31/12/2019: 45.65%) at FPT Telecom Joint Stock Company. However, the Corporation has the power to cast the majority of votes at meetings of the Board of Management of FPT Telecom Joint Stock Company and thus, the Corporation has the power to control the financial and operating policies of FPT Telecom Joint Stock Company. Therefore, the Corporation has control over FPT Telecom Joint Stock Company, and thus, the financial statements of FPT Telecom Joint Stock Company are incorporated into the Corporation's consolidated financial statements.

15. INVESTMENTS IN ASSOCIATES

	From 1/1/2020 to 30/6/2020	From 1/1/2019 to 31/12/2019
	VND	VND
Opening balance	1,912,712,694,571	1,676,231,689,527
Share of net profit of associates	119,549,113,210	318,095,248,544
Dividend received	(183,158,930,500)	(81,614,243,500)
Other increases	47,000,000,000	-
Others decreases	(5,747,600,287)	-
Closing balance	1,890,355,276,994	1,912,712,694,571

Details of associates as at 30 June 2020 are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest and voting right	Principal activities
FPT Digital Retail Joint Stock Company	261 - 263 Khanh Hoi, Ward 5, District 4, Ho Chi Minh City	46.53%	Retails of computers, peripheral devices, software and telecommunication equipment; telecom service agent
Synnex FPT Joint Stock Company	FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	48.00%	Producing technology products and distributing IT devices and mobile phone; and manufacturing computers
FPT Securities Joint Stock Company	No. 52, Lac Long Quan Road, Bui Ward, Tay Ho District, Hanoi	20.00%	Share trading, brokerage, investment advisory and share depository services
FPT Fund Management Joint Stock Company	Floor 9, TTC Building, Dich Vong Hau Ward, Cau Giay District, Hanoi	25.00%	Portfolio and fund management and other services
HOMA Technologies Join Stock Company	House 5, Street 13, Quang Trung Software Park, Tan Chanh Hiep Ward, District 12, Ho Chi Minh	30.43%	Manufacture and repair of electronic components, communication equipment, and electrical equipment

16. TRADE PAYABLES

As at 30/6/2020 trade payables balance does not include balances of trade payables which account for 10% or more of the total trade payables balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN
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17. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

Items	Movement			30/06/2020
	31/12/2019	Amount payable	Amount paid and deducted	
	VND	VND	VND	
VAT	194,796,202,522	1,590,755,714,244	1,588,688,584,169	196,863,332,597
- Output VAT	194,794,636,361	1,483,458,700,752	1,481,378,344,500	196,874,992,613
- VAT on imports	1,566,161	107,297,013,492	107,310,239,669	(11,660,016)
Import duty	(181,397,818)	4,137,211,515	3,883,187,605	72,626,092
Corporate income tax	154,296,524,532	345,813,059,653	332,557,258,749	167,552,325,436
Other taxes	75,278,022,700	414,879,538,276	434,801,465,690	55,356,095,286
Personal income tax	56,133,748,776	375,440,880,917	384,835,657,869	46,738,971,824
Other taxes	19,144,273,924	39,438,657,359	49,965,807,821	8,617,123,462
Other payables	2,170,071,599	3,621,415,713	3,991,667,070	1,799,820,242
	426,359,423,535	2,359,206,939,401	2,363,922,163,283	421,644,199,653

Including:

- Taxes and other receivables from the state budget	128,102,182,161	42,198,284,566
- Taxes and other payables to the state budget	554,461,605,696	463,842,484,219

Taxes and other receivables from the state budget

	30/06/2020	31/12/2019
	VND	VND
VAT	2,899,661,749	108,856,592,037
Import duty	181,397,817	181,397,817
Corporate income tax	35,115,650,431	18,995,079,902
Personal income tax	1,671,324,539	-
Other taxes	2,330,250,030	69,112,405
Total	42,198,284,566	128,102,182,161

Taxes and other payables to the state budget

	30/06/2020	31/12/2019
	VND	VND
VAT	200,896,633,355	303,652,786,817
Import duty	254,023,910	-
Corporate income tax	202,667,975,901	173,291,604,434
Personal income tax	48,410,296,046	56,133,748,776
Foreign contractor tax	-	-
Other taxes	11,613,555,007	21,383,465,669
Total	463,842,484,219	554,461,605,696

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

	<u>30/06/2020</u>	<u>31/12/2019</u>
	VND	VND
Accrued expenses for system integration projects	335,280,168,290	381,465,970,404
Other accruals	434,546,678,653	365,387,638,362
	<u>769,826,846,943</u>	<u>746,853,608,766</u>

19. UNEARNED REVENUE

	<u>30/06/2020</u>	<u>31/12/2019</u>
	VND	VND
a) Short-term		
Unearned revenue related to telecom service	1,236,386,014,416	1,300,762,452,613
Unearned revenue related to tuition and fees	305,589,512,270	451,380,452,990
Other items	72,487,420,855	75,176,620,344
	<u>1,614,462,947,541</u>	<u>1,827,319,525,947</u>
b) Long-term		
Unearned revenue related to telecom service	35,125,549,951	5,724,987,341
Other items	36,348,749,340	37,052,179,882
	<u>71,474,299,291</u>	<u>42,777,167,223</u>

20. OTHER PAYABLES

	<u>30/06/2020</u>	<u>31/12/2019</u>
	VND	VND
a) Short-term		
Union fees	62,936,405,256	57,305,049,175
Social, health, unemployment insurance	20,615,350,842	75,143,289,315
Short-term deposits received	115,899,580,775	116,120,080,252
Dividends payable	145,741,983,831	9,864,253,931
Other current payables	144,053,748,073	129,007,443,880
	<u>489,247,068,777</u>	<u>387,440,116,553</u>
b) Long-term		
Long-term deposits received	122,270,453,186	75,072,699,564
Other payables	4,203,726,453	17,033,261,908
	<u>126,474,179,639</u>	<u>92,105,961,472</u>

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21. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASE

Items	01/01/2020		In the year		30/06/2020	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Short-term loans from banks and economic entities (i)	7,159,532,044,820	7,159,532,044,820	7,878,625,481,182	5,867,222,402,324	9,170,935,123,678	9,170,935,123,678
Current portion of long-term loans and obligations under finance lease	354,103,609,188	354,103,609,188	225,432,432,476	178,580,750,582	400,955,291,082	400,955,291,082
- Current portion of long-term loans (ii)	353,007,554,443	353,007,554,443	224,841,681,863	177,813,836,861	400,035,399,445	400,035,399,445
- Current portion of long-term obligations under finance lease	1,096,054,745	1,096,054,745	590,750,613	766,913,721	919,891,637	919,891,637
Total	7,513,635,654,008	7,513,635,654,008	8,104,057,913,658	6,045,803,152,906	9,571,890,414,760	9,571,890,414,760

- (i) Short-term loans from banks and economic entities are mainly under trust and in the form of letter of credit. These credit facilities are unsecured and can be withdrawn in either Vietnam Dong or United State Dollars. Interest charge is determined per each specific withdrawal.
- (ii) Please see Note 22 for more.

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22. LONG-TERM LOANS AND LIABILITIES

Items	31/12/2019		In the year		30/06/2020	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Long-term loans	700,873,261,151	700,873,261,151	678,915,887,536	177,813,836,861	1,201,975,311,826	1,201,975,311,826
Other long-term liabilities	2,999,447,979	2,999,447,979	20,635,636	766,913,721	2,253,169,894	2,253,169,894
Total	703,872,709,130	703,872,709,130	678,936,523,172	178,580,750,582	1,204,228,481,720	1,204,228,481,720

In which:

- Amount due for settlement within 12 months	354,103,609,188	400,955,291,082
- Amount due for settlement after 12 months	349,769,099,942	803,273,190,638

	30/06/2020	31/12/2019
	VND	VND
Long-term loans:		
- 3-year loans	1,201,975,311,826	700,873,261,151
- 4-year loans	622,467,132,875	506,429,939,806
- 5-year loans	-	51,954,791,817
Long-term obligations under finance leases	579,508,178,951	142,488,529,528
	2,253,169,894	2,999,447,979
Total	1,204,228,481,720	703,872,709,130
Of which		
Amount due for settlement within 12 months	400,955,291,082	354,103,609,188
Amount due for settlement after 12 months	803,273,190,638	349,769,099,942

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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22. LONG-TERM LOANS AND LIABILITIES (Continued)

Long-term loans are repayable as follows:

	<u>30/06/2020</u>	<u>31/12/2019</u>
	VND	VND
On demand or within one year	400,035,399,445	353,007,554,443
In the second year	404,507,529,359	260,887,573,374
In the third to fifth year inclusive	397,432,383,022	86,978,133,334
After five years	-	-
	<u>1,201,975,311,826</u>	<u>700,873,261,151</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	400,035,399,445	353,007,554,443
Amount due for settlement after 12 months	<u>801,939,912,381</u>	<u>347,865,706,708</u>

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23. SHAREHOLDERS' EQUITY**Equity movement**

	Owners'	Share premium	Other owner's	Treasury shares	Foreign exchange	Investment and	Other reserves	Retained earnings	Total
	contributed capital		capital		reserve				
	VND	VND	VND	VND	VND	VND	VND	VND	VND
Balance at 01/01/2019	6,136,367,720,000	49,465,703,201	667,035,271,273	(823,760,000)	14,965,650,460	222,962,521,203	87,230,283,704	5,293,166,046,073	12,470,369,435,914
Shares issued	30,672,000,000	-	-	-	-	-	-	-	30,672,000,000
Profit for the year	-	-	-	-	-	-	-	3,135,723,250,490	3,135,723,250,490
Transferred to bonus and welfare funds	-	-	-	-	-	-	-	(276,493,604,433)	(276,493,604,433)
Transferred to and used development and investment fund	-	-	-	-	-	84,545,709,935	-	(95,776,600,202)	(11,230,890,267)
Stock dividends declared (i)	616,547,160,000	-	103,242,050,000	-	-	-	-	(719,789,210,000)	-
Cash dividends declared	-	-	-	-	-	-	-	(1,294,897,908,000)	(1,294,897,908,000)
Other movements	-	475,738,159	(4,944,856,414)	-	(22,738,787,522)	18,342,091	15,755,248,086	(81,255,017,459)	(92,689,333,059)
Balance at 01/01/2020	6,783,586,880,000	49,941,441,360	765,332,464,859	(823,760,000)	(7,773,137,062)	307,526,573,229	102,985,531,790	5,960,676,956,469	13,961,452,950,645
Shares issued	33,917,900,000	(147,227,851)	-	-	-	-	-	-	33,770,672,149
Profit for the year	-	-	-	-	-	-	-	1,625,662,750,502	1,625,662,750,502
Transferred to and used development and investment fund	-	-	-	-	-	35,209,737,120	-	-	35,209,737,120
Stock dividends declared (i)	1,022,370,080,000	-	131,859,930,515	-	-	-	-	(1,154,230,010,515)	-
Cash dividends declared	-	-	-	-	-	-	-	(681,668,102,000)	(681,668,102,000)
Other movements	-	-	15,785,401,225	-	(12,185,727,553)	33,297,065	(15,782,438,766)	(5,754,787,844)	(17,904,255,873)
Balance at 30/06/2020	7,839,874,860,000	49,794,213,509	912,977,796,599	(823,760,000)	(19,958,864,615)	342,769,607,414	87,203,093,024	5,744,686,806,612	14,956,523,752,543
In which:									
<i>Net profit in the year transferred from consolidated Income Statement</i>								1,625,662,750,502	1,625,662,750,502
<i>Non-controlling interest</i>									
- Balance at 01/01/2020	1,465,751,055,014	32,465,761,888	1,846,533	-	141,687,851	325,879,730,671	18,789,771,234	992,056,597,170	2,835,086,450,361
- Balance at 30/06/2020	1,608,178,845,014	32,465,761,888	30,103,744,793	-	197,679,671	325,846,433,607	-	947,659,775,508	2,944,452,240,481
Total									
Balance at 01/01/2020	8,249,337,935,014	82,407,203,248	765,334,311,392	(823,760,000)	(7,631,449,211)	633,406,303,900	121,775,303,024	6,952,733,553,639	16,796,539,401,006
Balance at 30/06/2020	9,448,053,705,014	82,259,975,397	943,081,541,392	(823,760,000)	(19,761,184,944)	668,616,041,021	87,203,093,024	6,692,346,582,120	17,900,975,993,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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23. SHAREHOLDERS' EQUITY (Continued)

Number of outstanding shares

	<u>30/06/2020</u>	<u>31/12/2019</u>
	Number of shares	Number of shares
Authorised share capital	783,987,486	678,358,688
Issued share capital	783,987,486	678,358,688
Ordinary shares	783,987,486	678,358,688
<i>Of which Shares subject to restriction in ownership transfer</i>	<i>11,642,062</i>	<i>10,072,368</i>
Treasury shares	(82,376)	(82,376)
<i>Of which Shares subject to restriction in ownership transfer</i>	<i>-</i>	<i>-</i>
Shares currently in circulation	783,905,110	678,276,312
Ordinary shares	783,905,110	678,276,312
<i>Of which Shares subject to restriction in ownership transfer</i>	<i>11,642,062</i>	<i>10,072,368</i>

All ordinary shares have a par value of VND 10,000. Each share is entitled to one vote at shareholders' meetings of the Company. Shareholders are entitled to receive dividends as declared at each point in time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are re-issued.

Shares subject to restriction in ownership transfer have a par value of VND 10,000. These shares are subject to restrictions according to which shareowners are not allowed to resell their shares within specified term from the date of issuance.

24. REVENUE

	<u>From 1/1/2020 to</u>	<u>From 1/1/2019 to</u>
	<u>30/6/2020</u>	<u>30/6/2019</u>
	VND	VND
Revenue	13,642,277,860,771	12,506,307,747,196
In which:		
- Revenue from goods sold	1,214,344,880,540	1,552,775,153,347
- Revenue from services rendered	12,427,932,980,231	10,953,532,593,849
Deductions	31,710,450,996	13,909,606,534
Net revenue	13,610,567,409,775	12,492,398,140,662

25. COSTS OF SALES

	<u>From 1/1/2020 to</u>	<u>From 1/1/2019 to</u>
	<u>30/6/2020</u>	<u>30/6/2019</u>
	VND	VND
Cost of goods sold	1,003,662,503,357	1,542,428,747,892
Cost of services rendered	7,251,478,918,636	6,081,380,920,061
Provision/(Reversal) for devaluation of inventories	9,292,935,305	11,128,630,921
Total	8,264,434,357,298	7,634,938,298,874

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26. FINANCIAL INCOME

	<u>From 1/1/2020 to 30/6/2020</u>	<u>From 1/1/2019 to 30/6/2019</u>
	VND	VND
Interest from bank deposits, loans and bonds	312,992,396,087	207,061,421,241
Foreign exchange gain	65,850,325,866	99,083,580,091
Other financial income	<u>1,738,923,208</u>	<u>11,547,754,991</u>
	<u>380,581,645,161</u>	<u>317,692,756,323</u>

27. FINANCIAL EXPENSES

	<u>From 1/1/2020 to 30/6/2020</u>	<u>From 1/1/2019 to 30/6/2019</u>
	VND	VND
Interest expense	200,992,205,231	145,092,342,759
Foreign exchange loss	122,775,276,611	146,697,767,463
Other financial expenses	<u>(36,562,650,953)</u>	<u>33,738,343,949</u>
	<u>287,204,830,889</u>	<u>325,528,454,171</u>

28. EARNINGS PER SHARE

Basic earnings per share for the period ended 30 June 2020 was calculated based on the profit attributable to ordinary shareholders and a weighted average number of outstanding ordinary shares during the year, as follows:

	<u>From 1/1/2020 to 30/6/2020</u>	<u>From 1/1/2019 to 30/6/2019</u>
	VND	VND
Accounting profit after tax	1,625,815,656,552	1,418,008,559,550
Allocation to bonus and welfare fund	-	-
Weighted average number of outstanding ordinary shares	782,227,851	778,468,520
Basic earnings per share	2,078	1,822

Restatement of weighted average number of ordinary shares

On 20 May 2020, FPT Corporation paid dividend in shares, which led to a retrospective adjustment to the weighted average number of outstanding ordinary shares of the period from 01 January 2019 to 30 June 2019, as follows:

	<u>Weighted average number of ordinary</u>	<u>Earning per share</u>
As stated in the consolidated financial statements for the period from 01 January 2019 to 30 June 2019	676,231,512	2,097
Effect of stock dividends issued on 20 May 2020	<u>102,237,008</u>	<u>(275)</u>
As restated	<u>778,468,520</u>	<u>1,822</u>

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

29. RELATED PARTY TRANSACTIONS AND BALANCES

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

	<u>From 1/1/2020 to 30/6/2020</u>	<u>From 1/1/2019 to 30/6/2019</u>
	VND	VND
Dividends received in cash		
FPT Securities Joint Stock Company	12,025,139,500	10,931,945,000
Synnex FPT Joint Stock Company	171,133,791,000	28,522,298,500
FPT Digital Retail Joint Stock Company	-	31,960,000,000
Purchases of goods and services		
Synnex FPT Joint Stock Company	443,411,426,101	406,676,850,048
FPT Digital Retail Joint Stock Company	22,380,528,186	7,849,450,797
Recover from lending		
FPT Digital Retail Joint Stock Company	345,000,000,000	20,000,000,000

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

	<u>30/06/2020</u>	<u>31/12/2019</u>
	VND	VND
Entrusted investments		
FPT Fund Management Joint Stock Company	41,366,081,776	72,366,081,776
Capital contribution		
FPT Fund Management Joint Stock Company	27,500,000,000	27,500,000,000
FPT Securities Joint Stock Company	110,000,000,000	110,000,000,000
FPT Digital Retail Joint Stock Company	94,000,000,000	94,000,000,000
Synnex FPT Joint Stock Company	398,500,000,000	398,500,000,000
HOMA Technologies Join Stock Company	47,000,000,000	-
Balances of loans		
FPT Digital Retail Joint Stock Company	105,000,000,000	-
Balances of borrowings		
FPT Digital Retail Joint Stock Company	60,000,000,000	220,000,000,000
Short-term payables		
Synnex FPT Joint Stock Company	138,845,096,413	98,861,271,404
Payable to centralized account		

30. COMMITMENTS

On 25 February 2015, the Corporation entered into a comprehensive cooperation agreement with Tien Phong Commercial Joint Stock Bank for supporting students who join the training courses under the 10,000 Bridge Software Engineer program. This program aims to train Japanese (in 6-12 month courses) for 10,000 students in Japan in the next few years. The students who participate in this training course in Japan will be rewarded financial guarantee by the Corporation equivalent to 90% of their total credit obligations arising at the Bank, with a maximum credit limit of VND 500 million per person. As at 30 June 2020, the number of students participating in the program in Japan are 226, and the total estimated guarantee amount is correspondingly VND 33,358,469,936

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

31. COMPARATIVE FIGURES

Comparative figures of the consolidated balance sheet are the figures in the audited consolidated financial statements for the year ended 31 December 2019. Comparative figures of the consolidated income statement and consolidated cash flow statement are the figures in the audited consolidated financial statements for the period ended 30 June 2019.

Hanoi, 29 July 2020

Preparer	Chief Accountant	Executive Vice President
		
Tran Khuong	Hoang Huu Chien	Nguyen The Phuong

