

FPT TELECOM JOINT STOCK COMPANY

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the 6-month period ended 30 June 2019



FPT TELECOM JOINT STOCK COMPANY

2nd Floor, FPT Cau Giay Tower, No. 17 Duy Tan Street, Dich Vong Hau Ward
Cau Giay District, Hanoi City, Vietnam

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STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of FPT Telecom Joint Stock Company (the "Company") presents this report together with the Company's interim consolidated financial statements for the 6-month period ended 30 June 2019.

THE BOARDS OF DIRECTORS AND MANAGEMENT

The members of the Boards of Directors and Management of the Company who held office during the period and to the date of this report are as follows:

Board of Directors

Ms. Chu Thi Thanh Ha	Chairman
Mr. Truong Gia Binh	Member
Mr. Bui Quang Ngoc	Member
Mr. Nguyen Van Khoa	Member
Mr. Nguyen Quoc Tri	Member
Ms. Le Ngoc Diep	Member

Board of Management

Mr. Hoang Viet Anh	General Director
Mr. Nguyen Hoang Linh	Deputy General Director
Ms. Vu Thi Mai Huong	Deputy General Director
Mr. Hoang Trung Kien	Deputy General Director
Mr. Chu Hung Thang	Deputy General Director
Mr. Vu Anh Tu	Deputy General Director

THE BOARD OF MANAGEMENT' STATEMENT OF RESPONSIBILITY

The Board of Management of the Company is responsible for preparing the interim consolidated financial statements for the 6-month period ended 30 June 2019, which give a true and fair view of the consolidated financial position of the Company as at 30 June 2019, and its interim consolidated financial performance and its interim consolidated cash flows for the period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated financial reporting. In preparing these interim consolidated financial statements, the Board of Management is required to:

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

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

FPT TELECOM JOINT STOCK COMPANY

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Cau Giay District, Hanoi City, Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

The Board of Management confirms that the Company has complied with the above requirements in preparing these interim consolidated financial statements.

For and on behalf of the Board of Management,



Vu Thi Mai Hương
Deputy General Director

Authorization Letter No. 388/QĐ-FTEL
dated 01 April 2019

12 August 2019

No.: 0221 /VN1A-HN-BC

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**To: The Shareholders
The Boards of Directors and Management
FPT Telecom Joint Stock Company**

We have reviewed the accompanying interim consolidated financial statements of FPT Telecom Joint Stock Company (the "Company"), prepared on 12 August 2019 as set out from page 04 to page 28, which comprise the interim consolidated balance sheet as at 30 June 2019, the interim consolidated statement of income, and interim consolidated statement of cash flow for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the interim consolidated financial statements

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

Auditors' Responsibility

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated financial reporting.



Tran Thi Thuy Ngoc
Deputy General Director
Audit Practising Registration Certificate
No. 0031-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

12 August 2019
Hanoi, S.R. Vietnam

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INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2019

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		6,021,846,962,389	7,034,988,878,057
I. Cash and cash equivalents	110	4	426,982,486,304	544,515,759,978
1. Cash	111		190,442,678,959	237,736,198,238
2. Cash equivalents	112		236,539,807,345	306,779,561,740
II. Short-term financial investments	120	5	3,015,528,101,066	3,792,298,899,815
1. Held-to-maturity investments	123		3,015,528,101,066	3,792,298,899,815
III. Short-term receivables	130		1,100,491,834,883	984,461,439,852
1. Short-term trade receivables	131		1,168,457,893,543	1,030,757,280,393
2. Short-term advances to suppliers	132		64,139,200,167	34,198,599,975
3. Other short-term receivables	136	6	61,882,863,876	83,144,533,006
4. Provision for short-term doubtful debts	137	7	(193,988,122,703)	(163,638,973,522)
IV. Inventories	140	8	825,628,471,302	840,230,882,411
1. Inventories	141		860,235,946,491	871,432,497,505
2. Provision for devaluation of inventories	149		(34,607,475,189)	(31,201,615,094)
V. Other short-term assets	150		653,216,068,834	873,481,896,001
1. Short-term prepayments	151	9	607,284,744,233	825,862,917,567
2. Value added tax deductibles	152		36,430,433,426	38,089,795,253
3. Taxes and other receivables from the State budget	153	10	9,500,891,175	9,529,183,181
B. NON-CURRENT ASSETS	200		5,470,233,643,385	4,688,851,687,361
I. Long-term receivables	210		21,930,828,307	22,061,326,376
1. Other long-term receivables	216		24,287,519,488	24,418,017,557
2. Provision for long-term doubtful debts	219		(2,356,691,181)	(2,356,691,181)
II. Fixed assets	220		4,434,197,772,776	4,089,813,421,798
1. Tangible fixed assets	221	11	3,816,016,640,904	3,507,729,511,417
- Cost	222		7,423,530,280,986	6,862,152,696,351
- Accumulated depreciation	223		(3,607,513,640,082)	(3,354,423,184,934)
2. Intangible assets	227	12	618,181,131,872	582,083,910,381
- Cost	228		855,563,943,247	789,199,601,226
- Accumulated amortisation	229		(237,382,811,375)	(207,115,690,845)
III. Long-term assets in progress	240		88,107,536,036	48,949,699,336
1. Long-term construction in progress	242		88,107,536,036	48,949,699,336
IV. Long-term financial investments	250		6,000,000,000	6,000,000,000
1. Equity investments in other entities	253	5	9,684,980,000	9,684,980,000
2. Provision for impairment of long-term financial investments	254	5	(3,684,980,000)	(3,684,980,000)
V. Other long-term assets	260		919,997,506,266	522,027,239,851
1. Long-term prepayments	261	9	916,418,030,301	518,447,763,886
2. Deferred tax assets	262		3,579,475,965	3,579,475,965
TOTAL ASSET (270=100 + 200)	270		11,492,080,605,774	11,723,840,565,418

The accompanying notes are an integral part of these interim consolidated financial statements

INTERIM BALANCE SHEET (Continued)

As at 30 June 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		7,013,062,443,360	7,602,613,517,763
I. Current liabilities	310		6,769,445,376,948	7,388,207,247,357
1. Short-term trade payables	311		1,167,847,098,885	1,525,737,678,692
2. Short-term advances from customers	312		96,794,586,818	57,432,572,931
3. Taxes and amounts payable to the State budget	313	10	132,818,673,025	75,653,901,554
4. Payables to employees	314		1,666,446,783	116,029,934,466
5. Short-term accrued expenses	315	14	503,585,483,466	573,885,849,266
6. Short-term unearned revenue	318	13	1,290,707,616,103	1,187,405,808,059
7. Other current payables	319	15	388,830,620,042	237,920,687,437
8. Short-term loans and obligations under finance leases	320	16	3,071,459,141,769	3,362,087,529,178
9. Short-term provisions	321		755,528,000	756,720,000
10. Bonus and welfare funds	322	18	114,980,182,057	251,296,565,774
II. Long-term liabilities	330		243,617,066,412	214,406,270,406
1. Long-term unearned revenue	336	13	71,118,656,055	46,690,825,888
2. Long-term loans and obligations under finance leases	338	17	172,498,410,357	167,715,444,518
D. EQUITY	400		4,479,018,162,414	4,121,227,047,655
I. Owners' equity	410	19	4,479,018,162,414	4,121,227,047,655
1. Owners' contributed capital	411		2,487,724,840,000	2,261,597,240,000
- Ordinary shares carrying voting rights	411a		2,487,724,840,000	2,261,597,240,000
2. Share premium	412		20,391,591,930	20,391,591,930
3. Treasury shares	415		(300,150,000)	(300,150,000)
4. Investment and development fund	418		389,798,534,033	389,798,534,033
5. Other reserves	420		34,572,210,000	34,572,210,000
6. Retained earnings	421		1,202,136,410,655	1,038,992,588,448
- Retained earnings accumulated to the prior year end	421a		570,412,285,958	468,186,994,949
- Retained earnings of the current period	421b		631,724,124,697	570,805,593,499
7. Non-controlling interests	429		344,694,725,796	376,175,033,244
TOTAL RESOURCES (440=300+400)	440		11,492,080,605,774	11,723,840,565,418


Nguyen Thi Thu Huong
Preparer


Do Thi Huong
Chief Accountant


Vu Thi Mai Huong
Deputy General Director

12 August 2019

The accompanying notes are an integral part of these interim consolidated financial statements

INTERIM CONSOLIDATED INCOME STATEMENT

For the 6-month period ended 30 June 2019

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01	22	4,928,749,285,327	4,200,598,948,405
2. Deductions	02	22	13,669,125,190	9,803,433,808
3. Net revenue from goods sold and services rendered (10=01-02)	10		4,915,080,160,137	4,190,795,514,597
4. Cost of sales	11	23	2,542,513,717,727	2,129,558,066,515
5. Gross profit from goods sold and services rendered (20=10-11)	20		2,372,566,442,410	2,061,237,448,082
6. Financial income	21	25	116,143,884,942	68,341,250,261
7. Financial expenses	22	26	91,210,329,101	55,870,482,423
- In which: Interest expense	23		86,846,001,985	50,606,889,230
8. Selling expenses	25		510,470,118,636	430,280,828,791
9. General and administration expenses	26		1,056,045,440,317	943,554,961,929
10. Operating profit (30=20+(21-22)-(25+26))	30		830,984,439,298	699,872,425,200
11. Other income	31		4,436,577,981	3,142,982,276
12. Other expenses	32		1,424,788,487	2,940,138,873
13. Profit from other activities (40=31-32)	40		3,011,789,494	202,843,403
14. Accounting profit before tax (50=30+40)	50		833,996,228,792	700,075,268,603
15. Current corporate income tax expense	51	27	149,772,880,042	123,701,712,966
16. Deferred corporate tax expense	52		-	21,732,498,727
17. Net profit after corporate income tax (60=51-51-52)	60		684,223,348,750	554,641,056,910
17.1. Attributable to equity holders of the Holding Company	61		631,724,124,697	510,372,658,881
17.2. Attributable to non-controlling interests	62		52,499,224,053	44,268,398,029
18. Basic earnings per share	70	28	2,286	1,847


Nguyen Thi Thu Huong
Preparer


Do Thi Huong
Chief Accountant


Vu Thi Mai Huong
Deputy General Director

12 August 2019

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INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the 6-month period ended 30 June 2019

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	833,996,228,792	700,075,268,603
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	467,103,859,400	461,743,586,130
Provisions	03	33,753,817,276	25,736,983,064
Foreign exchange loss arising from translating foreign currency items	04	(2,082,584,069)	633,946,378
(Gain) from investing activities	05	(111,416,862,555)	(65,467,593,101)
Interest expense	06	86,846,001,985	50,606,889,230
3. Operating profit before movements in working capital	08	1,308,200,460,829	1,173,329,080,304
Changes in receivables	09	(178,695,499,687)	(103,559,790,583)
Changes in inventories	10	108,780,619,777	(53,163,860,025)
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	(43,948,293,956)	167,562,828,510
Changes in prepaid expenses	12	(177,732,731,254)	(154,538,625,642)
Interest paid	14	(118,930,185,422)	(43,845,250,014)
Corporate income tax paid	15	(130,137,728,782)	(53,191,352,735)
Other cash outflows	17	(136,316,383,717)	(34,938,074,297)
Net cash generated by operating activities	20	631,220,257,788	897,654,955,518
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(1,300,201,795,746)	(922,724,441,880)
2. Cash outflow for lending, buying debt instruments of other entities	23	(3,681,286,587,050)	(2,959,045,578,695)
3. Cash recovered from lending, selling debt instruments of other entities	24	4,458,057,385,799	1,908,653,307,009
4. Interest earned, dividends and profits received	27	143,891,608,105	58,239,830,314
Net cash (used in) investing activities	30	(379,539,388,892)	(1,914,876,883,252)

The accompanying notes are an integral part of these interim consolidated financial statements

INTERIM CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the 6-month period ended 30 June 2019

Unit: VND

ITEMS	Codes	Current period	Prior period
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	2,614,612,620,531	2,302,068,920,578
2. Repayment of borrowings	34	(2,900,458,042,101)	(869,773,546,741)
3. Dividends and profits paid	36	(83,368,721,000)	(301,180,627,550)
Net cash (used in)/generated by financing activities	40	(369,214,142,570)	1,131,114,746,287
Net (decrease)/increase in cash (50=20+30+40)	50	(117,533,273,674)	113,892,818,553
Cash and cash equivalents at the beginning of the period	60	544,515,759,978	637,367,035,990
Cash and cash equivalents at the end of the period (70=50+60)	70	426,982,486,304	751,259,854,543

Nguyen Thi Thu Huong
Preparer

Do Thi Huong
Chief Accountant



Vu Thi Mai Huong
Deputy General Director

12 August 2019

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION**Structure of ownership**

FPT Telecom Joint Stock Company (the "Company") was incorporated in Vietnam under Business Registration Certificate No. 0101778163 dated 31 July 2018 issued by Hanoi Authority for Planning and Investment, which is the 23rd amendment to the Business Registration Certificate No. 0103008784 dated 28 July 2005. The Company's shares were listed on UpCom Stock Exchange on 13 January 2017 with stock symbol FOX.

The number of employees of Holding Company and its subsidiaries as at 30 June 2019 was 9,718 (31 December 2018: 9,412).

Principal activities

The principal activities of the Company are to provide ADSL services, lease line, domain and data backup, online advertisement, online games and other online services.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

The Company's structure

Details of the Company's subsidiaries as at 30 June 2019 are as follows:

Name	Place of incorporation and operation	Proportion of ownership interest and voting power held	Principal activity
FPT Online Joint Stock Company (FOC)	Lot No. 29B - 31B - 33B, Tan Thuan Road, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, District 7, Ho Chi Minh City	56.32%	Providing game online service, online newspaper, online payment service
FPT Telecom Tan Thuan Company Limited (CTTT)	Lot No. 29B - 31B - 33B, Tan Thuan Road, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, District 7, Ho Chi Minh City	100.00%	Providing high speed internet and other telecommunication services
FPT International Telecom Company Limited (FTI)	Lot No. 29B - 31B - 33B, Tan Thuan Road, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, District 7, Ho Chi Minh City	100.00%	Providing internet services, agent for providing telecommunication services and other services
FPT Telecom Technology Joint Stock Company (FCN)	Lot T2-5, Road D1, Hi-tech Park, Tang Nhon Phu A Ward, District 9, Ho Chi Minh City	99.99%	Providing high speed internet and other telecommunication services

Disclosure of information comparability in the interim consolidated financial statements

The comparative figures of the interim consolidated balance sheet and related notes are the figures of the Company's audited financial statements for the year ended 31 December 2018. The comparative figures of the interim consolidated income statement, interim consolidated cash flow statement and related notes are the figures of the reviewed interim consolidated financial statements for the 6-month period ended 30 June 2018.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD**Accounting convention**

The accompanying interim 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 interim consolidated financial reporting.

The accompanying interim consolidated financial statements are not intended to present the interim consolidated financial position, interim consolidated 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 Company's fiscal year begins on 01 January and ends on 31 December.

These interim consolidated financial statements are prepared for the period from 01 January 2019 to 30 June 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of interim consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated 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 interim consolidated financial statements and the reported amounts of revenues and expenses during the 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 interim consolidated financial statements incorporate the interim separate financial statements of the Company and interim financial statements of enterprises controlled by the Company (its subsidiaries) up to 30 June each year. Control is achieved where the Company 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 period are included in the interim 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 interim 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 (see below) 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 combinations

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 profit and loss in the period of acquisition.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank 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. Held-to-maturity investments of the Company include term deposits 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 interim consolidated 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 Company'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 in long-term financial investments is made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance on "Guidelines for the establishment and use of provisions for devaluation of inventories, loss of financial investments, bad receivable debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 of the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and current 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

Inventory accounting method that the Company used is perpetual inventory. Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the interim consolidated balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices 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 self-made tangible fixed assets are the actual cost or manufacturing cost of tangible fixed assets plus installation and test-running costs.

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

	<u>Years</u>
Buildings and structures	25
Machinery and equipment	3 - 10
Office equipment	3 - 6
Motor vehicles	6

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the interim consolidated income statement.

LeasingThe Company as lessor

Rental income from operating lease is recognised on the straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised in a straight-line basis over the lease term.

The Company as lessee

Leases are classified as operating lease whenever lessor still bear all risk and reward corresponding to asset ownership. Cost of operating lease is recognized in the interim consolidated income statement under the straight-line basis over the lease term. Benefits received or receivable as an incentive to enter into operating lease agreements are also spread on a straight-line basis over the lease term.

Intangible assets and amortisation

Intangible assets represent land use rights that which is stated at cost less accumulated amortisation.

Intangible assets represent computer software, license and operating rights that are stated at cost less accumulated amortisation. These intangible assets are amortised using the straight-line method over their estimated useful lives. Details are as follows:

	<u>Years</u>
Computer software	3 - 5
License	3
AAE1 Indefeasible Right of Use (Asia - Africa - Europe 1)	15
Right to operate hi-speed internet line - Asia America Gateway ("AAG") and Asia Pacific Gateway ("APG") project	15

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 Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including expenses for transforming to optical fiber system and payTV installation cost and other types of prepayments.

Expenses for transforming to optical fiber system and payTV installation cost comprise costs of small tools, supplies and spare parts issued for optical fiber system and payTV installation. These expenditures have been capitalised as prepayments, and are allocated to the interim consolidated income statement using the straight-line method in 1 to 2 years.

Other types of prepayments comprise costs of small tools, supplies and spare parts issued for consumption which are expected to provide future economic benefits to the Company. These expenditures have been capitalised as long-term prepayments, and are allocated to the interim consolidated income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Payable provisions

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation as at the interim consolidated balance sheet date.

Unearned revenue

Unearned revenue reflects customers' prepayments for telecommunication fees in chargeable periods and office rental fee at Tan Thuan Export Processing Zone for several periods. The unearned revenue will be allocated to monthly revenue from operating activities when services are rendered.

Bonus and welfare funds

Bonus and welfare funds are appropriated with the amount not exceeding 10% of net profit after tax in accordance with the Resolution of Shareholders' General Meeting and the Charter of the Company.

Revenue recognition

Revenue from sale of goods

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

- (a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from telecommunication services

Revenue from telecommunication service is recognised based on the pro-rata time during the period in which services are provided.

Revenue from the sales of prepaid online game and internet cards is recognized in the interim consolidated income statement based on the time unit actually consumed by users. Subsequently, unutilized prepayments are recognized as income upon the expiration of the validity duration in accordance with the Company's expiration policy.

Revenue from online advertisement services

Revenue from online advertisement services is recognized based on the pro-rata time stated in contracts.

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 Company's right to receive payment has been established.

Basic earnings per share

The Company discloses basic earnings per share (EPS) for ordinary shareholders. Basic earnings per share is calculated by having profit or loss attributable to the Company's ordinary shareholders divided by weighted average number of ordinary shares in circulation during the period.

Borrowing costs

Borrowing costs are recognised in the interim consolidated income statement in the period when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "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.

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 period. Taxable profit differs from profit before tax as reported in the interim consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods (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 interim 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 Company 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. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND	VND
Cash on hand	60,151,667	79,433,070
Bank demand deposits	190,382,527,292	237,656,765,168
Cash equivalents (i)	236,539,807,345	306,779,561,740
	426,982,486,304	544,515,759,978

- (i) Cash equivalents comprise term deposits with maturity of 3 months or less at FPT Corporation and commercial banks.

5. FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	Cost	Carrying amount	Cost	Carrying amount
	VND	VND	VND	VND
a. Held-to-maturity investments	3,015,528,101,066	3,015,528,101,066	3,792,298,899,815	3,792,298,899,815
Term deposits	3,013,528,101,066	3,013,528,101,066	3,790,298,899,815	3,790,298,899,815
Other investments	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
b. Investments in other entities	9,684,980,000	(3,684,980,000)	9,684,980,000	(3,684,980,000)
Sendo Technology Joint Stock Company	3,684,980,000	(3,684,980,000)	3,684,980,000	(3,684,980,000)
FPT Fund Management Joint Stock Company	6,000,000,000	-	6,000,000,000	-

According to Circular No. 200/2014/TT-BTC dated 22 December 2014, the fair value of investments in other entities as at 30 June 2019 is required to be presented in the interim consolidated financial statements. However, the invested entities are unlisted and there is no comprehensive guidance on determination of fair value for unlisted share investments. Therefore, the Company has not presented the fair value of these investments.

6. OTHER RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Interest income	38,868,138,700	71,342,884,250
Other receivables	23,014,725,176	11,801,648,756
	61,882,863,876	83,144,533,006

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. BAD DEBTS

	Closing balance		Opening balance	
	Cost VND	Recoverable amount VND	Cost VND	Recoverable amount VND
Total amount of receivables and loans past due or not past due but impaired	243,665,570,273	49,677,447,570	196,550,804,755	32,911,831,233
Short-term trade receivables	243,665,570,273	49,677,447,570	196,550,804,755	32,911,831,233

Overdue receivables reflect short-term trade receivables from telecommunication service and no overdue receivable amount exceeds 10% of the total overdue receivables. Provision for these receivables has been made according to Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance and Circular No. 89/2013/TT-BTC dated 28 June 2013 guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad receivable debts and warranty for products, goods and construction and installment works at enterprises. The recoverable amount of bad debts is determined at cost less provision.

8. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	101,683,662,145	-	88,101,283,872	-
Raw materials	275,938,011,775	(34,607,475,189)	273,485,260,958	(31,201,615,094)
Tools and supplies	49,511,465,781	-	122,829,417,304	-
Work in progress	155,280,000	-	808,620,000	-
Merchandise	432,947,526,790	-	386,207,915,371	-
	860,235,946,491	(34,607,475,189)	871,432,497,505	(31,201,615,094)

As at 30 June 2019, the Company made provision for inventory devaluation of VND 3,405,860,095 (as at 31 December 2018: VND 31,201,615,094) for the inventories retrieved to warehouses that are devalued with the rate of 80% for optical supplies and 100% for copper supplies.

9. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Current		
Expenses for transforming to optical fiber system	74,431,990,046	326,152,977,092
Others	532,852,754,187	499,709,940,475
	607,284,744,233	825,862,917,567
b. Non-current		
Expenses for transforming to optical fiber system and payTV installation cost	707,284,000,052	376,246,651,395
Others	209,134,030,249	142,201,112,491
	916,418,030,301	518,447,763,886

FPT TELECOM JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09a-DN/HN

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

Items	Opening balance	Movement in the period		Closing balance
		Amount receivable/payable	Amount received/paid or offset	
	VND	VND	VND	VND
a. Receivables				
Value added tax	-	2,867,294,129	2,861,036,188	6,257,941
Corporate income tax	9,444,092,790	-	-	9,444,092,790
Other taxes	85,090,391	22,858,694	57,408,641	50,540,444
	9,529,183,181	2,890,152,823	2,918,444,829	9,500,891,175
b. Payables				
Value added tax	17,913,240,204	304,605,117,865	288,713,703,240	33,804,654,829
- Output value added tax	17,913,240,204	201,048,988,434	185,161,453,974	33,800,774,664
- Value added tax on imports	-	103,556,129,431	103,552,249,266	3,880,165
Import duty	-	10,474,130,162	10,474,130,162	-
Corporate income tax	53,813,646,183	166,557,578,222	130,137,728,782	90,233,495,623
Other taxes	3,927,015,167	90,213,731,026	85,360,223,620	8,780,522,573
- License tax	-	249,000,000	249,000,000	-
- Personal income tax	3,510,946,333	82,510,375,580	78,129,544,353	7,891,777,560
- Other taxes	416,068,834	7,454,355,446	6,981,679,267	888,745,013
Other payables	-	200,000	200,000	-
	75,653,901,554	571,850,757,275	514,685,985,804	132,818,673,025

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FPT TELECOM JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09a-DN/HN

11. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	154,505,540,733	6,329,546,967,818	20,595,402,266	357,504,785,534	6,862,152,696,351
Increases	6,770,938,221	894,090,652,378	-	(58,319,779,086)	842,541,811,513
Purchases	6,770,938,221	821,457,894,413	-	3,103,597,264	831,332,429,898
Transfer from construction in progress	-	11,209,381,615	-	-	11,209,381,615
Reclassification	-	61,423,376,350	-	(61,423,376,350)	-
Decreases	-	(278,675,197,517)	-	(2,489,029,361)	(281,164,226,878)
Retrieval	-	(278,675,197,517)	-	(1,983,888,824)	(280,659,086,341)
Others	-	-	-	(505,140,537)	(505,140,537)
Closing balance	161,276,478,954	6,944,962,422,679	20,595,402,266	296,695,977,087	7,423,530,280,986
ACCUMULATED DEPRECIATION					
Opening balance	45,969,360,402	2,999,930,732,676	13,782,229,930	294,740,861,926	3,354,423,184,934
Increases	3,388,369,329	443,781,802,768	955,876,898	(11,455,435,732)	436,670,613,263
Charge for the period	3,388,369,329	427,241,405,668	955,876,898	5,084,961,368	436,670,613,263
Reclassification	-	16,540,397,100	-	(16,540,397,100)	-
Decreases	-	(181,073,469,118)	-	(2,506,688,997)	(183,580,158,115)
Retrieval	-	(181,073,469,118)	-	(1,963,650,981)	(183,037,120,099)
Closing balance	49,357,729,731	3,262,639,066,326	14,738,106,828	280,778,737,197	3,607,513,640,082
NET BOOK VALUE					
Opening balance	108,536,180,331	3,329,616,235,142	6,813,172,336	62,763,923,608	3,507,729,511,417
Closing balance	111,918,749,223	3,682,323,356,353	5,857,295,438	15,917,239,890	3,816,016,640,904

As at 30 June 2019, the cost of tangible fixed assets includes approximately VND 1,317,013 million (31 December 2018: approximately VND 1,099,802 million) of assets which have been fully depreciated but are still in use.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Licenses, operating right VND	Computer software VND	Total VND
COST				
Opening balance	45,523,375,025	672,797,820,671	70,878,405,530	789,199,601,226
Increases	12,703,003,117	51,202,925,520	2,624,538,991	66,530,467,628
Additions	12,703,003,117	51,202,925,520	2,624,538,991	66,530,467,628
Decreases	-	-	(166,125,607)	(166,125,607)
Disposals	-	-	(166,125,607)	(166,125,607)
Closing balance	58,226,378,142	724,000,746,191	73,336,818,914	855,563,943,247
ACCUMULATED AMORTISATION				
Opening balance	-	170,115,916,891	36,999,773,954	207,115,690,845
Increases	-	24,138,338,510	6,294,907,627	30,433,246,137
Charge for the period	-	24,138,338,510	6,294,907,627	30,433,246,137
Decreases	-	-	(166,125,607)	(166,125,607)
Disposals	-	-	(166,125,607)	(166,125,607)
Closing balance	-	194,254,255,401	43,128,555,974	237,382,811,375
NET BOOK VALUE				
Opening balance	45,523,375,025	502,681,903,780	33,878,631,576	582,083,910,381
Closing balance	58,226,378,142	529,746,490,790	30,208,262,940	618,181,131,872

13. UNEARNED REVENUE

	Closing balance VND	Opening balance VND
a. Short-term		
Revenue received in advance from telecommunication services	1,288,934,812,109	1,185,633,003,998
Others	1,772,803,994	1,772,804,061
	1,290,707,616,103	1,187,405,808,059
b. Long-term		
Revenue received in advance from telecommunication services	33,446,569,264	8,132,337,054
Others	37,672,086,791	38,558,488,834
	71,118,656,055	46,690,825,888

14. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Payroll expense	254,039,258,553	246,833,295,541
Interest expense	43,611,585,318	75,695,768,755
Other accruals	205,934,639,595	251,356,784,970
	503,585,483,466	573,885,849,266

15. OTHER SHORT-TERM PAYABLES

	Closing balance	Opening balance
	VND	VND
Employment statutory obligations	6,728,721,783	14,433,475,459
Dividends payable	227,194,717,933	1,100,904,683
Short-term deposits and collaterals	137,459,263,411	204,263,238,848
Others	17,447,916,915	18,123,068,447
	388,830,620,042	237,920,687,437

16. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Item	Opening balance		Movement in the period		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
Short-term loans	VND	VND	VND	VND	VND	VND
	3,292,088,345,536	3,292,088,345,536	2,517,330,592,754	2,865,458,450,280	2,943,960,488,010	2,943,960,488,010
Current portion of long-term loans (see Note 17)	69,999,183,642	69,999,183,642	127,498,653,759	69,999,183,642	127,498,653,759	127,498,653,759
	3,362,087,529,178	3,362,087,529,178	2,644,829,246,513	2,935,457,633,922	3,071,459,141,769	3,071,459,141,769

17. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Item	Opening balance		Movement in the period		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
Long-term loans	VND	VND	VND	VND	VND	VND
	237,714,628,160	237,714,628,160	97,282,027,777	34,999,591,821	299,997,064,116	299,997,064,116
	237,714,628,160	237,714,628,160	97,282,027,777	34,999,591,821	299,997,064,116	299,997,064,116
In which:						
Amount due for settlement within 12 months	69,999,183,642					127,498,653,759
Amount due for settlement after 12 months	167,715,444,518					172,498,410,357

Long-term loans are repayable as follows:

	Closing balance	Opening balance
	VND	VND
On demand or within one year	127,498,653,759	69,999,183,642
In the second year	114,998,940,240	101,357,518,170
In the third to fifth year inclusive	57,499,470,117	66,357,926,348
	299,997,064,116	237,714,628,160
Less: amount due for settlement within 12 months (shown under short-term loans)	(127,498,653,759)	(69,999,183,642)
Amount due for settlement after 12 months	172,498,410,357	167,715,444,518

18. BONUS AND WELFARE FUNDS

According to Resolution No. 01/NQ-DHDCD/FTEL dated 23 April 2019 approving 2019 plans, in which bonus and welfare fund will be allocated with the maximum of 10% of profit after tax. The Company and its subsidiaries temporarily allocate bonus and welfare fund for the 6-month period ended 30 June 2019.

19. OWNERS' EQUITY

Movement in Owners' equity

	Owners' contributed capital		Share premium	Treasury shares	Investment and development fund	Other reserves	Retained earnings		Non-controlling interests	Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
<i>For the 6-month period ended 30 June 2018</i>										
Prior period's opening balance	1,507,832,590,000		7,652,995,729	(300,150,000)	246,879,179,072	34,572,210,000	1,239,853,363,572	3,036,490,188,373	265,193,868,773	3,301,684,057,146
Profit for the period							510,372,658,881	510,372,658,881	44,268,398,029	554,641,056,910
Dividends declared in shares	753,764,650,000						(753,764,650,000)			
Other movements							(139,743,172)	(139,743,172)	(133,444,926)	(273,188,098)
Current period's opening balance	2,261,597,240,000		7,652,995,729	(300,150,000)	246,879,179,072	34,572,210,000	996,321,629,281	3,546,723,104,082	309,328,821,876	3,856,051,925,958
<i>For the 6-month period ended 30 June 2019</i>										
Prior period's opening balance	2,261,597,240,000		20,391,591,930	(300,150,000)	389,798,534,033	34,572,210,000	1,038,992,588,448	3,745,052,014,411	376,175,033,244	4,121,227,047,655
Profit for the period							631,724,124,697	631,724,124,697	52,499,224,053	684,223,348,750
Dividends declared in shares	226,127,600,000						(226,127,600,000)			
Dividends declared in cash							(226,129,709,000)	(226,129,709,000)	(83,368,721,000)	(309,498,430,000)
Other movements							(16,322,993,490)	(16,322,993,490)	(610,810,501)	(16,933,803,991)
Current period's closing balance	2,487,724,840,000		20,391,591,930	(300,150,000)	389,798,534,033	34,572,210,000	1,202,136,410,655	4,134,323,436,618	344,694,725,796	4,479,018,162,414

Shares	Closing balance	Opening balance
Number of shares issued to the public		
+) Ordinary shares	248,772,484	226,159,724
Number of treasury shares		
+) Ordinary shares	30,015	30,015
Number of outstanding shares in circulation		
+) Ordinary shares	248,742,469	226,129,709

Par value of ordinary share is VND 10,000 per share.

Charter capital

Up to the date of the interim consolidated financial statements, the Company has not completed procedures for revision of business registration because of the administrative procedures relating to acceptance of additional listing shares and revision of business registration. According to the Company's latest Business Registration Certificate, the Company's charter capital is VND 2,261,597,240,000. The charter capital contributions by the shareholders as at 30 June 2019 been fully made as follows:

	Per Amended Business Registration Certificate		Capital contributed			
	Number of shares	%	Closing balance		Opening balance	
			Number of shares	%	Number of shares	%
1. State Capital Investment Corporation	113,458,693	50.17	124,804,562	50.17	113,458,693	50.17
2. FPT Corporation	103,242,052	45.65	113,566,257	45.65	103,242,052	45.65
3. Other shareholders	9,458,979	4.18	10,371,650	4.17	9,428,964	4.17
	226,159,724	100.00	248,742,469	99.99	226,129,709	99.99
Treasury shares			30,015	0.01	30,015	0.01
	226,159,724	100.00	248,772,484	100.00	226,159,724	100.00

Dividends

The Resolution of General Shareholders' Meeting dated 23 April 2019 approved payment of dividends in cash from 2018 profit after tax with the amount of VND 226,129,709,000 (ratio of dividend payment in cash is VND 1,000/share), dividends by share with the ratio of 10:1 from retained earnings as at 31 December 2018. On 14 June 2019, the Company finalised cash dividend payment right according to Resolution of Board of Directors' No. 09-2019/FTEL -HDQT/NQ dated 06 May 2019 and actual payment by cash on 17 July 2019. On 31 May 2019, the Company finalised right of dividend payment by share according to Resolution of Board of Directors' No. 08/NQ-HDQT/FTEL dated 06 May 2019 and Hanoi Stock Exchange accepted the addition listing for these shares on 26 July 2019.

20. OFF INTERIM CONSOLIDATED BALANCE SHEET ITEMS

Operating lease assets

Minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Closing balance	Opening balance
	VND	VND
Within one year	110,225,899,079	88,680,039,252
In the second to fifth year inclusive	258,448,917,172	226,017,754,422
After five years	36,842,199,240	38,898,756,837
	405,517,015,491	353,596,550,511

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Operating lease payments represent the total office rental payments of the Company's branches and subsidiaries under rental contracts of each branch and subsidiary.

Foreign currencies and bad debts written off

	<u>Closing balance</u>	<u>Opening balance</u>
Foreign currencies		
United States Dollar (USD)	7,149,655	6,035,971
Bad debts written off (*)		
Vietnam Dong (VND)	171,000,301,306	171,144,660,818

(*) Represents the bad debts written off in 2016 in the off interim consolidated balance sheet under Circular No. 228/2009/TT-BTC issued by Ministry of Finance on 07 December 2009 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.

21. BUSINESS AND GEOGRAPHICAL SEGMENTS**Business segments**

Throughout the period, major activities of the Company are providing ADSL service, lease line, domain and data backup, online advertisement, online games and other online services. Therefore, the Company does not present business segment report. The revenue and cost of sales have been presented in details at Note 22 and Note 23.

Geographical segments

The Company has no business activities out of the territory of Vietnam; all manufacturing and business activities of the Company are conducted within Vietnam's territory.

22. REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	<u>Current period</u> VND	<u>Prior period</u> VND
Sales of merchandise and services		
<i>In which:</i>		
- Sales of merchandise	288,783,275,833	232,369,772,651
- Sales of services	4,639,966,009,494	3,968,229,175,754
	4,928,749,285,327	4,200,598,948,405
Sales deductions		
- Sales return	(13,669,125,190)	(9,803,433,808)
	(13,669,125,190)	(9,803,433,808)

23. COST OF SALES

	<u>Current period</u> VND	<u>Prior period</u> VND
Cost of merchandise sold	268,004,612,865	214,592,480,752
Cost of services rendered	2,274,509,104,862	1,914,965,585,763
	2,542,513,717,727	2,129,558,066,515

24. PRODUCTION COST BY NATURE

	<u>Current period</u> VND	<u>Prior period</u> VND
Raw materials and consumables	596,240,288,583	461,801,134,053
Labour	1,011,455,921,957	791,750,710,694
Depreciation expense	467,103,859,400	461,743,586,131
Provision expenses	33,753,817,276	25,736,983,064
Out-sourced services	1,421,571,767,540	1,349,691,172,114
Other monetary expenses	310,899,009,059	232,444,370,512
	3,841,024,663,815	3,323,167,956,568

25. FINANCIAL INCOME

	<u>Current period</u> VND	<u>Prior period</u> VND
Bank and loan interest	111,416,862,555	65,467,593,101
Foreign exchange gain	4,726,359,469	2,871,089,803
Other financial income	662,918	2,567,357
	116,143,884,942	68,341,250,261

26. FINANCIAL EXPENSES

	<u>Current period</u> VND	<u>Prior period</u> VND
Interest expense	86,846,001,985	50,606,889,230
Foreign exchange loss	4,364,314,675	5,263,580,249
Other financial expenses	12,441	12,944
	91,210,329,101	55,870,482,423

27. CORPORATE INCOME TAX EXPENSES

	<u>Current period</u> VND	<u>Prior period</u> VND
Current corporate income tax expense		
Corporate income tax expense based on taxable profit in the current year	149,772,880,042	123,701,712,966
Total current corporate income tax expense	149,772,880,042	123,701,712,966

28. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share as at 30 June 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding for the period as follows:

	Current period	Prior period (Restated)
Profit for the period attributable to equity holders of the parent company (VND)	631,724,124,697	510,372,658,881
- Estimated appropriation of bonus and welfare funds from the holding company's profit after tax under the Resolution of General Shareholders' Meeting (VND)	(63,172,412,470)	(51,037,265,888)
Earnings for the purposes of calculating basic earnings per share (VND)	568,551,712,227	459,335,392,993
Weighted average number of ordinary shares in circulation (share)	248,742,469	248,742,469
Basic earnings per share (VND/share)	2,286	1,847

Adjustment of weighted average number of ordinary shares

The Company paid dividend by share in the current period. Accordingly, the Basic earnings per share for the 6-month period ended 30 June 2017 has been restated as follows:

	Weighted average number of ordinary shares	Basic earnings per share
	Share	VND
Figures of previous period	226,129,709	2,031
Effect of the dividend payment by share in the period	22,612,760	(184)
Restated figures	248,742,469	1,847

29. RELATED PARTY TRANSACTIONS AND BALANCES**List of related parties with significant transactions and balances for the period:**

Related party	Relationship
FPT Corporation - the Holding company	Parent company
Synnex FPT Joint Stock Company (FTG)	Associates of the Parent Company
FPT Software Company Limited (FSO)	Affiliate
FPT Information System Corporation (FIS)	Affiliate
FPT Digital Retail Joint Stock Company (FRT)	Affiliate

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Current period	Prior period
	VND	VND
FPT Corporation		
Dividends by shares	103,242,052,000	344,140,175,000
Dividends paid in cash	103,242,052,000	-
Sales of goods and services	14,404,105,604	13,446,096,829
Purchases of fixed assets, goods and services	33,214,416,016	23,462,991,769
Other related parties		
Synnex FPT Joint Stock Company (FTG)		
Sales of goods and services	2,827,096,141	2,418,650,119
Purchases of fixed assets, goods and services	85,314,910,166	111,231,642,948
FPT Software Company Limited (FSO)		
Sales of goods and services	16,827,136,411	11,516,288
Purchases of fixed assets, goods and services	22,464,975	23,456,879,137
FPT Information System Corporation (FIS)		
Sales of goods and services	10,027,958,792	6,311,134,540
Purchases of fixed assets, goods and services	1,166,960,057	8,058,289,746
FPT Digital Retail Joint Stock Company (FRT)		
Sales of goods and services	14,084,335,324	14,504,299,857
Purchases of fixed assets, goods and services	1,542,873,182	2,029,279,640

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

	Closing balance	Opening balance
	VND	VND
Cash and cash equivalents		
Cash deposited in the central account of FPT Corporation	4,025,653,307	3,033,497,296
Receivables		
FPT Corporation - Goods and services	6,136,716,674	537,692,042
FPT Information System Corporation (FIS)	200,499,442	2,042,651,667
FPT Digital Retail Joint Stock Company (FRT)	1,825,184,624	1,276,901,376
Synnex FPT Joint Stock Company (FTG)	226,004,754	403,345,812
FPT Software Company Limited (FSO)	5,682,259,800	4,536,000,000
Payables		
FPT Corporation - Goods and services	21,103,344,636	35,084,855,464
FPT Corporation - Dividend payables	103,242,052,000	-
FPT Information System Corporation (FIS)	127,749,102	65,670,694,089
FPT Digital Retail Joint Stock Company (FRT)	44,203,002	226,239,341
Synnex FPT Joint Stock Company (FTG)	43,085,348,357	14,985,237,513

30. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**Supplemental non-cash disclosures**

Cash outflows for acquisition of fixed assets and construction in progress during the period excluded VND 324,501,561,967, representing an addition in fixed assets and construction in progress during the period which have not been paid yet (for 6 first months of 2018: VND 323,210,796,811). Consequently, changes in accounts payable have been adjusted by the same amount.

Dividends and profits paid during the period excluded VND 226,129,709,000, representing dividends during the period which have not been paid yet. Consequently, changes in accounts payable have been adjusted by the same amount.

31. SUBSEQUENT EVENTS

FPT Online Service Joint Stock Company - a subsidiary of the Company has announced for 2019 first advance of cash dividend with the rate of 100% (equivalent to VND 10,000 per share). The finalised date for right of dividend payment is 15 August 2019 and dividend will be paid on 28 August 2019.



Nguyen Thi Thu Huong
Preparer



Do Thi Huong
Chief Accountant



Vu Thi Mai Huong
Deputy General Director

12 August 2019