

FPT TELECOM JOINT STOCK COMPANY

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2016

FPT TELECOM JOINT STOCK COMPANY

2nd Floor, FPT Cau Giay Tower, Duy Tan Street, Dich Vong Hau Ward
Cau Giay District, Hanoi, Vietnam

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE BOARD OF DIRECTORS	1
INDEPENDENT AUDITORS' REPORT	2
CONSOLIDATED BALANCE SHEET	3 - 4
CONSOLIDATED INCOME STATEMENT	5
CONSOLIDATED CASH FLOW STATEMENT	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7 - 29

FPT TELECOM JOINT STOCK COMPANY

2nd Floor, FPT Cau Giay Tower, Duy Tan Street, Dich Vong Hau Ward
Cau Giay District, Hanoi, Vietnam

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of FPT Telecom Joint Stock Company (the "Company") presents this report together with the Company's consolidated financial statements for the year ended 31 December 2016.

THE BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

Ms. Chu Thi Thanh Ha	Chairman
Mr. Truong Gia Binh	Member
Mr. Le Huy Chi	Member
Mr. Bui Quang Ngoc	Member
Mr. Nguyen Van Khoa	Member
Mr. Nguyen Hong Hien	Member

Board of Directors

Mr. Nguyen Van Khoa	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 (Appointed on 01 February 2016)

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Board of Directors is required to:

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

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Company and that the consolidated financial statements comply with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. The Board of Directors 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.

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

For and on behalf of the Board of Directors,


Vu Thi Mai Huong
Deputy General Director

13 March 2017

No.: 542 /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of FPT Telecom Joint Stock Company (the "Company"), prepared on 13 March 2017 as set out from page 03 to page 29, which comprise the consolidated balance sheet as at 31 December 2016, the consolidated statement of income, and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated financial statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Vu Duc Nguyen
Deputy General Director
Audit Practising Registration Certificate
No. 0764-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

13 March 2017
Hanoi, S.R. Vietnam

Nguyen Luong Tam
Auditor
Audit Practising Registration Certificate
No. 2303-2013-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		3,863,679,617,579	3,631,795,847,521
I. Cash and cash equivalents	110	5	313,025,494,504	282,027,493,486
1. Cash	111		68,177,885,217	40,874,417,168
2. Cash equivalents	112		244,847,609,287	241,153,076,318
II. Short-term financial investments	120		1,593,039,336,332	1,028,368,640,271
1. Held-to-maturity investments	123	6	1,593,039,336,332	1,028,368,640,271
III Short-term receivables	130		954,040,327,025	998,009,596,472
1. Short-term trade receivables	131		937,009,031,589	1,136,899,371,137
2. Short-term advances to suppliers	132		31,123,078,317	28,431,272,232
3. Other short-term receivables	136		41,472,449,393	23,324,272,650
4. Provision for short-term doubtful debts	137		(55,564,232,274)	(190,645,319,547)
IV. Inventories	140	8	369,982,688,440	473,753,502,668
1. Inventories	141		369,982,688,440	473,753,502,668
V. Other short-term assets	150		633,591,771,278	849,636,614,624
1. Short-term prepayments	151	9	505,128,057,529	685,420,273,936
2. Value added tax deductibles	152		16,674,392,147	61,486,085,601
3. Taxes and other receivables from the State budget	153	10	111,789,321,602	102,730,255,087
B. NON-CURRENT ASSETS	200		3,980,768,394,316	3,728,810,401,782
I. Long-term receivables	210		37,062,784	2,981,643,243
1. Other long-term receivables	216		37,062,784	2,981,643,243
II. Fixed assets	220		3,105,790,318,731	2,925,749,763,381
1. Tangible fixed assets	221	11	2,952,553,156,707	2,767,996,457,250
- Cost	222		5,756,772,172,035	4,887,435,525,946
- Accumulated depreciation	223		(2,804,219,015,328)	(2,119,439,068,696)
2. Intangible assets	227	12	153,237,162,024	157,753,306,131
- Cost	228		273,236,124,664	259,482,375,411
- Accumulated amortisation	229		(119,998,962,640)	(101,729,069,280)
IV. Long-term assets in progress	240		214,146,967,623	217,795,128,330
1. Long-term construction in progress	242	13	214,146,967,623	217,795,128,330
V. Long-term financial investments	250	6	256,306,987,671	190,161,150,175
1. Investment in subsidiaries	251		263,457,441,356	194,459,441,356
2. Equity investments in other entities	253		6,000,000,000	6,000,000,000
3. Provision for impairment of long-term financial	254		(13,150,453,685)	(10,298,291,181)
VI. Other long-term assets	260		404,487,057,507	392,122,716,653
1. Long-term prepayments	261	9	354,797,797,580	335,391,459,935
2. Deferred tax assets	262		49,689,259,927	56,731,256,718
TOTAL ASSET (270=100 + 200)	270		7,844,448,011,895	7,360,606,249,303

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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2016

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance (Restated)
C. LIABILITIES	300		5,326,381,149,828	5,189,439,115,396
I. Current liabilities	310		4,827,411,086,308	4,685,023,623,042
1. Short-term trade payables	311		766,687,189,254	1,104,562,640,453
2. Short-term advances from customers	312		102,123,802,953	71,314,693,339
3. Taxes and amounts payable to the State budget	313	11	79,648,280,548	107,380,284,932
4. Payables to employees	314		4,488,486,421	5,080,662,238
5. Short-term accrued expenses	315	16	441,048,229,060	325,986,851,472
6. Short-term unearned revenue	318	15	868,489,337,153	1,143,144,690,854
7. Other current payables	319	17	318,028,402,729	132,732,630,441
8. Short-term loans and obligations under finance leases	320	18	2,094,181,289,625	1,660,677,134,056
9. Short-term provisions	321		756,720,000	-
10. Bonus and welfare funds	322	20	151,959,348,565	134,144,035,257
II. Long-term liabilities	330		498,970,063,520	504,415,492,354
1. Long-term unearned revenue	336	15	49,849,867,850	59,365,776,351
2. Other long-term payables	337		-	404,134,497
3. Long-term loans and obligations under finance leases	338	19	449,120,195,670	444,645,581,506
D. EQUITY	400		3,201,776,676,381	2,755,965,125,478
I. Owners' equity	410	21	3,201,776,676,381	2,755,965,125,478
1. Owners' contributed capital	411		1,370,786,090,000	1,246,198,090,000
- Ordinary shares carrying voting rights	411a		1,370,786,090,000	1,246,198,090,000
2. Share premium	412		7,652,995,729	7,652,995,729
3. Treasury shares	415		(300,150,000)	(300,150,000)
4. Investment and development fund	418		131,972,384,482	-
5. Retained earnings	421		1,489,960,598,848	1,315,078,342,245
- Retained earnings accumulated to the prior year end	421a		941,138,393,299	577,807,675,264
- Retained earnings of the current year	421b		548,822,205,549	737,270,666,981
6. Non-controlling interests	429		201,704,757,322	187,335,847,504
TOTAL RESOURCES (440=300+400)	440		8,528,157,826,209	7,945,404,240,874


Nguyen Thi Thu Huong
Preparer

13 March 2017


Do Thi Huong
Chief Accountant


Vu Thi Mai Huong
Deputy General Director

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year (Restated)
1. Gross revenue from goods sold and services rendered	01	24	6,693,694,162,232	5,580,401,055,231
2. Deductions	02	24	27,226,010,566	12,660,258,636
3. Net revenue from goods sold and services rendered (10=01-02)	10		6,666,468,151,666	5,567,740,796,595
4. Cost of sales	11	25	3,555,106,661,984	2,919,474,384,643
5. Gross profit from goods sold and services rendered (20=10-11)	20		3,111,361,489,682	2,648,266,411,952
6. Financial income	21	27	162,661,202,245	65,549,140,411
7. Financial expenses	22	28	154,892,015,179	84,873,618,113
- In which: Interest expense	23		150,789,690,933	66,726,228,145
8. Selling expenses	25		593,914,795,407	530,325,251,116
9. General and administration expenses	26		1,335,790,764,247	1,063,831,278,614
10. Operating profit (30=20+(21-22)+24-(25+26))	30		1,189,425,117,094	1,034,785,404,520
11. Other income	31		7,609,927,914	8,684,601,280
12. Other expenses	32		4,278,912,737	3,123,269,736
13. Profit from other activities (40=31-32)	40		3,331,015,177	5,561,331,544
14. Accounting profit before tax (50=30+40)	50		1,192,756,132,271	1,040,346,736,064
15. Current corporate income tax expense	51	29	165,468,733,057	125,558,578,112
16. Deferred corporate tax expense	52	29	16,709,057,193	32,715,426,473
17. Net profit after corporate income tax (60=51-51-52)	60		1,010,578,342,021	882,072,731,479
17.1. Equity holders of the Holding Company	61		918,091,637,496	827,701,610,355
17.2. Non-controlling interests	62		92,486,704,525	54,371,121,124
18. Basic earnings per share	70	30	5,972	5,415


Nguyen Thi Thu Huong
Preparer

13 March 2017


Do Thi Huong
Chief Accountant


Vu Thi Mai Huong
Deputy General Director



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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Current year	Prior year (Restated)
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	1,192,756,132,271	1,040,346,736,064
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	748,266,953,204	557,573,387,003
Provisions	03	41,537,807,652	42,107,404,237
Foreign exchange (gain) arising from translating foreign currency items	04	(542,027,858)	(391,128,131)
(Gain) from investing activities	05	(154,938,413,902)	(57,599,276,540)
Interest expense	06	150,789,690,933	66,726,228,145
3. Operating profit before movements in working capital	08	1,977,870,142,300	1,648,763,350,778
Changes in receivables	09	129,981,772,672	(472,331,783,784)
Changes in inventories	10	100,138,675,734	(242,899,675,817)
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	(437,132,810,607)	911,002,127,013
Changes in prepaid expenses	12	147,190,457,915	(451,333,637,781)
Interest paid	14	(128,163,032,934)	(31,834,625,339)
Corporate income tax paid	15	(198,524,842,841)	(196,082,948,641)
Other cash inflows	16	2,296,874,447	719,417,204
Other cash outflows	17	(769,141,573)	(5,697,581,651)
Net cash generated by operating activities	20	1,592,888,095,113	1,160,304,641,982
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(1,002,565,371,908)	(1,484,795,577,755)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	219,642,144	320,600,000
3. Cash outflow for lending, buying debt instruments of other entities	23	(614,420,696,061)	(1,053,671,910,271)
4. Cash recovered from investments in other entities	26	11,289,755,636	-
5. Interest earned, dividends and profits received	27	111,497,321,435	43,628,942,277
Net cash (used in) investing activities	30	(1,493,979,348,754)	(2,494,517,945,749)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	2,971,812,214,509	3,481,357,114,375
2. Repayment of borrowings	34	(2,533,833,444,776)	(2,074,834,677,138)
3. Dividends and profits paid	36	(294,992,676,900)	(393,692,096,125)
Net cash generated by financing activities	40	142,986,092,833	1,012,830,341,112
Net (decrease)/increase in cash (50=20+30+40)	50	241,894,839,192	(321,382,962,655)
Cash and cash equivalents at the beginning of	60	735,084,146,290	1,056,467,108,945
Cash and cash equivalents at the end of the year (70=50+60)	70	976,978,985,482	735,084,146,290


Nguyen Thi Thu Huong
Preparer

13 March 2017


Do Thi Huong
Chief Accountant


Vu Thi Mai Huong
Deputy General Director

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION**Structure of ownership**

FPT Telecom Joint Stock Company (the "Company") was incorporated in Vietnam under Business Registration Certificate No. 0101778163 dated 17 November 2016 issued by Hanoi Authority for Planning and Investment, which is the 20th amendment to the Business Registration Certificate No. 0103008774 dated 28 July 2005. The Company's shares were listed on Hanoi Stock Exchange on 13 January 2017 with stock symbol FOX.

The number of employees of Holding Company and its subsidiaries as at 31 December 2016 was 7,232 (31 December 2015: 7,296).

Operating industry and 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 31 December 2016 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	59.12%	Providing game online service, online newspaper, online payment service
FPT Telecom Tan Thuan Company Limited	Lot No. 29B - 31B - 33B, Tan Thuan Road, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, District 7, Ho Chi Minh City	100%	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%	Providing internet services, agent for providing telecommunication services and other services
FPT Software Enterprise Solution Company Limited (FSS)	Lot No. 29B - 31B - 33B, Tan Thuan Road, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, District 7, Ho Chi Minh City	100%	Producing software
FPT Telecom Technology Joint Stock Company	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 consolidated financial statements

The comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2015. Some items in consolidated balance sheet as at 31 December 2015, the consolidated income statement and consolidated cash flow statement for then year ended were restated or reclassified. Details are presented in Note 34.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

Financial year

The Company's financial year begins on 01 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 21 March 2016, the Ministry of Finance issued Circular No. 53/2016/TT-BTC ("Circular 53") amending and supplementing certain articles of Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the accounting regime for enterprises. Circular 53 is effective for the financial years beginning on or after 01 January 2016. Accordingly, the Board of Directors has applied Circular 53 in the preparation and presentation of the Company's consolidated financial statements for the year ended 31 December 2016.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) up to 31 December 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 year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (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.

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, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and is amortised on the straight-line basis over its estimated period of benefit of 10 years (per VAS 11 - Business Combination, the maximum estimated useful life should not exceed 10 years).

Goodwill arising on the acquisition of subsidiaries is presented separately as an intangible asset in the consolidated balance sheet.

On disposal of a subsidiary, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

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. 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 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.

Receivables

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

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

Inventories

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The 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.

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

	<u>Current year</u> (Years)	<u>Prior year</u> (Years)
Buildings and structures	25	25
Machinery and equipment	3 - 15	3 - 10
Office equipment	3 - 6	3 - 6
Motor vehicles	6	6
Others	3 - 5	3 - 5

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 consolidated income statement.

Leasing

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 consolidated income statement under the straight-line basis over the lease term. Benefits received or receivable as an incentive to enter into an operating leases are also spread on a straight-line basis over the lease term.

Intangible assets and amortisation

Land use rights

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

Intangible assets represent computer software, license and operating right 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
Right to operate hi-speed internet line - Asia America Gateway ("AAG") 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 land rentals establishment cost and other types of long-term prepayments.

Land rentals represent rentals that have been paid in advance. Prepaid land rentals are charged to the consolidated income statement using the straight-line method over the lease term.

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 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 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 years. 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 and depends on the approval of shareholders'meeting.

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 service

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

Revenue from the sales of prepaid online game and internet cards is recognized in the 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 service

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 year.

Foreign currencies

Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

Borrowing costs

Borrowing costs are recognised in the consolidated income statement in the year 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 year. Taxable profit differs from profit before tax as reported in the 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 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.

5. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND	VND
Cash on hand	3,983,319,603	2,705,418,845
Bank demand deposits	191,559,198,078	86,460,059,939
Cash equivalents	781,436,467,801	645,918,667,506
	976,978,985,482	735,084,146,290

Cash equivalents comprise demand deposits with maturity less than 3 months at FPT Joint Stock Company and commercial banks.

6. FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	Cost	Carrying amount	Cost	Carrying amount
	VND	VND	VND	VND
a. Held-to-maturity investments	1,680,039,336,332	1,680,039,336,332	1,065,618,640,271	1,065,618,640,271
a1) Current investments	1,680,039,336,332	1,680,039,336,332	1,065,618,640,271	1,065,618,640,271
- Term deposits	1,678,039,336,332	1,678,039,336,332	1,061,618,640,271	1,061,618,640,271
- Other investments	2,000,000,000	2,000,000,000	4,000,000,000	4,000,000,000

	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)	11,040,000,000	(3,687,560,950)
Sendo Technology Joint Stock Company	3,684,980,000	(3,684,980,000)	5,040,000,000	(3,687,560,950)
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 31 December 2016 is required to be presented in the financial statements. However, the invested entities are unlisted and there is no legal guideline to determine fair value for unlisted share. Therefore, the Company has not presented the fair value of these investments.

7. OTHER SHORT-TERM RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Interest income	31,358,499,827	16,477,531,130
Other receivables	29,041,404,128	36,175,797,081
	60,399,903,955	52,653,328,211

8. BAD DEBTS

	Closing balance		Opening balance	
	Cost	Recoverable amount	Cost	Recoverable amount
	VND	VND	VND	VND
Total amount of receivables and loans past due or not past due but impaired	121,641,902,015	50,701,270,446	248,035,137,663	46,092,611,858
Short-term trade receivables	121,641,902,015	50,701,270,446	248,035,137,663	46,092,611,858

Overdue receivables reflect short-term trade receivables from telecommunication service and there is no receivable amount exceeding 10% of total overdue receivables. Provision for these receivable amounts 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.

In 2016, the Company write off the receivables amounts from retail customers regarding overdue amounts for telecommunication services that were evaluated as unrecoverable, and made provision for doubtful debt from previous years with the total amount of VND 171,935,562,838.

9. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	62,059,799,200	-	107,988,129,370	-
Tools and supplies	35,793,633,737	-	61,308,075,086	-
Merchandise	308,771,723,149	-	336,290,528,841	-
Total	406,625,156,086	-	505,586,733,297	-

10. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a) Current		
Expenses for transforming to optical fiber system	192,453,308,435	288,947,201,347
Others	332,398,679,237	405,213,433,419
	524,851,987,672	694,160,634,766
b) Non-current		
PayTV installation cost	267,928,451,861	231,193,175,317
Others	146,804,692,051	121,547,332,274
	414,733,143,912	352,740,507,591

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

FORM B 09-DN/HN

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

Items	Movement in the year			Closing balance
	Opening balance (Restated)	Amount receivable/payable	Amount received/ paid or offset	
	VND	VND	VND	VND
a) Receivables				
Value added tax	-	20,491,430,237	15,112,998,887	5,378,431,350
Corporate income tax	118,922,577,057	6,056,675,673	14,647,864,863	110,331,387,867
Other taxes	72,622,534	4,054,418,406	3,721,365,548	405,675,392
Total	118,995,199,591	30,602,524,316	33,482,229,298	116,115,494,609
b) Payables				
Value added tax	17,091,712,113	372,230,841,609	365,901,436,517	23,421,117,205
- Output value added tax	17,091,712,113	284,344,910,014	278,015,504,922	23,421,117,205
- Value added tax on imports	-	87,885,931,595	87,885,931,595	-
Special consumption tax	-	3,815,620	3,815,620	-
Import duty	284,787	4,985,570,835	4,985,855,622	-
Corporate income tax	86,879,315,648	165,468,733,057	198,524,842,841	53,823,205,864
Other taxes	3,408,972,384	39,893,004,021	40,898,018,926	2,403,957,479
License tax	-	190,000,000	190,000,000	-
Personal income tax	3,092,875,047	30,323,354,167	31,355,172,216	2,061,056,998
Other taxes	316,097,337	9,379,649,854	9,352,846,710	342,900,481
Other payables	-	4,590,778	4,590,778	-
Total	107,380,284,932	582,586,555,920	610,318,560,304	79,648,280,548

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

12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

COST	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Opening balance	154,321,645,565	4,461,729,571,569	53,996,139,656	576,866,532,068	84,391,738,574	5,331,305,627,432
Increases	-	881,209,869,847	-	7,515,819,544	-	888,725,689,391
Purchases	-	823,614,547,022	-	7,515,819,544	-	831,130,366,566
Transfer from construction in progress	-	57,595,322,825	-	-	-	57,595,322,825
Reclassification	-	177,971,734,944	(5,199,118,707)	(114,216,611,286)	(58,556,004,951)	-
Others adjustments	-	-	-	5,275,845,986	-	5,275,845,986
Decreases	-	4,182,775,419	677,087,727	455,319,623	-	5,315,182,769
Disposals	-	4,182,775,419	677,087,727	455,319,623	-	5,315,182,769
Closing balance	154,321,645,565	5,516,728,400,941	48,119,933,222	474,986,266,689	25,835,733,623	6,219,991,980,040
ACCUMULATED DEPRECIATION						
Opening balance	29,198,438,995	1,832,659,810,546	25,431,281,693	487,613,577,029	24,154,681,320	2,399,057,789,583
Increases	6,590,930,669	684,431,866,512	1,740,599,756	29,374,723,117	57,448,077	722,195,568,131
Charge for the year	6,590,930,669	684,431,866,512	1,740,599,756	29,374,723,117	57,448,077	722,195,568,131
Reclassification	-	131,715,906,415	(5,199,118,707)	(113,389,954,340)	(13,126,833,368)	-
Others adjustments	-	-	-	2,233,459,932	-	2,233,459,932
Decreases	-	2,270,575,685	677,087,727	380,487,282	-	3,328,150,694
Disposals	-	2,270,575,685	677,087,727	380,487,282	-	3,328,150,694
Closing balance	35,789,369,664	2,646,537,007,788	21,295,675,015	405,451,318,456	11,085,296,029	3,120,158,666,952
NET BOOK VALUE						
Opening balance	125,123,206,570	2,629,069,761,023	28,564,857,963	89,252,955,039	60,237,057,254	2,932,247,837,849
Closing balance	118,532,275,901	2,870,191,393,153	26,824,258,207	69,534,948,233	14,750,437,594	3,099,833,313,088

As at 31 December 2016, the cost of tangible fixed assets includes approximately VND 924,506 million (31 December 2015: about VND 792,319 million) of assets which have been fully depreciated but are still in use.

13. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Licenses, operating right VND	Computer software VND	Total VND
COST				
Opening balance	12,708,112,000	221,100,187,850	27,148,504,691	260,956,804,541
Increases	-	11,750,489,495	3,402,986,819	15,153,476,314
Additions	-	11,750,489,495	3,402,986,819	15,153,476,314
Decreases	-	-	1,343,727,061	1,343,727,061
Other decreases	-	-	1,343,727,061	1,343,727,061
Closing balance	12,708,112,000	232,850,677,345	29,207,764,449	274,766,553,794
ACCUMULATED AMORTISATION				
Opening balance	-	79,523,771,838	20,144,236,329	99,668,008,167
Increases	-	16,861,682,990	3,657,407,288	20,519,090,278
Charge for the year	-	16,861,682,990	3,657,407,288	20,519,090,278
Decreases	-	-	1,056,361,409	1,056,361,409
Other decreases	-	-	1,056,361,409	1,056,361,409
Closing balance	-	96,385,454,828	22,745,282,208	119,130,737,036
NET BOOK VALUE				
Opening balance	12,708,112,000	141,576,416,012	7,004,268,362	161,288,796,374
Closing balance	12,708,112,000	136,465,222,517	6,462,482,241	155,635,816,758

14. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Asia Pacific Gateway Cable Network (APG Project)	200,345,640,232	158,813,175,651
Others	13,834,054,664	58,981,952,679
	214,179,694,896	217,795,128,330

15. UNEARNED REVENUE

	Closing balance VND	Opening balance VND
a) Short-term		
Revenue received in advance from telecommunication services	866,098,041,817	1,141,049,275,657
Others	2,391,295,336	2,095,415,197
	868,489,337,153	1,143,144,690,854
b) Long-term		
Revenue received in advance from telecommunication services	7,745,770,847	15,488,875,267
Others	42,104,097,003	43,876,901,084
	49,849,867,850	59,365,776,351

16. ACCRUED EXPENSES

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Payroll expense	289,137,099,093	152,996,057,093
Interest expense	58,724,520,610	36,097,862,611
Other accruals	93,186,609,357	136,892,931,768
	<u>441,048,229,060</u>	<u>325,986,851,472</u>

17. OTHER SHORT-TERM PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Trade union fee	8,657,014,110	6,697,307,339
Social insurance	296,308,714	1,226,942,235
Health insurance	16,705,921	48,982,182
Unemployment insurance	10,181,735	33,816,995
Dividends payable	137,231,990,133	296,989,033
Short-term deposits and collaterals	136,238,784,439	113,410,482,921
Others	35,577,417,677	11,018,109,736
	<u>318,028,402,729</u>	<u>132,732,630,441</u>

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

FORM B 09-DN/HN

18. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Item	Opening balance		Movement in the year		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
	1,593,832,678,874	1,593,832,678,874	2,761,814,663,586	2,466,988,989,594	1,888,658,352,866	1,888,658,352,866
Current portion of long-term loans (see Note 19)	66,844,455,182	66,844,455,182	205,522,936,759	66,844,455,182	205,522,936,759	205,522,936,759
Total	1,660,677,134,056	1,660,677,134,056	2,967,337,600,345	2,533,833,444,776	2,094,181,289,625	2,094,181,289,625

19. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Item	Opening balance		Movement in the year		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
	511,490,036,688	511,490,036,688	209,997,550,923	66,844,455,182	654,643,132,429	654,643,132,429
Total	511,490,036,688	511,490,036,688	209,997,550,923	66,844,455,182	654,643,132,429	654,643,132,429

Long-term loans are repayable as follows:

	Closing balance	Opening balance
	VND	VND
On demand or within one year	205,522,936,759	66,844,455,182
In the second year	207,090,273,318	170,523,344,939
In the third to fifth year inclusive	242,029,922,352	274,122,236,567
	654,643,132,429	511,490,036,688
Less: amount due for settlement within 12 months (shown under current liabilities)	205,522,936,759	66,844,455,182
Amount due for settlement after 12 months	449,120,195,670	444,645,581,506

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

FORM B 09-DN/HN

20. BONUS AND WELFARE FUND

In 2015, the Company and its subsidiaries temporarily allocated VND 90,926,224,323 to bonus and welfare funds according to the Charter of the Company and its subsidiaries. The temporarily allocated amount to bonus and welfare funds in 2015 was approved in the General Shareholders' Meeting in 2016. As at 31 December 2016, the Company and its subsidiaries temporarily allocated VND 107,720,040,602 to bonus and welfare funds for the year ended 31 December 2016.

21. OWNERS' EQUITY

Movement in Owners' equity

	Owners' contributed capital		Share premium	Treasury shares	Investment and development fund		Retained earnings	Total		Non-controlling interests	Total	
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
Prior year's opening balance	1,246,198,090,000	7,652,995,729	(300,150,000)	-	-	954,159,363,225	2,207,710,298,954	158,474,288,901	2,366,184,587,855			
Profit for the year	-	-	-	-	-	827,701,610,355	827,701,610,355	54,371,121,124	882,072,731,479			
Dividends declared in cash	-	-	-	-	-	(373,769,382,000)	(373,769,382,000)	(19,993,529,500)	(393,762,911,500)			
Allocation to bonus and welfare fund	-	-	-	-	-	(85,603,602,749)	(85,603,602,749)	(5,322,621,574)	(90,926,224,323)			
Divestments in associates company	-	-	-	-	-	(2,582,305,961)	(2,582,305,961)	-	(2,582,305,961)			
Other movements	-	-	-	-	-	(4,827,340,625)	(4,827,340,625)	(193,411,447)	(5,020,752,072)			
Current year's opening balance	1,246,198,090,000	7,652,995,729	(300,150,000)	-	-	1,315,078,342,245	2,568,629,277,974	187,335,847,504	2,755,965,125,478			
Profit for the year	-	-	-	-	-	918,091,637,496	918,091,637,496	92,486,704,525	1,010,578,342,021			
Dividends declared in cash	-	-	-	-	-	(386,228,182,000)	(386,228,182,000)	(45,699,496,000)	(431,927,678,000)			
Dividends declared in shares	124,588,000,000	-	-	-	-	(124,588,000,000)	-	-	-			
Allocation to bonus and welfare funds	-	-	-	-	-	(99,651,672,838)	(99,651,672,838)	(8,068,367,764)	(107,720,040,602)			
Allocation to investment and development fund	-	-	-	-	131,972,384,482	(131,972,384,482)	-	-	-			
Divestments in FOS	-	-	-	-	-	-	-	(22,392,778,065)	(22,392,778,065)			
Other movements	-	-	-	-	-	(769,141,573)	(769,141,573)	(1,957,152,878)	(2,726,294,451)			
Current year's closing balance	1,370,786,090,000	7,652,995,729	(300,150,000)	131,972,384,482	1,489,960,598,848	3,000,071,919,059	201,704,757,322	3,201,776,676,381				

21. OWNERS' EQUITY (Continued)

	<u>Closing balance</u>	<u>Opening balance</u>
Shares		
Number of shares issued to the public		
+) Ordinary shares	137,078,609	124,619,809
Number of treasury shares		
+) Ordinary shares	30,015	30,015
Number of outstanding shares in circulation		
+) Ordinary shares	137,048,594	124,589,794

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

Charter capital

According to the Company's amended Business Registration Certificate, the Company's charter capital is VND 1,370,786,090,000. The charter capital contributions by the shareholders as at 31 December 2016 had been fully made as follows:

	<u>Per Amended Business Registration Certificate</u>		<u>Capital contributed</u>			
	<u>Number of shares</u>	<u>%</u>	<u>Closing balance</u>		<u>Opening balance</u>	
			<u>Number of shares</u>	<u>%</u>	<u>Number of shares</u>	<u>%</u>
1. State Capital Investment Corporation	68,762,845	50.16%	68,762,845	50.16%	62,511,678	50.16%
2. FPT Corporation	62,570,941	45.65%	62,570,941	45.65%	56,882,674	45.64%
3. Other shareholders	5,744,823	4.19%	5,714,808	4.17%	5,195,442	4.18%
	137,078,609	100.00%	137,048,594	99.98%	124,589,794	99.98%
Treasury shares	-	-	30,015	0.02%	30,015	0.02%
	137,078,609	100%	137,078,609	100%	124,619,809	100%

Dividends

According to the Resolution of Shareholders' General Meeting dated 02 June 2016, the Company has approved to pay cash dividend from profit after tax of 2015 with the amount of VND 249,179,588,000 (the ratio of VND 2,000 per share), pay dividend by share with the ratio of 10:1 from retain earnings as at 31 December 2015 and plan to advance the 1st cash dividend from profit after tax of 2016 with the amount of VND 137,048,594,000 (the ratio of VND 1,000 per share), the dividend payment is expected to be made in Quarter 1 of 2017. The Company send Report the result of share issuance to pay dividend no. 709/FTTEL-AF dated 03 November 2016 to State Securities Commission and received confirmation from State Securities Commission by announcement no. 7407/UBCK-QLCB dated 10 November 2016.

22. OFF CONSOLIDATED BALANCE SHEET ITEMS

	<u>Closing balance</u>	<u>Opening balance</u>
Foreign currencies		
United States Dollar (USD)	2,495,286	2,026,531
Bad debts written off (*)		
Vietnam Dong (VND)	171,935,562,838	-

(*) Presents the wrote off doubtful debts in 2016 as described Note 7 in the off consolidated balance sheet under guidance of 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 receivable debts and warranty for products, goods and construction works at enterprises.

23. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

Throughout the year, major activities of the Company are providing ADSL service, lending transmission line and domain name leasing, data storage, online advertisement and other local and international online services. Therefore, the Company does not present business segment report. The revenue and cost of sales have been presented in details at Note 24 and Note 25.

Geographical segments

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

24. REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	<u>Current year</u> VND	<u>Prior year</u> VND
Sales of merchandise and services		
<i>In which:</i>		
- Sales of merchandise	254,182,168,662	234,975,970,121
- Sales of services	6,439,511,993,570	5,345,425,085,110
	<u>6,693,694,162,232</u>	<u>5,580,401,055,231</u>
Sales deductions		
- Sales return	(27,226,010,566)	(12,660,258,636)
	<u>(27,226,010,566)</u>	<u>(12,660,258,636)</u>

25. COST OF SALES

	<u>Current year</u> VND	<u>Prior year</u> VND
Cost of merchandise sold	243,282,576,450	220,020,636,014
Cost of services rendered	3,311,824,085,534	2,699,453,748,629
	<u>3,555,106,661,984</u>	<u>2,919,474,384,643</u>

26. PRODUCTION COST BY NATURE

	<u>Current year</u> VND	<u>Prior year</u> VND
Cost of merchandise sold	254,182,168,662	220,020,636,014
Raw materials and consumables	675,438,817,851	771,990,935,218
Labour	1,199,092,399,165	957,872,255,580
Depreciation and amortisation	979,263,494,872	626,374,390,136
Out-sourced services	1,870,672,749,744	1,769,960,677,667
Other monetary expenses	506,162,591,344	167,412,019,758
	<u>5,484,812,221,638</u>	<u>4,513,630,914,373</u>

27. FINANCIAL INCOME

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Bank and loan interest, interest from bonds	126,378,290,132	55,484,135,668
Foreign exchange gain	5,820,043,169	6,669,395,634
Gain from financial investment sold	9,934,735,636	3,292,102,640
Other financial income	20,528,133,308	103,506,469
	<u>162,661,202,245</u>	<u>65,549,140,411</u>

28. FINANCIAL EXPENSES

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Interest expense	150,789,690,933	66,726,228,145
Foreign exchange loss	4,102,324,246	17,751,929,557
Other financial expenses	-	395,460,411
	<u>154,892,015,179</u>	<u>84,873,618,113</u>

29. CORPORATE INCOME TAX EXPENSES

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>(Restated)</u> <u>VND</u>
Profit before tax	1,192,756,132,271	1,040,346,736,064
Adjustments for taxable income		
Less		
- Non-assessable income	(4,529,597,290)	(34,014,417,126)
- Unearned revenue	(350,285,171,290)	(321,566,637,061)
- Cost related to unearned revenue	142,803,047,430	115,152,328,700
Add back		
- Non-deductible expenses	3,965,491,781	2,269,139,931
Assessable income	984,709,902,902	802,187,150,508
Tax rate	10% and 22%	10% và 22%
Corporate income tax	234,150,926,472	86,825,027,269
Less: Tax deduction (i)	(68,682,193,415)	(55,568,523,376)
Current corporate income tax after deduction	165,468,733,057	125,558,578,112
Deferred corporate tax income (ii)	16,709,057,193	32,715,426,473
	<u>182,177,790,250</u>	<u>158,274,004,585</u>

- (i) The deductible corporate income tax is the tax deduction or exemption from corporate income tax at FPT Telecom Tan Thuan Company Limited (Tan Thuan Project).
- (ii) Deferred corporate income tax and deferred corporate income tax assets are recognised for the deduction temporary differences, which represent unearned revenue presented in the consolidated balance sheet for accounting purposes, have already been included in current taxables income.

30. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share as at 31 December 2016 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding for the period as follows:

	<u>Current year</u>	<u>Prior year (Restated)</u>
Profit for the year attributable to equity holders of the parent company (VND)		
	918,091,637,496	827,701,610,355
- Allocation to bonus and welfare funds according to the Resolution of Shareholders' General meeting (VND)	(99,651,672,838)	(85,603,602,749)
Earnings for the purposes of calculating basic earnings per share (VND)	818,439,964,658	742,098,007,606
Weighted average number of ordinary shares in circulation (share)	137,048,594	137,048,594
Basic earnings per share (VND/share)	5,972	5,415

Adjustment of weighted average number of ordinary shares

The Company paid dividend by share in 2016. Accordingly, the Basic earnings per share for the year ended 31 December 2015 has been restated as follows:

	<u>Weighted average number of ordinary shares</u>	<u>Basic earnings per share</u>
	<u>Share</u>	<u>VND</u>
According to Consolidated financial statement for the year ended 31 December 2015	124,589,794	5,956
Effect of the dividend payment by share in 2016	12,458,800	(541)
Restated figures	137,048,594	5,415

31. COMMITMENTS

Investment commitments:

As at 31 December 2016, the Company has commitments to invest in submarine cable Asia - Pacific Gateway ("APG Project") through the business cooperation contract with Viettel Group and CMC Infrastructure Telecom Joint Stock Company. The project is to build submarine cable network connecting countries in Asia (including Vietnam, Japan, Hong Kong, China, Singapore, Malaysia, Taiwan, South Korea and Thailand). Viettel Telecom acts as a representative for other three entities to participate in this project. Accordingly, the Company commits to contribute the total estimated amount of USD 10 million, equivalent to 25% of the total capital contributed by Viettel Telecom in this project. Capital contributions will be made according to the progress of the project and Viettel Telecom's notice. As at 31 December 2016, the actual contribution of the Company was USD 9,349,495, equivalent to VND 200,345,640,232.

Operating lease commitments

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Minimum lease payments under operating leases recognised in the consolidated income statement for the year	93,388,879,719	83,002,176,543

At the balance sheet date, the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Within one year	60,001,924,214	46,660,782,497
In the second to fifth year inclusive	113,712,219,750	91,165,103,851
After five years	2,773,800,000	1,949,462,388
	<u>176,487,943,964</u>	<u>139,775,348,736</u>

32. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

<u>Related party</u>	<u>Relationship</u>
FPT Corporation - the Holding company	Parent company
FPT Trading Company Limited (FTG)	Affiliate
FPT Software Company Limited (FSO)	Affiliate
FPT Information System Corporation (FIS)	Affiliate
FPT Technology Product Company Limited (FTP)	Affiliate
FPT Retail Joint Stock Company (FRT)	Affiliate
FPT Distribution Company Limited (FDC)	Affiliate
FPT Technology Products Company Limited (FTP)	Affiliate

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

	<u>Current year</u> VND	<u>Prior year</u> VND
FPT Corporation		
Dividends by shares	56,882,670,000	-
Dividends paid in cash	113,765,348,000	170,648,022,000
Sales of goods and services	14,540,140,046	5,556,395,287
Purchases of fixed assets, goods and services	43,053,551,756	40,795,493,656
Other related parties		
FPT Trading Company Limited (FTG)		
Sales of goods and services	3,357,533,746	3,171,986,965
Purchases of fixed assets, goods and services	1,198,563,294	867,412,197
FPT Software Company Limited (FSO)		
Sales of goods and services	46,934,989,282	15,347,797,475
Purchases of fixed assets, goods and services	48,867,279	366,904,650
FPT Information System Corporation (FIS)		
Sales of goods and services	6,377,167,745	10,638,282,465
Purchases of fixed assets, goods and services	97,836,079,866	53,680,370,463
FPT Distribution Company Limited (FDC)		
Purchases of fixed assets, goods and services	125,730,531,768	146,944,822,321
FPT Retail Joint Stock Company (FRT)		
Sales of goods and services	17,149,506,671	85,456,257
Purchases of fixed assets, goods and services	2,374,773,264	1,773,262,507
FPT Technology Products Company Limited (FTP)		
Purchases of fixed assets, goods and services	1,418,699,646	1,077,278,654

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

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Cash and cash equivalents		
Cash deposited in the central account of FPT Corporation	7,679,609,287	1,328,334,605
Receivables		
FPT Corporation - other receivables	128,639,307	116,567,450
FPT Information System Corporation (FIS)	770,237,239	1,453,118,802
FPT Retail Joint Stock Company (FRT)	1,832,604,753	1,773,262,507
FPT Trading Company Limited (FTG)	273,255,255	295,359,719
FPT Software Company Limited (FSO)	1,436,703,374	5,291,751,712
Payables		
FPT Corporation - Goods and services	13,926,676,496	15,864,410,685
FPT Corporation - Dividend payables	62,570,941,000	-
FPT Information System Corporation (FIS)	66,693,678,700	17,500,844,739
FPT Software Company Limited (FSO)	1,754,830	1,013,544,903
FPT Retail Joint Stock Company (FRT)	520,914,079	252,685,856
FPT Distribution Company Limited (FDC)	14,052,672,921	32,697,023,093
FPT Trading Company Limited (FTG)	78,232,770	81,783,240
FPT Technology Products Company Limited (FTP)	-	102,135,000

33. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures:

Cash outflows for acquisition of fixed assets and construction in progress during the year exclude VND 163,295,065,311 (2015: VND 265,596,704,948), representing an addition in fixed assets and construction in progress during the year which have not been paid yet. Consequently, changes in accounts payable have been adjusted by the same amount.

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

FORM B 09-DN/HN

34. COMPARATIVE FIGURES

The comparative figures are the figures of the Company's audited consolidated financial statements for the year ended 31 December 2015. Some items in consolidated balance sheet as at 31 December 2015, the consolidated income statement and consolidated cash flow statement for then year ended were restated or reclassified as follows:

Presented figures			Restated figures			Difference	Note
Items	Codes	VND	Items	Codes	VND		
CONSOLIDATED BALANCE SHEET			CONSOLIDATED BALANCE SHEET				
A. CURRENT ASSETS		Opening balance	A. CURRENT ASSETS		Opening balance		
1. Short-term trade receivables	131	1,105,558,992,502	1. Short-term trade receivables	131	1,087,151,316,762	(18,407,675,740)	Reclassified
3. Taxes and other receivables from the State	153	9,517,052,162	3. Taxes and other receivables from the State	153	118,995,199,591	109,478,147,429	Restated (i)
budget			budget				
B. NON-CURRENT ASSETS			B. NON-CURRENT ASSETS				
2. Deferred tax assets	262	179,515,873,303	2. Deferred tax assets	262	70,037,725,874	(109,478,147,429)	Restated (i)
C. LIABILITIES			C. LIABILITIES				
2. Short-term advances from customers	312	4,339,558,423	2. Short-term advances from customers	312	71,314,693,339	66,975,134,916	Reclassified
6. Short-term unearned revenue	318	1,228,527,501,510	6. Short-term unearned revenue	318	1,143,144,690,854	(85,382,810,656)	Reclassified
CONSOLIDATED INCOME STATEMENT			CONSOLIDATED INCOME STATEMENT				
15. Current corporate income tax expense	51	235,036,725,541	15. Current corporate income tax expense	51	125,558,578,112	(109,478,147,429)	Restated (i)
16. Deferred corporate tax expense	52	(76,762,720,956)	16. Deferred corporate tax expense	52	32,715,426,473	109,478,147,429	Restated (i)
18. Basic earnings per share	70	5,956	18. Basic earnings per share	70	5,415	(541)	Restated (ii)
CONSOLIDATED CASH FLOW STATEMENT			CONSOLIDATED CASH FLOW STATEMENT				
Changes in receivables	09	(381,261,312,095)	Changes in receivables	09	(472,331,783,784)	(91,070,471,689)	Restated (ii)
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	819,931,655,324	Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	911,002,127,013	91,070,471,689	Restated (ii)

(i) The Company declared its corporate income tax for the financial year ended 31 December 2015 under guidance of Circular No. 96/2015/TT-BTC on amendments to corporate tax Law. Accordingly, related items have been restated.

(ii) As presented in Note 30, basic earning per share item are restated due to the effect of the dividend payment by share in 2016.

Nguyen Thi Thu Huong
Preparer

13 March 2017

Vu Thi Mai Huong
Chief Accountant

