

FPT TELECOM JOINT STOCK COMPANY

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED CONSOLIDATED
FINANCIAL STATEMENTS**

For the period from 01 January 2014 to 30 June 2014

FPT TELECOM JOINT STOCK COMPANY

2nd Floor, FPT Cau Giay Tower, Duy Tan Street, Dich Vong Hau Ward
Cau Giay District, Hanoi, S.R. 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 period from 01 January 2014 to 30 June 2014.

THE BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

Ms. Chu Thi Thanh Ha	Chairman
Mr. Truong Dinh Anh	Member (resigned on 30 June 2014)
Mr. Truong Gia Binh	Member
Mr. Le Huy Chi	Member
Mr. Nguyen Hai Vinh	Member
Mr. Bui Quang Ngoc	Member
Mr. Nguyen Van Khoa	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

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the consolidated financial statements for the period from 01 January 2014 to 30 June 2014, which give a true and fair view of the consolidated financial position of the Company and of its consolidated results and consolidated cash flows for the period in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the 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 minimise errors and frauds.

FPT TELECOM JOINT STOCK COMPANY

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

STATEMENT OF THE BOARD OF DIRECTORS (Continued)

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 financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Company and 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

22 July 2014

No.: 180 /VNIA-HN-BC

REVIEW REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the accompanying consolidated balance sheet as at 30 June 2014, the related consolidated statements of income and consolidated cash flows for the period from 01 January 2014 to 30 June 2014 and the notes thereto (collectively referred to as the "consolidated financial statements") of FPT Telecom Joint Stock Company (the "Company") prepared on 22 July 2014 as set out from page 4 to page 29. The preparation of these consolidated financial statements is the responsibility of the Company's management. Our responsibility is to issue a review report on these consolidated financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing No. 910 - Engagements to review financial statements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated financial statements are free of material misstatements. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of, in all material respects, the consolidated financial position of the Company as at 30 June 2014, the consolidated results of its operations and its cash flows for the period from 01 January 2014 to 30 June 2014 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

22 July 2014
Hanoi, S.R. Vietnam

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

CONSOLIDATED BALANCE SHEET

As at 30 June 2014

FORM B 01-DN/HN

Unit: VND

ASSETS	Codes	Notes	30/6/2014	31/12/2013
A. CURRENT ASSETS (100=110+120+130+140+150)	100		1,497,263,785,504	1,100,102,264,933
I. Cash and cash equivalents	110	4	638,848,519,579	349,356,715,281
1. Cash	111		122,508,875,973	70,798,995,296
2. Cash equivalents	112		516,339,643,606	278,557,719,985
II. Short-term financial investments	120		4,000,000,000	4,000,000,000
1. Short-term investments	121		4,000,000,000	4,000,000,000
III. Short-term receivables	130		542,914,719,682	487,588,647,213
1. Trade accounts receivable	131		662,552,902,226	582,784,030,016
2. Advances to suppliers	132		22,314,243,051	24,010,714,824
3. Other receivables	135		12,692,294,578	11,911,276,662
4. Provision for short-term doubtful debts	139		(154,644,720,173)	(131,117,374,289)
IV. Inventories	140	5	142,531,016,508	118,582,059,695
1. Inventories	141		142,531,016,508	118,582,059,695
V. Other short-term assets	150		168,969,529,735	140,574,842,744
1. Short-term prepayments	151		120,512,199,083	89,800,746,045
2. Value added tax deductibles	152		34,790,380,422	39,081,940,869
3. Taxes and other receivables from the State budget	154		10,823,183,094	9,563,059,075
4. Other short-term assets	158		2,843,767,136	2,129,096,755
B. NON-CURRENT ASSETS (200=220+250+260+269)	200		2,424,140,640,626	2,144,520,355,403
I. Fixed assets	220		2,065,233,014,657	1,856,358,766,409
1. Tangible fixed assets	221	6	1,727,972,423,543	1,531,525,386,310
- Cost	222		3,402,801,065,728	3,026,439,544,530
- Accumulated depreciation	223		(1,674,828,642,185)	(1,494,914,158,220)
2. Intangible assets	227	7	165,547,709,287	167,215,029,903
- Cost	228		259,522,217,300	253,301,670,627
- Accumulated amortisation	229		(93,974,508,013)	(86,086,640,724)
3. Construction in progress	230	8	171,712,881,827	157,618,350,196
II. Long-term financial investments	250		9,695,782,089	11,065,327,543
1. Other long-term investments	258		9,695,782,089	11,065,327,543
III. Other long-term assets	260		302,356,753,718	227,465,023,891
1. Long-term prepayments	261		204,390,211,718	143,494,413,853
2. Deferred tax assets	262		94,589,217,311	80,453,319,449
3. Other long-term assets	268		3,377,324,689	3,517,290,589
IV. Goodwill	269		46,855,090,162	49,631,237,560
TOTAL ASSETS (270=100+200)	270		3,921,404,426,130	3,244,622,620,336

The notes set out on pages 9 to 29 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2014

FORM B 01-DN/HN
Unit: VND

RESOURCES	Codes	Notes	30/6/2014	31/12/2013
A. LIABILITIES (300=310+330)	300		1,839,719,551,607	1,582,494,140,149
I. Current liabilities	310		1,793,007,444,390	1,534,887,018,505
1. Short-term loans and liabilities	311	10	247,041,513,282	-
2. Trade accounts payable	312		558,197,953,714	479,825,348,319
3. Advances from customers	313		66,351,950,481	70,566,396,195
4. Taxes and amounts payable to the State budget	314	11	73,944,856,687	87,777,842,294
5. Payables to employees	315		288,060,891	3,073,510,943
6. Accrued expenses	316		295,056,285,098	253,535,389,156
7. Other current payables	319	12	19,818,561,144	115,614,846,263
8. Bonus and welfare funds	323	13	7,829,498,311	84,467,135,178
9. Unearned revenue	338		524,478,764,782	440,026,550,157
II. Long-term liabilities	330		46,712,107,217	47,607,121,644
1. Other long-term liabilities	333		176,000,000	184,612,384
2. Long-term unearned revenue	338		46,536,107,217	47,422,509,260
B. EQUITY (400=410)	400		1,936,788,604,166	1,536,486,706,492
I. Shareholders' equity	410	14	1,936,788,604,166	1,536,486,706,492
1. Chartered capital	411		1,246,198,090,000	997,015,350,000
2. Share premium	412		7,652,995,729	7,652,995,729
3. Treasury shares	414		(275,150,000)	(275,150,000)
4. Retained earnings	420		683,212,668,437	532,093,510,763
C. MINORITY INTERESTS	439	14	144,896,270,357	125,641,773,695
TOTAL RESOURCES (440=300+400+439)	440		3,921,404,426,130	3,244,622,620,336

OFF CONSOLIDATED BALANCE SHEET ITEMS

	30/6/2014	31/12/2013
Foreign currencies (USD)	1,606,224	1,197,514


Nguyen Thi Thu Huong
Preparer


Do Thi Huong
Chief accountant


Vu Thi Mai Huong
Deputy General Director



22 July 2014

The notes set out on pages 9 to 29 are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the period from 01 January 2014 to 30 June 2014

FORM B 02-DN/HN

Unit: VND

ITEMS	Codes	Notes	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
1. Gross revenue from goods sold and services rendered	01		2,411,041,027,627	2,090,775,896,660
2. Deductions	02		2,869,369,353	4,781,003,157
3. Net revenue from goods sold and services rendered (10=01-02)	10	16	2,408,171,658,274	2,085,994,893,503
4. Cost of sales	11	17	1,256,285,220,627	1,045,948,142,058
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,151,886,437,647	1,040,046,751,445
6. Financial income	21	18	8,489,822,148	10,335,680,574
7. Financial expenses	22	19	9,213,129,001	2,594,688,939
<i>In which: Interest expense</i>	23		4,102,852,230	-
8. Selling expenses	24		167,264,334,310	138,669,692,031
9. General and administration expenses	25		476,456,403,306	393,028,805,844
10. Operating profit (30=20+(21-22)-(24+25))	30		507,442,393,178	516,089,245,205
11. Other income	31		6,573,014,291	3,966,091,099
12. Other expenses	32		757,801,549	940,588,954
13. Profit from other activities (40=31-32)	40		5,815,212,742	3,025,502,145
14. Accounting profit before tax (50=30+40)	50		513,257,605,920	519,114,747,350
15. Current corporate income tax expense	51	21	108,139,790,863	105,136,926,889
16. Deferred corporate tax (income)	52	21	(14,135,897,862)	(12,955,022,113)
17. Net profit after corporate income tax (60=50-51-52)	60		419,253,712,919	426,932,842,574
17.1. Attributable to minority interests	61		18,830,991,839	26,900,286,217
17.2. Attributable to equity holders of the Holding Company	62		400,422,721,080	400,032,556,357
18. Basic earnings per share	70	22	3,214	3,211


Nguyen Thi Thu Huong
Preparer

22 July 2014


Do Thi Huong
Chief accountant




Vu Thi Mai Huong
Deputy General Director

The notes set out on pages 9 to 29 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the period from 01 January 2014 to 30 June 2014

FORM B 03-DN/HN
 Unit: VND

ITEMS	Codes	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	513,257,605,920	519,114,747,350
2. Adjustments for:			
- Depreciation and amortisation	02	191,733,670,212	141,486,018,387
- Provisions	03	23,527,345,884	19,059,135,725
- Unrealized foreign exchange loss/(gain)	04	1,655,911,684	(1,830,179,475)
- (Gain) from investing activities	05	(4,656,431,801)	(1,313,445,659)
- Interest expense	07	4,102,852,230	-
3. Operating profit before movements in working capital	08	729,620,954,129	676,516,276,328
- Changes in receivables	09	(84,455,609,875)	(104,442,126,508)
- Changes in inventories	10	(23,948,956,813)	(7,571,277,657)
- Changes in accounts payable (not including accrued interest and corporate income tax payable)	11	140,490,487,396	57,580,790,843
- Changes in prepaid expenses and other assets	12	(89,150,518,956)	(42,238,125,285)
- Interest paid	13	(3,418,174,646)	-
- Corporate income tax paid	14	(123,756,483,015)	(89,507,859,967)
- Other cash inflows	15	-	3,439,218,281
- Other cash outflows	16	(120,823,406)	-
<i>Net cash from operating activities</i>	20	545,260,874,814	493,776,896,035
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(412,520,726,482)	(312,048,987,133)
2. Cash recovered from investments in other entities	26	1,369,545,454	-
3. Interest earned, dividends and profits received	27	4,102,852,230	7,065,401,000
<i>Net cash (used in) investing activities</i>	30	(407,048,328,798)	(304,983,586,133)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Capital withdrawals, buying treasury shares	32	-	(71,150,000)
2. Capital contribution in subsidiaries attributable to minority	33	4,201,000,000	-
3. Proceeds from borrowings	33	452,511,493,289	-
4. Repayment of borrowings	34	(205,469,980,007)	-
5. Dividends paid	36	(99,963,255,000)	(83,759,648,000)
<i>Net cash from/(used in) financing activities</i>	40	151,279,258,282	(83,830,798,000)
<i>Net increase in cash (50=20+30+40)</i>	50	289,491,804,298	104,962,511,902
<i>Cash and cash equivalents at the beginning of the period</i>	60	349,356,715,281	354,218,442,833
<i>Cash and cash equivalents at the end of the period (70=50+60)</i>	70	638,848,519,579	459,180,954,735

The notes set out on pages 9 to 29 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the period from 01 January 2014 to 30 June 2014

Supplemental non-cash disclosures:

Cash outflows for acquisition of fixed assets and construction in progress during the period exclude VND 217,275,324,882 (From 01 January 2013 to 30 June 2013: VND 178,415,507,784), representing an addition in fixed assets and construction in progress during the period, which have not been paid yet. Consequently, changes in accounts payable have been adjusted by the same amount.



Nguyen Thi Thu Huong
Preparer

22 July 2014



Do Thi Huong
Chief accountant



Vu Thi Mai Huong
Deputy General Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B 09-DN/HN

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

1. GENERAL INFORMATION

Structure of ownership

FPT Telecom Joint Stock Company (the "Company") was incorporated in Vietnam, as a joint stock company under Business Registration Certificate No. 0101778163 dated 30 October 2012 issued by Hanoi Department of Planning and Investment which is the 16th amendment to Business Registration Certificate No. 0103008784 dated 28 July 2005.

The number of employees of the Holding Company and its subsidiaries as at 30 June 2014 was 5,385 (31 December 2013: 5,118).

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.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

Financial year

The financial year of the Holding Company and its subsidiaries begins on 01 January and ends on 31 December. These interim consolidated financial statements are prepared for the period from 01 January 2014 to 30 June 2014.

3. 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 financial statements and the reported amounts of revenues and expenses for 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 financial statements of the Company and 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

The results of subsidiaries acquired or disposed of during the period 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.

All inter-company transactions and balances between subsidiaries are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (details shown below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Company except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

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 interest of minority shareholders is initially measured at the minority's 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).

Financial instruments

Initial recognition

Financial assets: At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Company comprise cash and cash equivalents, trade and other receivables, short-term and long-term investments and other financial assets.

Financial liabilities: At the date of initial recognition, financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Company comprise loans, trade and other payables, accruals and other financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Provision for doubtful debts

Provision for doubtful debts is made for receivables that are overdue for six months or more, 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 cost 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:

	From 01/01/2014 to 30/6/2014 (Years)
Buildings and structures	25
Machinery and equipment	3 - 10
Office equipment	3 - 6
Motor vehicles	6
Others	3 - 5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets and amortisation

Land use rights

Intangible assets represent indefinited land use rights that are stated at cost.

Intangible assets comprise computer software, licenses and operating right that are stated at cost less accumulated amortization. Intangible assets are amortised using the straight-line method over their estimated useful lives as follows:

	<u>From 01/01/2014</u> <u>to 30/6/2014</u> (Years)
Computer software	3 - 5
Licenses	3
Rights to operate hi-speed internet line - Asia America Gateway project ("AAG")	15

Construction in progress

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

Long-term prepayments

Long-term prepayments comprise prepaid land rentals 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 long-term prepayments comprise costs of small tools, supplies and spare parts issued for consumption which are expected to provide future economic benefits to the Company for one year or more. 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.

Revenue recognition

Revenue from sales 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from telecommunication services

Revenue from telecommunication services is recognized 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 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.

Operating lease

Rentals payable under operating leases are charged to the consolidated income statement using the straight-line method over the term of the relevant lease.

Foreign currencies

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" and Circular No. 179/2012/TT-BTC dated 24 October 2012 of the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balance 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. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to shareholders.

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.

Provisions

Provisions are recognized 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.

Accrued expenses

Accrued expenses are recognized when the amounts were recognized into expenditures for the period but not actually paid in the period. The Company's accrued expenses mainly include those relating to underground telecommunication cable, renting electric line, renting tension pole, and renting infrastructure and accrued payroll.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned revenue

Unearned revenue represents telecommunication fee prepaid by customers for more than one billing period and cash received for building the Office Tower at Tan Thuan EPZ for more than one year. Unearned revenue would be allocated to monthly revenue when customers use service.

Bonus and welfare funds

Bonus and welfare funds are appropriated at maximum 10% of profit after tax on annual basis, subject to the approval of the Company's General Shareholders' Meeting.

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 net profit as reported in the 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 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

	<u>30/6/2014</u>	<u>31/12/2013</u>
	VND	VND
Cash on hand	1,977,546,842	1,671,702,000
Cash in bank	120,531,329,131	69,127,293,296
Cash equivalents	516,339,643,606	278,557,719,985
	<u>638,848,519,579</u>	<u>349,356,715,281</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

5. INVENTORIES

	<u>30/6/2014</u>	<u>31/12/2013</u>
	VND	VND
Goods in transit	-	8,152,149,931
Materials	3,725,574,771	-
Tools and supplies	18,828,343,134	12,891,598,459
Merchandise	119,977,098,603	97,538,311,305
	<u>142,531,016,508</u>	<u>118,582,059,695</u>
Provision for devaluation of inventories	-	-
Net realisable value	<u>142,531,016,508</u>	<u>118,582,059,695</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. TANGIBLE FIXED ASSETS

	Buildings and structures		Machinery and equipment		Motor vehicles		Office equipment		Others		Total	
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
COST												
As at 01/01/2014	148,190,958,965	2,287,941,104,899	50,670,237,922	530,956,262,430	8,680,980,314	3,026,439,544,530						
Increases	6,390,846,647	338,555,094,730	337,954,910	28,446,065,204	4,299,024,502	378,028,985,993						
Purchases	6,390,846,647	323,202,243,572	337,954,910	29,761,482,562	4,299,024,502	363,991,552,193						
Transfers from construction in progress	-	14,037,433,800	-	-	-	14,037,433,800						
Reclassification	-	1,315,417,358	-	(1,315,417,358)	-	-						
Decreases	-	1,209,507,740	-	457,957,055	-	1,667,464,795						
As at 30/6/2014	154,581,805,612	2,625,286,691,889	51,008,192,832	558,944,370,579	12,980,004,816	3,402,801,065,728						
ACCUMMULATED DEPRECIATION												
As at 01/01/2014	15,744,227,189	1,050,231,659,709	19,424,556,982	404,537,920,271	4,975,794,069	1,494,914,158,220						
Increases	5,266,317,871	147,824,633,361	1,663,720,753	25,169,039,375	1,092,976,041	181,016,687,401						
Charge for the period	5,266,317,871	146,946,988,010	1,663,720,753	26,046,684,726	1,092,976,041	181,016,687,401						
Reclassification	-	877,645,351	-	(877,645,351)	-	-						
Decreases	-	686,352,013	-	415,851,423	-	1,102,203,436						
As at 30/6/2014	21,010,545,060	1,197,369,941,057	21,088,277,735	429,291,108,223	6,068,770,110	1,674,828,642,185						
NET BOOK VALUE												
As at 30/6/2014	133,571,260,552	1,427,916,750,832	29,919,915,097	129,653,262,356	6,911,234,706	1,727,972,423,543						
As at 31/12/2013	132,446,731,776	1,237,709,445,190	31,245,680,940	126,418,342,159	3,705,186,245	1,531,525,386,310						

As at 30 June 2014, the cost of tangible fixed assets include approximately VND 714,233 million (31 December 2013: approximately VND 632,130 million) of assets which have been fully depreciated but are still in use.

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

7. INTANGIBLE ASSETS

	Land use right VND	Licenses, operating right VND	Computer software VND	Total VND
COST				
As at 01/01/2014	10,675,120,000	220,528,574,672	22,097,975,955	253,301,670,627
Increases	-	6,125,570,161	179,456,800	6,305,026,961
Additions	-	6,125,570,161	179,456,800	6,305,026,961
Decreases	-	(555,537,531)	471,057,243	(84,480,288)
Reclassification	-	(555,537,531)	555,537,531	-
Others	-	-	(84,480,288)	(84,480,288)
As at 30/6/2014	<u>10,675,120,000</u>	<u>226,098,607,302</u>	<u>22,748,489,998</u>	<u>259,522,217,300</u>
ACCUMMULATED AMORTISATION				
As at 01/01/2014	-	78,099,230,021	7,987,410,703	86,086,640,724
Increases	-	6,889,745,240	1,051,090,173	7,940,835,413
Charge for the period	-	6,889,745,240	1,051,090,173	7,940,835,413
Decreases	-	(7,759,543,370)	7,706,575,246	(52,968,124)
Reclassification	-	(7,759,543,370)	7,759,543,370	-
Others	-	-	(52,968,124)	(52,968,124)
As at 30/6/2014	<u>-</u>	<u>77,229,431,891</u>	<u>16,745,076,122</u>	<u>93,974,508,013</u>
NET BOOK VALUE				
As at 30/6/2014	<u>10,675,120,000</u>	<u>148,869,175,411</u>	<u>6,003,413,876</u>	<u>165,547,709,287</u>
As at 31/12/2013	<u>10,675,120,000</u>	<u>142,429,344,651</u>	<u>14,110,565,252</u>	<u>167,215,029,903</u>

8. CONSTRUCTION IN PROGRESS

	30/6/2014 VND	31/12/2013 VND
APG Project	137,772,888,821	115,159,526,748
North - South Cable Project (Phase B)	23,769,846,279	34,831,378,215
Others	10,170,146,727	7,627,445,233
	<u>171,712,881,827</u>	<u>157,618,350,196</u>

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

9. INVESTMENTS IN SUBSIDIARIES

Details of the Company's subsidiaries as at 30 June 2014 are as follows:

Name	Place of incorporation and operation	Portion of ownership interest and voting power held	Principal activity
FPT Online Joint Stock Company (FOC)	153 Nguyen Dinh Chieu, Ward 6, District 3, Ho Chi Minh City	59,12%	Providing game online service, online newspaper, online payment
FPT Telecom Tan Thuan Company Limited	Lot No. 37 - 39A, Road 19, 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)	Floor 1, Room G6, Etown Tower, No.2, 364 Cong Hoa, Ward 13, Tan Binh District, Ho Chi Minh City	100%	Providing internet services, agent for providing telecommunication services and other services
FPT Software Enterprise Solution Company Limited (FSS)	153 Nguyen Dinh Chieu, Ward 6, District 3, Ho Chi Minh City	100%	Producing software

10. SHORT-TERM LOANS AND LIABILITIES

	30/6/2014	31/12/2013
	VND	VND
Military Bank - Dong Da branch	88,105,819,550	-
Citi bank - Hanoi branch	100,558,563,057	-
ANZ Bank (Vietnam) Limited	58,377,130,675	-
	247,041,513,282	-

11. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	30/6/2014	31/12/2013
	VND	VND
Value added tax on domestic sales	12,719,527,748	10,212,426,436
Value added tax on imported goods	499,625,564	33,195,952
Import/export duties	-	367,548
Corporate income tax	58,147,900,580	73,579,455,635
Other taxes	2,577,802,795	3,952,396,723
	73,944,856,687	87,777,842,294

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

12. OTHER CURRENT PAYABLES

	<u>30/6/2014</u>	<u>31/12/2013</u>
	VND	VND
Dividend payable	262,521,783	100,225,776,783
Other payables	19,556,039,361	15,389,069,480
	<u>19,818,561,144</u>	<u>115,614,846,263</u>

13. BONUS AND WELFARE FUNDS

In 2013, the Boards of Directors of the Company and its subsidiaries temporarily allocated 10% of profit after tax, equivalent to VND 83,086,445,973 to bonus and welfare funds based on the Charters of the Company and its subsidiaries. The temporarily allocated amounts to bonus and welfare funds in 2013 were approved in the Company's General Shareholder's Meeting in 2014. As at 30 June 2014, the Company had not made temporary allocation to bonus and welfare funds for the period from 01 January 2014 to 30 June 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

14. SHAREHOLDERS' EQUITY

Movement in Shareholders' equity is as follows:

	Charter capital		Share premium		Treasury shares		Retained earnings		Total Minority interests		Grand Total	
	VND	VND	VND	VND	shares	VND	VND	VND	VND	VND	VND	VND
As at 01/01/2013	997,015,350,000	7,261,938,154	(201,630,000)	331,602,470,901	1,335,678,129,055	142,673,983,458	1,478,352,112,513					
Profit for the year	-	-	-	724,913,761,839	724,913,761,839	44,525,716,393	769,439,478,232					
Reissuing Treasury share	-	-	(73,520,000)	-	(73,520,000)	(219,660,000)	(293,180,000)					
Allocation to bonus and welfare funds	-	-	-	(78,533,598,336)	(78,533,598,336)	(4,552,847,637)	(83,086,445,973)					
Dividends declared	-	-	-	(448,536,411,000)	(448,536,411,000)	(45,380,414,999)	(493,916,825,999)					
Effect from change in share capital	-	391,057,575	-	(331,785,860)	59,271,715	(11,228,261,717)	(11,168,990,002)					
Other movements	-	-	-	2,979,073,219	2,979,073,219	(176,741,803)	2,802,331,416					
As at 01/01/2014	997,015,350,000	7,652,995,729	(275,150,000)	532,093,510,763	1,536,486,706,492	125,641,773,695	1,662,128,480,187					
Shares issued	-	-	-	-	-	4,201,000,000	4,201,000,000					
Profit for the period	-	-	-	400,422,721,080	400,422,721,080	18,830,991,839	419,253,712,919					
Bonus shares	249,182,740,000	-	-	(249,182,740,000)	-	-	-					
Disposal subsidiary	-	-	-	-	-	(3,777,495,177)	(3,777,495,177)					
Other movements	-	-	-	(120,823,406)	(120,823,406)	-	(120,823,406)					
As at 30/6/2014	1,246,198,090,000	7,652,995,729	(275,150,000)	683,212,668,437	1,936,788,604,166	144,896,270,357	2,081,684,874,523					

Under the Resolution dated 28 March 2014 of the General Shareholders' Meeting, the Company paid dividends by 24,918,274 shares from retain earnings to raise the Company's charter capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

14. SHAREHOLDERS' EQUITY (Continued)

Charter capital

According to the amended Business Registration Certificate, the Company's charter capital is VND 1,246,198,090,000. As at 30 June 2014, the charter capital had been fully contributed by the shareholders as follows:

	Per Amended Business Registration Certificate		Capital contributed as at			
	Number of shares	%	30/6/2014		31/12/2013	
			Number of shares	%	Number of shares	%
1. State Capital Investment Corporation - Represented by Mr. Truong Gia Binh	62,511,678	50.16%	62,511,678	50.16%	50,009,343	50.16%
2. FPT Corporation - Represented by Mr. Le Quang Tien	50,382,418	40.43%	50,382,418	40.43%	40,305,935	40.43%
3. Other shareholders	11,725,713	9.41%	11,698,198	9.39%	9,358,742	9.39%
	124,619,809	100.00%	124,592,294	99.98%	99,674,020	99.98%
Treasury shares	-	-	27,515	0.02%	27,515	0.02%
	124,619,809	100%	124,619,809	100%	99,701,535	100%

15. DIVIDENDS

Under the Resolution dated 28 March 2014 of the General Shareholders' Meeting, the Company approved to pay dividends of VND 398,696,080,000 in cash out of profit after tax of 2013 with the dividend payout ratio of VND 4,000 per share (in which the advanced proportion in 2013 was VND 3,000 per share equivalent to VND 299,022,060,000 and the advanced proportion in 2014 was VND 1,000 per share equivalent to VND 99,674,020,000).

Under the Notice of the Board of Management dated 09 June 2014 on share issuance for dividend payment, the Company paid dividends in share equivalent to VND 249,185,050,000 (in which 24,918,274 shares were issued equivalent to VND 249,182,740,000) as presented in Note 14 of the notes to the consolidated financial statements.

16. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
	VND	VND
Gross sales	2,411,041,027,627	2,090,775,896,660
In which:		
- Sales of merchandises	95,972,354,253	148,320,436,193
- Sales of services	2,315,068,673,374	1,942,455,460,467
Deductions	(2,869,369,353)	(4,781,003,157)
Sales returned	(2,869,369,353)	(4,781,003,157)
Net sales	2,408,171,658,274	2,085,994,893,503

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

17. COST OF GOODS SOLD AND SERVICES RENDERED

	<u>From 01/01/2014 to 30/6/2014</u>	<u>From 01/01/2013 to 30/6/2013</u>
	VND	VND
Cost of goods sold	104,301,006,673	153,344,651,043
Cost of services rendered	1,151,984,213,954	892,603,491,015
	<u>1,256,285,220,627</u>	<u>1,045,948,142,058</u>

18. FINANCIAL INCOME

	<u>From 01/01/2014 to 30/6/2014</u>	<u>From 01/01/2013 to 30/6/2013</u>
	VND	VND
Bank and loan interest, and bonds interest	5,253,205,324	8,284,151,000
Foreign exchange gain	678,009,122	2,014,502,207
Other financial income	2,558,607,702	37,027,367
	<u>8,489,822,148</u>	<u>10,335,680,574</u>

19. FINANCIAL EXPENSE

	<u>From 01/01/2014 to 30/6/2014</u>	<u>From 01/01/2013 to 30/6/2013</u>
	VND	VND
Interest expense	4,102,852,230	-
Foreign exchange loss	2,333,920,806	970,267,581
Other financial expenses	2,776,355,965	1,624,421,358
	<u>9,213,129,001</u>	<u>2,594,688,939</u>

20. PRODUCTION COST BY NATURE

	<u>From 01/01/2014 to 30/6/2014</u>	<u>From 01/01/2013 to 30/6/2013</u>
	VND	VND
Cost of goods sold	104,301,006,673	153,344,651,043
Materials	153,811,385,961	114,213,635,048
Labour	369,675,527,583	303,233,308,805
Depreciation and amortisation and cost allocation	242,525,787,474	175,024,590,702
Out-sourced services	928,307,103,236	758,627,298,284
Other monetary expenses	101,385,147,316	73,203,156,051
	<u>1,900,005,958,243</u>	<u>1,577,646,639,933</u>

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

21. CORPORATE INCOME TAX

	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
	VND	VND
Profit before tax	513,257,605,920	519,114,747,350
Adjustments for taxable income		
<i>Less</i>		
- Unearned revenue	(234,428,580,682)	(169,954,533,519)
- Cost related to unearned revenue	38,217,424,854	33,236,908,423
- Losses carried forward	-	(4,587,060)
<i>Add back</i>		
- Non-deductible expenses	2,967,098,178	494,924,545
- Unearned revenue with issued invoices	315,748,898,784	235,318,376,612
- Cost related to unearned revenue	(52,898,395,436)	(46,587,756,394)
- Others (i)	(2,846,476,692)	(5,983,830,446)
Assessable income	580,017,574,926	565,634,249,511
Tax rate (ii)	10% and 22%	10% and 25%
Current corporate income tax	123,945,994,477	135,211,167,424
Less: Tax deduction (iii)	(15,806,203,614)	(30,074,240,535)
Current corporate income tax after deduction	108,139,790,863	105,136,926,889
Deferred corporate tax income (iv)	(14,135,897,862)	(12,955,022,113)
	<u>94,003,893,001</u>	<u>92,181,904,776</u>

- (i) Other add-backs include unearned profit recognized on the consolidated financial statements from internal sales between the Company and its subsidiaries and losses before tax of subsidiaries.
- (ii) FPT Software Enterprise Solution Company Limited and FPT Online Software Joint Stock Company are obliged to pay corporate income tax at the rate of 10% of their assessable income. The Company and its other subsidiaries are obliged to pay corporate income tax at the rate of 22% of their assessable income.
- (iii) Tax deduction is the tax incentive applicable to FPT Telecom Tan Thuan Joint Stock Company (Tan Thuan Project).
- (iv) Deferred tax income and deferred tax assets are recognised for the deductible temporary differences, which represent unearned revenue presented in the consolidated balance sheet for accounting purposes and have already been included in current taxable income.

22. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share as at 30 June 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding for the period as follows:

	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013 (restated)
Accounting profit after corporate income tax (VND)	400,422,721,080	400,032,556,357
Weighted average number of ordinary shares in circulation outstanding in the period (shares)	124,592,294	124,594,725
Basic earnings per share (VND)	3,214	3,211

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

22. BASIC EARNINGS PER SHARE (Continued)

Restatement of weighted average number of ordinary shares

In the period from 01 January 2014 to 30 June 2014, FPT Telecom Joint Stock Company paid dividends in shares, which led to a retrospective adjustment to the weighted average number of outstanding ordinary shares of the period from 01 January 2013 to 30 June 2013, as follows:

	Weighted average number of ordinary shares	Basis earnings per share
	Share	VND
As stated in the consolidated financial statements for period from 01 January 2013 to 30 June 2013	99,676,451	4,013
Effect of stock dividends issued on 30 June 2014	24,918,274	(802)
As restated	124,594,725	3,211

23. COMMITMENTS

Investment commitments

As at 30 June 2014, the Company has commitments to invest in submarine cable Asia - Pacific Gateway ("APG Project") through business cooperation contract with Viettel Group and CMC Infrastructure Telecom Joint Stock Company. This is the project to build submarine cable network connecting countries in Asia (Vietnam, Japan, Hong Kong, China, Singapore, Malaysia, Taiwan, South Korea and Thailand). Viettel Telecom is a representative to this project. Accordingly, the Company commits to contributing the total estimated amount of USD 10 million equivalent to 25% the total capital of Viettel contribution in this project. Capital contribution will be made according to the progress of the project and Viettel Notification. As at 30 June 2014, actual contributed of the Company was USD 6,533,992.3 equivalent to VND 137,772,888,821.

Operating lease commitments

	30/6/2014	31/12/2013
	VND	VND
Within one year	38,997,096,433	50,689,875,467
In the second to fifth year inclusive	51,052,196,832	126,108,947,565
After five years	747,788,784	51,008,207,941
	90,797,082,049	227,807,030,973

24. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as disclosed in Note 10 offset by cash and cash equivalents) and equity attributable to equity holders of the Holding Company (comprising capital, share premium, treasury shares and retained earnings).

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

24. FINANCIAL INSTRUMENTS (Continued)

Gearing ratio

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

	<u>30/6/2014</u>	<u>31/12/2013</u>
	VND	VND
Borrowings	247,041,513,282	-
Less: Cash and cash equivalents	638,848,519,579	349,356,715,281
Net debt	-	-
Equity	1,936,788,604,166	1,536,486,706,492
Net debt to equity ratio	-	-

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 3.

Categories of financial instruments

	<u>Carrying amounts</u>	
	<u>30/6/2014</u>	<u>31/12/2013</u>
	VND	VND
Financial assets		
Cash and cash equivalents	638,848,519,579	349,356,715,281
Trade and other receivables	516,846,905,743	461,971,864,346
Short-term financial investments	4,000,000,000	4,000,000,000
Long-term financial investments	9,695,782,089	11,065,327,543
Other financial assets	6,221,091,825	5,646,387,344
Total	<u>1,175,612,299,236</u>	<u>832,040,294,514</u>
Financial liabilities		
Borrowings	247,041,513,282	-
Trade and other payables	572,373,675,688	473,316,927,234
Accrued expenses	173,705,827,142	144,836,478,829
Other financial liabilities	176,000,000	184,612,384
Total	<u>993,297,016,112</u>	<u>618,338,018,447</u>

The Company has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

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

24. FINANCIAL INSTRUMENTS (Continued)

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company does not hedge these risk exposures due to the lack of markets to purchase financial instruments.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	VND	VND	VND	VND
<i>United States Dollars (USD)</i>	57,491,734,513	46,177,242,205	178,326,430,439	119,105,546,124

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

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

24. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management (Continued)

	Less than 1 year VND	From 1-5 years VND	More than 5 years VND	Total VND
30/6/2014				
Cash and cash equivalents	638,848,519,579	-	-	638,848,519,579
Trade and other receivables	510,490,733,620	6,356,172,123	-	516,846,905,743
Short-term financial investments	4,000,000,000	-	-	4,000,000,000
Long-term financial investments	-	9,695,782,089	-	9,695,782,089
Other financial assets	2,843,767,136	3,377,324,689	-	6,221,091,825
Total	1,156,183,020,335	19,429,278,901	-	1,175,612,299,236
30/6/2014				
Borrowings	247,041,513,282	-	-	247,041,513,282
Trade and other payables	572,373,675,688	-	-	572,373,675,688
Accrued expenses	173,705,827,142	-	-	173,705,827,142
Other financial liabilities	-	176,000,000	-	176,000,000
Total	993,121,016,112	176,000,000	-	993,297,016,112
Net liquidity gap	163,062,004,223	19,253,278,901	-	182,315,283,124
	Less than 1 year VND	From 1-5 years VND	More than 5 years VND	Total VND
31/12/2013				
Cash and cash equivalents	349,356,715,281	-	-	349,356,715,281
Trade and other receivables	445,495,364,337	16,476,500,009	-	461,971,864,346
Short-term financial investments	4,000,000,000	-	-	4,000,000,000
Long-term financial investments	-	11,065,327,543	-	11,065,327,543
Other financial assets	2,129,096,755	3,517,290,589	-	5,646,387,344
Total	800,981,176,373	31,059,118,141	-	832,040,294,514
31/12/2013				
Borrowings	-	-	-	-
Trade and other payables	473,316,927,234	-	-	473,316,927,234
Accrued expenses	144,836,478,829	-	-	144,836,478,829
Other financial liabilities	-	184,612,384	-	184,612,384
Total	618,153,406,063	184,612,384	-	618,338,018,447
Net liquidity gap	182,827,770,310	30,874,505,757	-	213,702,276,067

The management assessed the liquidity risk concentration at low level. The management believes that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

25. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

<u>Related party</u>	<u>Relationship</u>
FPT Corporation	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 Company Limited (FRT)	Affiliate
FPT Distribution Company Limited (FDC)	Affiliate

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

	<u>From 01/01/2014 to 30/6/2014</u>	<u>From 01/01/2013 to 30/6/2013</u>
	VND	VND
FPT Corporation - The holding company		
Dividends paid in cash	-	20,152,967,500
Sales of goods and services	4,154,941,583	1,651,025,136
Purchases of fixed assets, goods and services	18,096,352,166	16,846,195,658
Other related parties		
FPT Trading Company Limited (FTG)		
Sales of goods and services	-	1,671,551,950
Purchases of fixed assets, goods and services	70,689,094	633,457,994
FPT Information System Corporation (FIS)		
Sales of goods and services	27,272,728	-
Purchases of fixed assets, goods and services	6,174,890,830	9,670,762,985
FPT Distribution Company Limited (FDC)		
Sales of goods and services	-	48,008,000
Purchases of goods and services	25,421,707,931	8,120,391,890
FPT Retail Company Limited		
Sales of goods and services	-	600,222,805
Purchases of goods and services	-	2,165,806,217
FPT Technology Product Company Limited (FTP)		
Purchases of goods and services	1,847,186,673	1,467,476,408

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

25. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Related party balances at the balance sheet date were as follows:

	30/6/2014	31/12/2013
	VND	VND
Cash and cash equivalents		
Cash deposited in the central account of FPT Corporation	18,846,618,156	15,208,258,175
Receivables		
FPT Corporation - other receivables	80,227,124	1,183,926,343
FPT Information System Corporation (FIS)	1,011,768,601	895,719,028
FPT Retail Company Limited (FRT)	1,810,632,087	183,216,057
Payables		
	30/6/2014	31/12/2013
	VND	VND
FPT Corporation - Goods and services	17,413,991,400	48,350,664,435
FPT Corporation - Dividend payables	-	40,305,935,000
FPT Software Company Limited (FSO)	1,002,217,488	1,002,217,488
FPT Retail Company Limited (FRT)	101,536,196	207,355,144
FPT Trading Company Limited (FTG)	6,992,435,394	1,528,663,375

26. COMPARATIVE FIGURES

Comparative figures presented in the consolidated balance sheet are figures of the audited consolidated financial statements for the year ended 31 December 2013. Comparative figures presented in the consolidated income statement and consolidated cash flow statement are figures of the reviewed financial statements for the period from 01 January 2013 to 30 June 2013.

Certain reclassifications have been made to the prior year's figures to enhance their comparability with the current year's presentation.

	Amount after reclassification	Previously reported amount
	VND	VND
I. Short-term liabilities		
Unearned revenue	440,026,550,157	487,449,059,417
II. Long-term liabilities		
Long-term unearned revenue	47,422,509,260	-
	487,449,059,417	487,449,059,417



Nguyen Thi Thu Huong
Preparer



Do Thi Huong
Chief accountant



Vu Thi Mai Huong
Deputy General Director

22 July 2014