



FPT CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER III - 2018



Hanoi, October 2018

CONSOLIDATED BALANCE SHEET
As at 30 September 2018

FORM B 01-DN/HN
Unit: VND

NO.	ASSET	Codes	Notes	30/9/2018	31/12/2017
A - CURRENT ASSETS		100		17,461,655,201,328	16,059,937,820,645
I. Cash and cash equivalents		110	5	3,982,145,134,665	3,480,659,514,788
1	Cash	111		2,414,203,134,665	1,886,435,218,720
2	Cash equivalents	112		1,567,942,000,000	1,594,224,296,068
II. Short-term financial investments		120	6	5,067,136,124,622	4,379,446,212,073
1	Held-to-maturity investments	123		5,067,136,124,622	4,379,446,212,073
III. Short-term receivables		130		5,704,790,784,580	6,151,782,399,408
1	Short-term trade receivables	131	7	4,528,134,142,815	5,038,378,935,917
2	Short-term advances to suppliers	132		244,173,236,292	95,340,696,039
3	Receivables from construction contracts under percentage of completion method	134		302,501,200,783	431,581,193,340
4	Other short-term receivables	136	8	874,036,723,665	767,000,371,499
5	Provision for short-term doubtful debts	137		(244,054,518,975)	(180,518,797,387)
IV. Inventories		140	10	1,545,244,045,730	1,020,212,423,590
1	Inventories	141		1,548,591,192,845	1,024,043,952,523
2	Provision for devaluation of inventories	149		(3,347,147,115)	(3,831,528,933)
V. Other short-term assets		150		1,162,339,111,731	1,027,837,270,786
1	Short-term prepayments	151		975,412,895,475	759,948,049,853
2	Value added tax deductibles	152		167,530,162,696	156,145,888,056
3	Taxes and other receivables from the State budget	153	19	19,396,053,560	111,743,332,877
B - NON-CURRENT ASSETS		200		10,619,213,737,485	8,939,739,075,221
I. Long-term receivables		210		254,769,962,478	231,657,122,488
1	Long-term trade receivables	211		161,551,680,000	161,551,680,000
2	Other long-term receivables	216	8	147,947,456,296	124,834,616,306
3	Provision for long-term doubtful debts	219		(54,729,173,818)	(54,729,173,818)
II. Fixed assets		220		5,601,853,847,035	5,247,285,021,701
1	Tangible fixed assets	221	11	4,775,652,459,126	4,585,493,059,313
	Cost	222		8,812,874,138,516	8,260,173,587,144
	Accumulated depreciation	223		(4,037,221,679,390)	(3,674,680,527,831)
2	Finance lease assets	224		2,916,435,006	3,656,116,414
	Cost	225		4,748,885,916	4,702,426,443
	Accumulated depreciation	226		(1,832,450,910)	(1,046,310,029)
3	Intangible fixed assets	227	12	823,284,952,903	658,135,845,974
	Cost	228		1,385,727,804,951	1,117,419,385,566
	Accumulated amortisation	229		(562,442,852,048)	(459,283,539,592)
III. Long-term assets in progress		240		1,114,004,513,698	805,559,896,217
1	Long-term construction in progress	242	13	1,114,004,513,698	805,559,896,217
IV. Long-term financial investments		250		2,000,007,909,095	1,783,369,007,284
1	Investments in joint-ventures, associates	252	15	1,584,505,840,050	1,333,704,438,239
2	Equity investments in other entities	253	6	749,521,251,289	749,259,852,282
3	Provision for impairment of long-term financial investments	254		(334,019,182,244)	(299,595,283,237)
VI. Other long-term assets		260		1,648,577,505,179	871,868,027,531
1	Long-term prepayments	261		892,811,476,111	811,433,621,590
2	Deferred tax assets	262	16	38,261,815,886	60,434,405,941
3	Goodwill	269	17	717,504,213,182	-
	TOTAL ASSETS	270		28,080,868,938,813	24,999,676,895,866

CONSOLIDATED BALANCE SHEET (Continued)

As at 30 September 2018

FORM B 01-DN/HN

Unit: VND

NO.	RESOURCES	Codes	Notes	30/9/2018	31/12/2017
A - LIABILITIES		300		13,916,060,196,857	11,761,300,662,093
I. Current liabilities		310		13,360,081,506,284	11,100,344,738,740
1	Short-term trade payables	311	18	1,899,540,092,890	2,279,172,467,047
2	Short-term advances from customers	312		611,546,728,222	561,261,495,876
3	Taxes and amounts payable to the State Budget	313	19	307,795,291,077	320,421,087,431
4	Payables to employees	314		921,464,864,946	830,413,330,203
5	Short-term accrued expenses	315	20	876,558,995,840	918,418,793,263
6	Payables relating to construction contracts under percentage of completion method	317		22,103,359,702	20,380,725,175
7	Short-term unearned revenue	318	21	1,457,586,563,762	1,293,630,917,628
8	Other current payables	319	22	372,252,000,760	439,490,212,823
9	Short-term loans and obligations under finance leases	320	23	6,716,837,131,564	4,116,988,708,324
10	Short-term provisions	321	24	5,040,725,678	6,051,424,047
11	Bonus and welfare funds	322		169,355,751,843	314,115,576,923
II. Long-term liabilities		330		555,978,690,573	660,955,923,353
1	Long-term advances from customers	332		-	40,000,000,000
2	Long-term unearned revenue	336	21	144,131,901,873	47,796,539,629
3	Other long-term payables	337	22	107,084,562,160	1,525,469,921
4	Long-term loans and obligations under finance leases	338	25	302,022,093,735	565,209,817,637
5	Deferred tax liabilities	341		337,156,047	2,853,492,585
6	Long-term provisions	342	24	2,210,880,475	3,378,507,298
7	Scientific and technological development fund	343		192,096,283	192,096,283
B - EQUITY		400		14,164,808,741,956	13,238,376,233,773
I. Owner's equity		410		14,162,058,741,956	13,235,626,233,773
1	Owner's contributed capital	411	26	6,136,367,720,000	5,309,611,050,000
	- Ordinary shares carrying voting rights	411a		6,136,367,720,000	5,309,611,050,000
2	Share premium	412	26	49,465,703,201	49,465,703,201
3	Other capital	414		631,969,693,052	287,829,523,052
4	Treasury shares	415	26	(823,760,000)	(823,760,000)
5	Foreign exchange reserve	417	26	22,286,595,244	10,358,539,447
6	Investment and development funds	418	26	167,094,186,985	171,160,597,046
7	Other reserves	420	26	87,248,317,474	87,230,351,424
8	Retained earnings	421	26	4,776,113,278,181	5,511,408,650,206
	- Retained earnings accumulated to the prior period	421a		3,561,453,681,597	3,323,086,196,728
	- Retained earnings of the current period	421b		1,214,659,596,584	2,188,322,453,478
9	Non-controlling interests	429		2,292,337,007,819	1,809,385,579,397
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		28,080,868,938,813	24,999,676,895,866

Preparer



Nguyen Tien Hao

Chief Accountant



Hoang Huu Chien



Hanoi, 30 October 2018

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 ended 30 Sep 2018

CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2018

FORM B 02-DN/HN

Unit: VND

No.	ITEMS	Codes	Notes	In period		Year to date	
				2018	2017	2018	2017
1	Gross revenue from goods sold and services rendered	01		6,047,729,557,924	10,973,968,764,817	16,284,044,227,402	30,670,048,730,511
2	Deductions	02		11,670,624,489	142,770,727,372	22,953,958,250	474,028,526,665
3	Net revenue from goods sold and services rendered	10	27	6,036,058,933,435	10,831,198,037,445	16,261,090,269,152	30,196,020,203,846
4	Cost of sales	11	28	3,740,388,690,646	8,415,361,412,069	10,109,187,102,156	23,273,090,638,614
5	Gross profit from sales	20		2,295,670,242,789	2,415,836,625,376	6,151,903,166,996	6,922,929,565,232
6	Financial income	21	29	124,076,383,785	174,827,996,803	390,268,815,090	503,345,620,125
7	Financial expenses	22	30	66,603,046,663	138,678,362,738	278,915,001,058	527,854,393,953
	<i>In which: interest expense</i>	23		<i>62,035,657,522</i>	<i>85,119,266,199</i>	<i>163,533,026,280</i>	<i>298,123,304,094</i>
8	Share of profit of associates	24		112,620,018,554	10,845,866,292	328,303,737,311	31,583,729,881
9	Selling expenses	25		507,534,958,450	756,295,421,886	1,382,201,618,568	2,207,812,785,415
10	General and administration expenses	26		900,927,435,586	824,284,528,308	2,501,119,953,665	2,430,911,841,098
11	Operating profit	30		1,057,301,204,429	882,252,175,539	2,708,239,146,106	2,291,279,894,772
12	Other income	31		13,190,925,207	35,213,205,592	74,644,832,012	78,080,864,342
13	Other expenses	32		19,815,203,633	35,812,634,158	45,114,620,914	60,980,258,710
14	Profit from other activities	40		(6,624,278,426)	(599,428,566)	29,530,211,098	17,100,605,632
15	Accounting profit before tax	50		1,050,676,926,003	881,652,746,973	2,737,769,357,204	2,308,380,500,404
16	Current tax expense	51		160,198,530,011	145,050,581,744	413,332,055,078	350,239,583,701
17	Deferred tax expense/(income)	52		214,570,816	(7,428,830,805)	22,376,211,175	3,312,764,934
18	Profit after tax (60=50-51-52)	60		890,263,825,176	744,030,996,034	2,302,061,090,951	1,954,828,151,769
	<i>- Equity holders of the Holding Company</i>	61		<i>724,917,924,600</i>	<i>582,640,652,429</i>	<i>1,828,213,992,584</i>	<i>1,507,226,224,753</i>
	<i>- Non-controlling interests</i>	62		<i>165,345,900,576</i>	<i>161,390,343,605</i>	<i>473,847,098,367</i>	<i>447,601,927,016</i>
19	Basic earnings per share	70	31	1,184	955	2,985	2,471
20	Diluted earnings per share	71		1,184	955	2,985	2,471

Since 18 December 2017, FPT Digital Retail Joint Stock Company and FPT Trading Company Limited have no longer been subsidiaries of FPT but its associates. For comparison purpose, please see more at Note 4 "Segment reporting".

FPT CORPORATION

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

Consolidated financial statements
For the period ended 30 Sep 2018

EXPLANATION ON HIGHER PROFIT AFTER TAX IN 2018 IN COMPARISON TO 2017:

FPT Corporation explains the variation of business results in 2018, in comparison with the same period last year as follows:

Unit: million VND

Item	Year 2018		Year 2017		Increase/Decrease			
	Quarter 3	Accumulated	Quarter 3	Accumulated	Quarter 3		Accumulated	
					Amount	Percentage	Amount	Percentage
Net revenue from goods sold and services rendered	6,036,059	16,261,090	10,831,198	30,196,020	(4,795,139)	-44%	(13,934,930)	-46%
Profit after tax	890,264	2,302,061	744,031	1,954,828	146,233	20%	347,233	18%

Variation of business results in 2018, in comparison with the RESTATED result of the same period last year (FTG and FRT are reported as FPT's associates from 01 January 2017 with FPT's current proportions of ownership interest in the two investees):

Item	Year 2018		Year 2017		Increase/Decrease			
	Quarter 3	Accumulated	Quarter 3	Accumulated	Quarter 3		Accumulated	
					Amount	Percentage	Amount	Percentage
Net revenue from goods sold and services rendered	6,036,059	16,261,090	5,056,172	13,461,191	979,887	19%	2,799,899	21%
Profit after tax	890,264	2,302,061	663,544	1,752,059	226,720	34%	550,002	31%

Revenues of Quarter 3 and of the first 9 months of 2018 decreased sharply in comparison with those of the same periods of 2017 as FPT Digital Retail Joint Stock Company and Synnex FPT Joint Stock Company are no longer subsidiaries of the Corporation and hence, in 2018, the revenues of these companies were not consolidated into the Corporation's revenue. If compared on a similar basis, the Corporation's revenue of Quarter 3 and of the first 9 months 2018 increased by 19% và 21%, respectively in comparison with those of the same periods of last year.

The Corporation's profit of Quarter 3 and of the first 9 months of 2018 increased by 20% and 18%, respectively. If compared on a similar basis, the profit of Quarter 3 and of the first 9 months of 2018 increased by 34% và 31%, respectively thanks to the good performance of Technology sector and Telecommunications sector of which the 9-month Profit before tax increased by 37% and 20%, respectively in comparison with the same period last year.

Preparer



Nguyen Tien Hao

Chief Accountant



Hoang Huu Chien

Hanoi, 30 October 2018
Executive Vice President



Nguyen The Phuong

CONSOLIDATED CASH FLOW STATEMENT
For the period ended 30 September 2018

FORM B 03-DN/HN
Unit: VND

No.	ITEMS	Codes	YEAR	
			2018	2017
I	Cash flows from operating activities			
1	Profit before tax	01	2,737,769,357,204	2,308,380,500,404
2	Adjustments for:			
	- Depreciation and amortisation	02	870,802,326,822	743,370,285,756
	- Provisions	03	75,480,140,871	135,765,980,829
	- Foreign exchange (gain)/ loss arising from translating foreign currency items	04	2,744,379,125	(12,553,953,099)
	- (Gain)/losses from investing activities	05	(553,594,075,814)	(306,669,034,847)
	- Interest expense	06	163,533,026,280	298,123,304,094
3	Operating profit before movements in working capital	08	3,296,735,154,488	3,166,417,083,137
	- (Increase)/Decrease in receivables	09	481,191,356,786	(659,651,028,616)
	- (Increase)/Decrease in inventories	10	(441,188,676,166)	167,126,211,463
	- (Decrease)/Increase in accounts payable (not including accrued interest and corporate income tax payable)	11	(157,765,113,179)	(341,215,723,368)
	- (Increase)/Decrease in prepaid expenses	12	(286,471,363,521)	(96,320,384,154)
	- Interest paid	14	(151,821,741,021)	(332,135,499,236)
	- Corporate income tax paid	15	(265,795,283,983)	(373,756,701,690)
	- Other cash inflows/(outflows)	17	(167,439,565,794)	(259,903,632,151)
	Net cash from operating activities	20	2,307,444,767,610	1,270,560,325,385
II	Cash flows from investing activities			
1	Acquisition of fixed assets and other long-term assets	21	(1,636,889,635,011)	(838,771,458,108)
2	Proceeds from sale, disposal of fixed assets and other long-term	22	742,304,670	5,515,133,141
3	Cash inflow/outflow from lending and trading debt instruments	23	(686,733,112,549)	(25,654,459,565)
4	Investments in other entities	25	(710,023,569,233)	-
5	Cash recovered from investments in other entities	26	165,900,000,000	920,185,367,493
6	Interest earned, dividends received	27	335,375,276,618	292,182,548,522
	Net cash (used in) investing activities	30	(2,531,628,735,505)	353,457,131,483
III	Cash flows from financing activities			
1	Proceeds from issuing stocks	31	26,545,560,000	39,143,700,000
2	Capital withdrawals, buying treasury shares and proceeds from shares re-issued	32	-	(130,000,000)
3	Proceeds from borrowings	33	8,595,369,300,510	16,671,721,233,066
4	Repayments of borrowings	34	(6,307,617,162,438)	(18,028,251,983,366)
5	Dividends paid	36	(1,588,628,110,300)	(1,095,658,909,046)
	Net cash from/(used in) financing activities	40	725,669,587,772	(2,413,175,959,346)
	Net (decrease) in cash	50	501,485,619,877	(789,158,502,478)
	Cash and cash equivalents at the beginning of the period	60	3,480,659,514,788	6,013,361,389,774
	Cash and cash equivalents at the end of the period	70	3,982,145,134,665	5,224,202,887,296

Preparer



Nguyen Tien Hao

Chief Accountant



Hoang Huu Chien

Hanoi, 30 October 2018
Executive Vice President
CÔNG TY
CỔ PHẦN
FPT
QUẬN CẦU GIẤY, TP. HÀ NỘI
Nguyen The Phuong

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 amended Business Registration Certificate dated 19 June 2018, the Company's charter capital is VND 6,136,367,720,000.

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 September 2018 was 27,873 (at 31 December 2017 was 25,322).

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 some system integration projects are carried out for a time period of more than 12 months.

The Corporation's structure

Since 18 December 2017, FPT's proportions of ownership interest in FPT Digital Retail Joint Stock Company ("FRT") and FPT Trading Company Limited ("FTG") have been reduced to 47% and 48%, respectively. Accordingly, FRT and FTG are no longer subsidiaries of FPT but its associates. FTG's official name is also changed to "Synnex FPT Joint Stock Company".

As at 30 September 2018, FPT Corporation had 7 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;
- FPT Media Company Limited.

and 4 associates:

- FPT Digital Retail Joint Stock Company;
- Synnex FPT Joint Stock Company;
- FPT Fund Management Joint Stock Company;
- FPT Securities Joint 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 2018 to 30 September 2018.

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 (reporting period). 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 in the net assets of consolidated subsidiaries are identified separately from the parent's ownership interests in them. 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Provision for impairment of long-term financial investment

Provisions for impairment of long-term financial investments are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 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", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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:

	2018
	(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

(i) 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.

(ii) License, copyright and patent

Purchase price of license is 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.

(iii) Trademark

Purchase price of trademark and brand name are recorded as intangible fixed asset. Trademark and brand name are amortised on straight-line basis over the estimated useful lives.

(iv) 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.

3. 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 current accounting regulation. 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.

Provision for guarantees on student loans

The provision for guarantees on student loans relates to guarantees made by FPT University to BIDV Ha Thanh Branch and Tien Phong Commercial Joint Stock Bank in regard of loans granted by the banks to selected students of FPT University, under FPT Education Company Limited, a subsidiary of the Corporation.

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 were actually provided to customers.

Revenue from the sale of telephone and internet prepaid cards is recognised in the consolidated income statement based on the time units actually consumed by users. Subsequently, any unutilized credits are recognised as income upon the expiration of the period of use in accordance with the published expiration policy. Amounts received upon the sale of prepaid cards, but prior to usage or expiration of the value sold, are shown as advance from customers in the consolidated balance sheet.

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 released to the consolidated income statement in the year in which the semester falls.

Tuition and fee payment

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assessment 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 interim 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 interim 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.

Borrowing costs

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings per share

The Corporation presents basic and diluted earnings per share (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.

4. SEGMENT REPORTING

A business segment is a distinguishable component of an enterprise that is engaged in 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 business lines 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.;
- **Software Outsourcing:** 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/construction; authorized warranty and maintenance of IT products for hardware vendors.

Investment and education: including the following main activities:

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

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4. SEGMENT REPORTING (Continued)**4.1 Segment reporting**

Current year		Information Technology and Telecommunication				Investment and education	Elimination	Total
Items	Telecommunication	Digital content	Software outsourcing	Software solution, system integration and informatics services	Unit: VND million			
Segment revenue	6,106,555	378,588	6,017,182	3,014,032	948,887	(204,153)	16,261,090	
- External revenue	6,106,555	378,588	6,013,256	2,917,242	845,450	-	16,261,090	
- Inter segment revenue	-	-	3,926	96,790	103,438	(204,153)	-	
Segment expenses (i)								
Directly attributable expenses	(5,204,961)	(189,342)	(5,045,676)	(2,902,954)	(856,947)	207,372	(13,992,509)	
In which:								
- Depreciation and amortisation	(656,875)	(3,840)	(144,371)	(17,881)	(33,440)	3,219	(853,189)	
- Allocation of long-term prepaid expenses	(272,319)	(9,033)	(125,909)	(46,061)	(46,737)	-	(500,059)	
Segment result (ii)	901,593	189,246	971,505	111,077	91,941	3,219	2,268,582	
Segment profit before tax	931,520	217,421	929,161	106,594	1,190,513	(637,440)	2,737,769	
Segment assets	11,948,981	1,175,453	7,587,665	4,402,663	5,649,620	(2,683,513)	28,080,869	
Segment liabilities	6,980,142	371,267	3,890,720	3,035,923	1,597,191	(1,959,183)	13,916,060	
Total expenses for acquisition of fixed assets	1,487,644	12,988	288,736	89,352	398,099	-	2,276,820	

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4.1 Segment reporting (Continued)

Items	Information Technology and Telecommunication					Investment and education	Elimination	Total
	Telecommunication	Digital content	Software outsourcing	Software solution, system integration and informatics services	Technology product manufacture, distribution and retail			
Unit: VND million								
Previous year								
Segment revenue	5,227,695	374,664	4,441,442	2,905,167	17,789,884	797,406	(1,340,237)	30,196,020
External revenue	5,215,345	374,498	4,339,548	2,762,222	16,798,011	706,396	-	30,196,020
Inter segment revenue	12,350	166	101,894	142,944	991,873	91,010	(1,340,237)	-
Segment expenses								
Directly attributable expenses	(4,468,132)	(195,636)	(3,684,148)	(2,852,194)	(17,365,964)	(677,592)	1,331,851	(27,911,816)
In which:								
- Depreciation and amortisation	(578,491)	(4,031)	(102,738)	(20,810)	(5,905)	(35,285)	3,219	(744,040)
- Allocation of long-term prepaid expenses	(188,069)	(4,284)	(169,068)	(36,677)	(85,442)	(43,151)	-	(526,691)
Segment result	759,563	179,027	757,295	52,973	423,920	99,878	(8,386)	2,284,204
Segment profit before tax	777,646	201,050	678,022	57,260	480,434	1,038,926	(924,957)	2,308,381
Segment assets	8,815,800	1,055,814	5,235,961	2,891,279	8,644,436	6,635,504	(3,585,087)	29,693,707
Segment liabilities	4,723,711	483,166	2,977,270	1,742,533	6,356,074	3,333,754	(2,956,587)	16,659,921
Total expenses for acquisition of fixed assets	795,126	2,414	767,723	42,772	178,258	68,041	-	1,854,334

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Unit: VND million

Items	Information Technology and Telecommunication				Investment and education	Elimination	Total
	Telecommunication	Digital content	Software outsourcing	Software solution, system integration and informatics services			
Segment revenue	5,227,695	374,664	4,441,442	2,905,167	797,406	(285,182)	13,461,191
External revenue	5,215,345	374,498	4,341,208	2,767,056	763,084	-	13,461,191
Inter segment revenue	12,350	166	100,234	138,111	34,322	(285,182)	-
Segment expenses							
Directly attributable expenses	(4,468,132)	(195,636)	(3,684,148)	(2,852,194)	(697,528)	276,670	(11,620,969)
In which:							
- Depreciation and amortisation	(578,491)	(4,031)	(102,738)	(20,810)	(35,285)	3,219	(738,135)
- Allocation of long-term prepaid expenses	(188,069)	(4,284)	(169,068)	(36,677)	(43,151)	-	(441,249)
Segment result	759,563	179,027	757,295	52,973	99,878	(8,512)	1,840,223
Segment profit before tax	777,646	201,050	678,022	57,260	1,267,344	(924,957)	2,056,364
Segment assets	9,028,331	1,075,106	5,402,218	2,999,985	7,524,633	(3,519,507)	22,510,766
Segment liabilities	4,749,821	485,536	2,997,695	1,755,888	3,442,985	(2,646,562)	10,785,363
Total expenses for acquisition of fixed assets	795,126	2,414	767,723	42,772	68,041	-	1,676,075

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5. CASH AND CASH EQUIVALENTS

	<u>30/9/2018</u>	<u>31/12/2017</u>
	VND	VND
Cash on hand	18,563,452,760	10,143,297,590
Cash in bank	2,395,639,681,905	1,874,995,984,980
Cash in transfer	-	1,295,936,150
Cash equivalents (i)	1,567,942,000,000	1,594,224,296,068
	<u>3,982,145,134,665</u>	<u>3,480,659,514,788</u>

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

6. FINANCIAL INVESTMENTS

	30/9/2018		31/12/2017	
	Cost	Carrying amount	Cost	Carrying amount
	VND	VND	VND	VND
Held-to-maturity investments				
	<u>5,125,638,362,106</u>	<u>5,067,136,124,622</u>	<u>4,438,905,249,557</u>	<u>4,379,446,212,073</u>

	30/9/2018		31/12/2017	
	Cost	Carrying amount	Cost	Carrying amount
	VND	VND	VND	VND
Investment in other entities				
- Viet Nam BVIM investment fund	2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
- Other investments	747,421,251,290	413,402,069,046	747,159,852,282	447,564,569,046
	<u>749,521,251,290</u>	<u>415,502,069,046</u>	<u>749,259,852,282</u>	<u>449,664,569,046</u>

7. TRADE RECEIVABLES

As at 30/9/2018 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>30/9/2018</u>	<u>31/12/2017</u>
	VND	VND
a. Short-term		
Receivables from maintenance service contracts in progress	291,862,970,975	98,011,262,505
Other receivables	582,173,752,690	668,989,108,994
	<u>874,036,723,665</u>	<u>767,000,371,499</u>
b. Long-term		
Deposits and mortgages	75,046,426,035	69,491,018,667
Other receivables	72,901,030,261	55,343,597,639
	<u>147,947,456,296</u>	<u>124,834,616,306</u>

9. BAD DEBTS

As at 30/9/2018 bad debts balance does not include bad debts by payees accounting for 10% or more of the total amount overdue.

10. INVENTORIES

	30/9/2018		31/12/2017	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	12,575,478,975	-	120,106,386,194	-
Tools and supplies	167,100,088,634	-	89,770,774,162	-
Work in progress	493,080,824,491	-	308,795,278,723	-
Merchandise	875,834,800,745	(3,347,147,115)	505,371,513,444	(3,831,528,933)
Total	1,548,591,192,845	(3,347,147,115)	1,024,043,952,523	(3,831,528,933)

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	Structures and buildings	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
COST						
As at 1/1/2018	1,625,144,590,958	5,896,081,735,959	55,111,745,719	673,046,279,078	10,789,235,430	8,260,173,587,144
Additions	43,057,812,173	893,137,727,762	2,396,016,800	38,684,506,913	3,507,830,502	980,783,894,150
Transfers from CIP	71,652,211,599	6,840,905,270	-	-	-	78,493,116,869
Disposals	-	(141,533,951,360)	-	(86,083,942,508)	-	(227,617,893,868)
Other increase/(decreases) (*)	38,397,948,579	(336,027,674,558)	(845,192,866)	19,405,349,205	111,003,861	(278,958,565,779)
As at 30/9/2018	1,778,252,563,309	6,318,498,743,074	56,662,569,653	645,052,192,688	14,408,069,793	8,812,874,138,516
ACCUMULATED DEPRECIATION						
As at 1/1/2018	286,531,243,345	2,842,976,166,514	29,136,268,306	509,366,106,971	6,670,742,695	3,674,680,527,831
Charge for the period	58,142,121,566	651,374,594,933	4,378,529,041	36,970,775,846	1,107,102,523	751,973,123,909
Disposals	-	(107,957,598,869)	-	(85,874,371,858)	-	(193,831,970,727)
Other increase/(decreases) (*)	(3,584,896,053)	(205,109,834,698)	(883,917,627)	14,170,657,844	(192,011,089)	(195,600,001,623)
As at 30/9/2018	341,088,468,858	3,181,283,327,880	32,630,879,720	474,633,168,803	7,585,834,129	4,037,221,679,390
NET BOOK VALUE						
As at 30/9/2018	1,437,164,094,451	3,137,215,415,194	24,031,689,933	170,419,023,884	6,822,235,663	4,775,652,459,126
As at 1/1/2018	1,338,613,347,613	3,053,105,569,445	25,975,477,413	163,680,172,107	4,118,492,735	4,585,493,059,313

(*): Other decreases in fixed assets during the period mainly represent machinery and equipment from former telecommunications transmission infrastructure, which have been reclassified into inventory for disposal or replacement purpose.

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12. INTANGIBLE FIXED ASSETS

	Land use right	Computer software	License, copyright, and patent	Total
	VND	VND	VND	VND
COST				
As at 1/1/2018	139,115,531,399	325,037,602,836	653,266,251,331	1,117,419,385,566
Purchases	13,089,309,565	36,342,803,408	11,593,279,851	61,025,392,824
Transfers from CIP	-	8,745,709,718	195,565,434,041	204,311,143,759
Other increases/(decreases)	-	2,880,963,165	90,919,637	2,971,882,802
As at 30/9/2018	<u>152,204,840,964</u>	<u>373,007,079,127</u>	<u>860,515,884,860</u>	<u>1,385,727,804,951</u>
ACCUMULATED AMORTISATION				
As at 1/1/2018	7,104,943,926	244,125,246,966	208,053,348,700	459,283,539,592
Charge for the period	1,958,574,704	34,140,439,290	65,294,517,388	101,393,531,383
Other increases/(decreases)	-	1,605,860,652	159,920,421	1,765,781,073
As at 30/9/2018	<u>9,063,518,630</u>	<u>279,871,546,908</u>	<u>273,507,786,510</u>	<u>562,442,852,048</u>
NET BOOK VALUE				
As at 30/9/2018	<u>143,141,322,334</u>	<u>93,135,532,219</u>	<u>587,008,098,350</u>	<u>823,284,952,903</u>
As at 1/1/2018	<u>132,010,587,473</u>	<u>80,912,355,870</u>	<u>445,212,902,631</u>	<u>658,135,845,974</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

13. CONSTRUCTION IN PROGRESS

	2018	2017
	VND	VND
Opening balance	805,559,896,217	1,006,742,286,288
Increase in the period	644,990,430,079	771,849,613,507
Transfer to fixed assets	(282,804,260,628)	(805,917,957,379)
Divestment of FRT, FTG	-	(123,243,421,629)
Other increase/decrease	(53,741,551,970)	(43,870,624,570)
Closing balance	1,114,004,513,698	805,559,896,217
	30/9/2018	31/12/2017
	VND	VND
Detail by significant projects		
Nam An Khanh investment project	92,978,439,918	92,978,439,918
Tan Thuan 3 office building project	139,322,405,944	122,790,367,827
FPT Tower	478,380,021,617	393,003,100,000
Other projects	403,323,646,219	196,787,988,472
	1,114,004,513,698	805,559,896,217

14. INVESTMENTS IN SUBSIDIARIES

Details of the Corporation's subsidiaries as at 30 September 2018 are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting right	Principal activities
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, Pham Hung 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, Pham Hung Street, Cau Giay District, Hanoi	100.00%	100.00%	Providing training and technology services

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 (Continued)

Name of subsidiary	Place of incorporation and operation	Proportion of ownership	Proportion of voting right	Principal activities
FPT Online Service Joint Stock Company	408 Dien Bien Phu Street, Ward 11, District 10, Hochiminh City	51.95%	84.08%	Providing online services
FPT Investment Company Limited	Floor 13, FPT Cau Giay Building, Pham Hung Street, Cau Giay District, Hanoi	100.00%	100.00%	Providing financial services activities (investment consulting service, excluding legal and financial consulting services)
FPT Media Company Limited (ii)	FPT Cau Giay Building, Pham Hung Street, Cau Giay District, Hanoi	100.00%	100.00%	Producing news and entertainment shows; supplying telecom and advertising services

- (i) As at 30/9/2018, FPT Corporation holds 45.65% ownership interest (31/12/2017: 45.65%) and controls 45.65% of voting rights (31/12/2017: 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.
- (ii) On 8 August 2011, Executive President of FPT Corporation issued Decision No. 79.1-2011/QD-FPT TGD on temporarily narrowing the business activities of FPT Media Company Limited.

15. INVESTMENTS IN ASSOCIATES

	From 1/1/2018 to 30/9/2018	From 1/1/2017 to 31/12/2017
	VND	VND
Opening balance	1,333,704,438,239	289,799,251,298
Share of net profit of associates	260,739,533,811	56,959,207,134
Dividend received	(9,938,132,000)	(9,034,665,500)
Effects of subsidiaries becoming associates	-	995,980,645,307
Closing balance	1,584,505,840,050	1,333,704,438,239

Details of associates as at 30 September 2018 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, Hochiminh City	47%	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%	Producing technology products and distributing IT devices and mobile phone; and manufacturing computers
FPT Securities Joint Stock Company	No. 52, Lac Long Quan Road, Buoi Ward, Tay Ho District, Hanoi	20%	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%	Portfolio and fund management and other services

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

16. DEFERRED TAX ASSETS

	Fixed assets	Revenue	Others	Total
	VND	VND	VND	VND
As at 1/1/2018	17,795,401,242	33,040,140,028	9,598,864,671	60,434,405,941
As at 30/9/2018	17,151,688,794	11,307,641,301	9,802,485,791	38,261,815,886

17. GOODWILL

As at 30 September 2018, the Corporation is temporarily recording the difference between the purchase price of Intellinet Consulting LLC and its book value. The Corporation is in the process of determining the fair value of Intellinet Consulting LLC's net assets as at the date of acquisition of this company to reallocate the difference to the fair value of the net assets and goodwill in accordance with the accounting standards. Therefore, the figure may change as the Corporation completes the determination of the net assets' fair value.

18. TRADE PAYABLES

As at 30/9/2018 trade payables balance does not include balances of trade payables which account for 10% or more of the total trade payables balance.

19. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

Items	Movement			
	31/12/2017	Amount payable	Amount paid and deducted	30/9/2018
	VND	VND	VND	VND
VAT	134,235,081,884	1,766,991,781,294	1,765,323,405,885	135,903,457,293
- Output VAT	133,534,552,671	1,586,528,587,130	1,585,598,500,200	134,464,639,601
- VAT on imports	700,529,213	180,463,194,164	179,724,905,685	1,438,817,692
Import duty	47,628,589	11,654,927,506	11,642,996,573	59,559,522
Corporate income tax	35,085,741,701	344,083,430,880	265,795,283,983	113,373,888,598
Other taxes	33,552,336,279	317,950,787,196	315,539,068,675	35,964,054,800
Personal income tax	27,320,187,842	279,468,220,566	275,080,049,941	31,708,358,467
Other taxes	6,232,148,437	38,482,566,630	40,459,018,734	4,255,696,333
Other payables	5,756,966,100	974,815,611	3,633,504,408	3,098,277,303
	208,677,754,554	2,441,655,742,488	2,361,934,259,525	288,399,237,517
<u>Including:</u>				
- Taxes and other receivables from the state budget	111,743,332,877			19,396,053,560
- Taxes and other payables to the state budget	320,421,087,431			307,795,291,077

Taxes and other receivables from the state budget

	30/9/2018	31/12/2017
	VND	VND
VAT	3,705,921,431	1,155,425,702
Import duty	34,802,628	34,802,628
Corporate income tax	15,209,840,116	110,103,151,153
Personal income tax	358,527,999	99,858,547
Other taxes	86,961,386	350,094,847
Total	19,396,053,560	111,743,332,877

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

Taxes and other payables to the state budget

	<u>30/9/2018</u>	<u>31/12/2017</u>
	VND	VND
VAT	139,609,378,724	135,390,507,586
Import duty	94,362,150	82,431,217
Corporate income tax	128,583,728,714	145,188,892,854
Personal income tax	32,066,886,466	27,420,046,389
Foreign contractor tax	4,342,657,720	6,582,243,285
Other taxes	3,098,277,303	5,756,966,100
Total	<u>307,795,291,077</u>	<u>320,421,087,431</u>

20. SHORT-TERM ACCRUED EXPENSES

	<u>30/9/2018</u>	<u>31/12/2017</u>
	VND	VND
Accrued expenses for system integration projects	387,791,085,243	408,455,330,656
Other accruals	488,767,910,597	509,963,462,607
	<u>876,558,995,840</u>	<u>918,418,793,263</u>

21. UNEARNED REVENUE

	<u>30/9/2018</u>	<u>31/12/2017</u>
	VND	VND
a) Short-term		
Unearned revenue related to telecom service	1,093,100,887,254	987,786,150,810
Unearned revenue related to tuition and fees	329,150,657,289	230,852,766,071
Other items	35,335,019,219	74,992,000,747
	<u>1,457,586,563,762</u>	<u>1,293,630,917,628</u>
b) Long-term		
Unearned revenue related to telecom service	65,556,819,142	7,373,253,511
Other items	78,575,082,731	40,423,286,118
	<u>144,131,901,873</u>	<u>47,796,539,629</u>

22. OTHER PAYABLES

	<u>30/9/2018</u>	<u>31/12/2017</u>
	VND	VND
a) Short-term		
Union fees	48,672,249,026	43,851,162,084
Social, health, unemployment insurance	18,335,271,725	10,125,934,480
Short-term deposits received	131,556,941,071	120,204,816,937
Dividends payable	16,247,758,250	171,123,751,156
Other current payables	157,439,780,687	94,184,548,166
	<u>372,252,000,760</u>	<u>439,490,212,823</u>
b) Long-term		
Long-term deposits received	301,949,220	205,725,910
Other payables	106,782,612,940	1,319,744,011
	<u>107,084,562,160</u>	<u>1,525,469,921</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

23. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASE

Items	31/12/2017		In the year		30/9/2018	
	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)	3,754,428,452,146	3,754,428,452,146	8,588,789,418,227	5,994,764,215,740	6,348,453,654,633	6,348,453,654,633
Current portion of long-term loans and obligations under finance lease	362,560,256,178	362,560,256,178	269,767,606,185	263,944,385,432	368,383,476,931	368,383,476,931
- Current portion of long-term loans (ii)	361,663,699,034	361,663,699,034	269,028,034,233	263,256,572,882	367,435,160,385	367,435,160,385
- Current portion of long-term obligations under finance lease	896,557,144	896,557,144	739,571,952	687,812,550	948,316,546	948,316,546
Total	4,116,988,708,324	4,116,988,708,324	8,858,557,024,412	6,258,708,601,172	6,716,837,131,564	6,716,837,131,564

- (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 25 for more.

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

24. PROVISIONS

	Short - term provisions for warranties and others	Long - term provisions for warranties	Provisions for guarantees on student loans	Total
	VND	VND	VND	VND
As at 1/1/2018	6,051,424,047	3,365,602,298	12,905,000	9,429,931,345
Additional provision	3,138,560,804	715,688,396	-	3,854,249,200
Utilisation/Reversal of provisions	(4,149,259,173)	(1,883,315,219)	-	(6,032,574,392)
As at 30/9/2018	5,040,725,678	2,197,975,475	12,905,000	7,251,606,153

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

25. LONG-TERM LOANS AND LIABILITIES

Items	31/12/2017		In the year		30/9/2018	
	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	923,986,391,690	923,986,391,690	54,301,361,266	310,978,051,865	667,309,701,091	667,309,701,091
Other long-term liabilities	3,783,682,125	3,783,682,125	-	687,812,549	3,095,869,576	3,095,869,576
Total	927,770,073,815	927,770,073,815	54,301,361,266	311,665,864,414	670,405,570,666	670,405,570,666

In which:

- Amount due for settlement within 12 months	362,560,256,178	368,383,476,931
- Amount due for settlement after 12 months	565,209,817,637	302,022,093,735

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

25. LONG-TERM LOANS AND LIABILITIES (Continued)

	<u>30/9/2018</u>	<u>31/12/2017</u>
	VND	VND
Long-term loans:	667,259,418,807	923,986,391,690
- 3-year loans	326,538,600,000	457,674,918,560
- 4-year loans	112,748,900,460	190,193,709,103
- 5-year loans	227,971,918,347	276,117,764,027
Long-term obligations under finance leases	3,146,151,859	3,783,682,125
Total	<u>670,405,570,666</u>	<u>927,770,073,815</u>
Of which		
Amount due for settlement within 12 months	368,383,476,931	362,560,256,178
Amount due for settlement after 12 months	302,022,093,735	565,209,817,637
Long-term loans are repayable as follows:		
	<u>30/9/2018</u>	<u>31/12/2017</u>
	VND	VND
On demand or within one year	367,435,160,386	361,663,699,034
In the second year	266,757,058,421	339,004,368,712
In the third to fifth year inclusive	33,067,200,000	223,318,323,944
After five years	-	-
	<u>667,259,418,807</u>	<u>923,986,391,690</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	367,435,160,386	361,663,699,034
Amount due for settlement after 12 months	<u>299,824,258,421</u>	<u>562,322,692,656</u>

FPT CORPORATION17 Duy Tan Street, Dich Vong Hau Ward
Cau Giay District, Hanoi, S.R. Vietnam**Consolidated financial statements**
For the period ended 30 Sep 2018**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***26. SHAREHOLDERS' EQUITY****Equity movement**

	Charter capital	Share premium	Other owners' capital	Treasury shares	Foreign exchange reserve	Investment and development funds	Financial reserve fund	Retained earnings	Total
	VND	VND		VND	VND	VND	VND	VND	VND
As at 1/1/2017	4,594,266,840,000	49,465,703,201	56,882,670,000	(823,760,000)	(5,875,468,099)	126,889,833,508	87,227,200,764	4,614,339,862,503	9,522,372,881,877
Shares issued	22,963,700,000	-	-	-	-	-	-	-	22,963,700,000
Profit for the year	-	-	-	-	-	-	-	2,931,530,862,562	2,931,530,862,562
Stock dividends declared	692,380,510,000	-	62,570,940,000	-	-	-	-	(754,951,450,000)	-
Transferred to bonus and welfare funds	-	-	-	-	-	-	-	(212,329,680,082)	(212,329,680,082)
Transferred to and Utilization of Investment and development funds	-	-	-	-	-	44,270,763,538	-	(52,450,388,283)	(8,179,624,745)
Dividends declared	-	-	-	-	-	-	-	(992,519,407,000)	(992,519,407,000)
Others	-	-	168,375,913,052	-	16,234,007,546	-	3,150,660	(22,211,149,493)	162,401,921,765
As at 1/1/2018	5,309,611,050,000	49,465,703,201	287,829,523,052	(823,760,000)	10,358,539,447	171,160,597,046	87,230,351,424	5,511,408,650,207	11,426,240,654,377
Shares issued	26,545,560,000	-	-	-	-	-	-	-	26,545,560,000
Net profit for the year	-	-	-	-	-	-	-	1,828,213,992,584	1,828,213,992,584
Stock dividends declared	800,211,110,000	-	344,140,170,000	-	-	-	-	(1,144,351,280,000)	-
Transferred to and Utilization of Investment and development funds	-	-	-	-	-	(4,066,410,061)	-	-	(4,066,410,061)
Dividends declared	-	-	-	-	-	-	-	(1,413,854,323,500)	(1,413,854,323,500)
Others	-	-	-	-	11,928,055,797	-	17,966,050	(5,303,761,110)	6,642,260,737
As at 30/9/2018	6,136,367,720,000	49,465,703,201	631,969,693,052	(823,760,000)	22,286,595,244	167,094,186,985	87,248,317,474	4,776,113,278,181	11,869,721,734,137

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

26. SHAREHOLDERS' EQUITY (Continued)

Number of outstanding shares

	<u>30/9/2018</u>	<u>31/12/2017</u>
	Number of shares	Number of shares
Authorised share capital	613,636,772	530,961,105
Issued share capital	613,636,772	530,961,105
Ordinary shares	613,636,772	530,961,105
<i>Of which Shares subject to restriction in ownership transfer</i>	8,016,294	7,925,466
Treasury shares	(82,376)	(82,376)
<i>Of which Shares subject to restriction in ownership transfer</i>	-	-
Shares currently in circulation	613,554,396	530,878,729
Ordinary shares	613,554,396	530,878,729
<i>Of which Shares subject to restriction in ownership transfer</i>	8,016,294	7,925,466

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.

27. REVENUE

	<u>From 1/1/2018 to</u>	<u>From 1/1/2017 to</u>
	30/9/2018	30/9/2017
	VND	VND
Revenue	16,284,044,227,402	30,670,048,730,511
In which:		
- Revenue from goods sold	2,048,366,474,885	19,012,754,769,895
- Revenue from services rendered	14,235,677,752,517	11,657,293,960,616
Deductions	22,953,958,250	474,028,526,665
Net revenue	<u>16,261,090,269,152</u>	<u>30,196,020,203,846</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

28. COSTS OF SALES

	<u>From 1/1/2018 to 30/9/2018</u>	<u>From 1/1/2017 to 30/9/2017</u>
	VND	VND
Cost of goods sold	1,847,569,294,791	16,550,624,397,439
Cost of services rendered	8,262,102,189,183	6,740,186,202,497
Provision/(Reversal) for devaluation of inventories	(484,381,818)	(17,719,961,322)
Total	<u>10,109,187,102,156</u>	<u>23,273,090,638,614</u>

29. FINANCIAL INCOME

	<u>From 1/1/2018 to 30/9/2018</u>	<u>From 1/1/2017 to 30/9/2017</u>
	VND	VND
Interest from bank deposits, loans and bonds	320,724,340,738	291,389,566,353
Foreign exchange gain	65,864,075,251	132,128,108,383
Other financial income	3,680,399,101	79,827,945,389
	<u>390,268,815,090</u>	<u>503,345,620,125</u>

30. FINANCIAL EXPENSES

	<u>From 1/1/2018 to 30/9/2018</u>	<u>From 1/1/2017 to 30/9/2017</u>
	VND	VND
Interest expense	163,533,026,280	298,123,304,094
Foreign exchange loss	72,757,043,001	147,205,211,024
Other financial expenses	42,624,931,776	82,525,878,835
	<u>278,915,001,058</u>	<u>527,854,393,953</u>

31. EARNINGS PER SHARE

Basic earnings per share as at 30 September 2018 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 1/1/2018 to 30/9/2018</u>	<u>From 1/1/2017 to 30/9/2017</u>
	VND	VND
Accounting profit after tax	1,828,213,992,584	1,507,226,224,753
Allocation to bonus and welfare fund	-	-
Weighted average number of outstanding ordinary shares	612,374,593	609,879,231
Basic earnings per share	2,985	2,471

Restatement of weighted average number of ordinary shares

On 5 June 2018, 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 2017 to 30 September 2017, 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 2017 to 30 September 2017	529,858,120	2,845
Effect of stock dividends issued on 05 June 2018	80,021,111	(374)
As restated	<u>609,879,231</u>	<u>2,471</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

32. RELATED PARTY TRANSACTIONS AND BALANCES

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

	<u>From 1/1/2018 to 30/9/2018</u>	<u>From 1/1/2017 to 30/9/2017</u>
	VND	VND
Dividends received in cash		
FPT Securities Joint Stock Company	9,938,132,000	9,034,665,500
Purchases of goods and services		
Synnex FPT Joint Stock Company	503,875,543,571	-
FPT Digital Retail Joint Stock Company	15,173,489,358	-

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

	<u>30/9/2018</u>	<u>31/12/2017</u>
	VND	VND
Entrusted investments		
FPT Fund Management Joint Stock Company	92,366,081,776	92,366,081,776
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
Balances of borrowings		
Synnex FPT Joint Stock Company	-	200,000,000,000
Short-term payables		
Synnex FPT Joint Stock Company	128,735,138,492	141,743,904,028

33. COMMITMENTS

On 25 February 2015, the Corporation entered into a comprehensive cooperation agreement with Tien Phong Commercial Joint Stock Bank for supporting students who joined the training courses under the 10,000 Bridge Software Engineer program. In this program, approximately 10,000 students will be trained in Japan within 6 -12 months. 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. As at 30 September 2018, the number of students participating in the program in Japan are about 329 people, and the total estimated guarantee amount is VND 65,942,355,439, respectively.

34. COMPARATIVE FIGURES

Comparative figures of the consolidated balance sheet are the figures in the audited consolidated financial statements for the year ended 31 December 2017. Comparative figures of the consolidated income statement and consolidated cash flow statement are the figures in the consolidated financial statements for the period ended 30 September 2017.

Preparer



Nguyen Tien Hao

Chief Accountant



Hoang Huu Chien

Hanoi, 30 October 2018

Executive Vice President



Nguyen The Phuong