



FPT TELECOM JOINT STOCK COMPANY

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATE
FINANCIAL STATEMENTS**

For the year ended 31 December 2017



FPT TELECOM JOINT STOCK COMPANY

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

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FPT TELECOM JOINT STOCK COMPANY

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

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of FPT Telecom Joint Stock Company (the "Company") presents this report together with the Company's consolidated financial statements for the year ended 31 December 2017.

THE BOARDS OF DIRECTORS AND MANAGEMENT

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

Board of Directors

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

Board of Management

Mr. Hoang Viet Anh	General Director	(Appointed on 01 March 2018)
Mr. Nguyen Van Khoa	General Director	(Resigned on 01 March 2018)
Mr. Nguyen Hoang Linh	Deputy General Director	
Ms. Vu Thi Mai Huong	Deputy General Director	
Mr. Hoang Trung Kien	Deputy General Director	
Mr. Chu Hung Thang	Deputy General Director	
Mr. Vu Anh Tu	Deputy General Director	

THE BOARD OF MANAGEMENT' STATEMENT OF RESPONSIBILITY

The Board of Management of the Company is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Company as at 31 December 2017, 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. In preparing these consolidated financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the 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 Management 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 Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

FPT TELECOM JOINT STOCK COMPANY

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STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

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

For and on behalf of the Board of Management,



Vũ Thị Mai Hương
Deputy General Director

05 March 2018

No.: 533 /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of FPT Telecom Joint Stock Company (the "Company"), prepared on 05 March 2018 as set out from page 05 to page 29, which comprise the consolidated balance sheet as at 31 December 2017, 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.

INDEPENDENT AUDITORS' REPORT (Continued)

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 2017, 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.



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

DELOITTE VIETNAM COMPANY LIMITED

05 March 2018
Hanoi, S.R. Vietnam

Le Anh Son
Auditor
Audit Practising Registration Certificate
No. 1961-2018-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance (Restated)
A. CURRENT ASSETS	100		4,260,886,629,966	4,534,820,123,793
I. Cash and cash equivalents	110	4	637,367,035,990	976,978,985,482
1. Cash	111		172,972,917,618	195,542,517,681
2. Cash equivalents	112		464,394,118,372	781,436,467,801
II. Short-term financial investments	120	5	1,472,830,197,781	1,680,039,336,332
1. Held-to-maturity investments	123		1,472,830,197,781	1,680,039,336,332
III. Short-term receivables	130		836,927,904,216	808,599,128,890
1. Short-term trade receivables	131		879,818,545,580	776,734,179,297
2. Short-term advances to suppliers	132		31,422,108,098	42,405,677,207
3. Other short-term receivables	136	6	41,759,305,126	60,399,903,955
4. Provision for short-term doubtful debts	137		(116,072,054,588)	(70,940,631,569)
IV. Inventories	140	8	519,570,275,133	406,625,156,086
1. Inventories	141		519,570,275,133	406,625,156,086
V. Other short-term assets	150		794,191,216,846	662,577,517,003
1. Short-term prepayments	151	9	665,400,613,369	524,851,987,672
2. Value added tax deductibles	152		21,881,888,202	21,610,034,722
3. Taxes and other receivables from the State budget	153	10	106,908,715,275	116,115,494,609
B. NON-CURRENT ASSETS	200		3,956,837,942,865	3,993,337,702,416
I. Long-term receivables	210		21,094,817,447	16,652,431,902
1. Other long-term receivables	216	6	23,451,508,628	17,980,777,493
2. Provision for long-term doubtful debts	219		(2,356,691,181)	(1,328,345,591)
II. Fixed assets	220		3,456,646,267,012	3,255,469,129,846
1. Tangible fixed assets	221	11	3,102,593,628,520	3,099,833,313,088
- Cost	222		5,996,602,874,983	6,219,991,980,040
- Accumulated depreciation	223		(2,894,009,246,463)	(3,120,158,666,952)
2. Intangible assets	227	12	354,052,638,492	155,635,816,758
- Cost	228		511,395,040,078	274,766,553,794
- Accumulated amortisation	229		(157,342,401,586)	(119,130,737,036)
III. Long-term assets in progress	240		17,226,616,945	214,179,694,896
1. Long-term construction in progress	242	13	17,226,616,945	214,179,694,896
IV. Long-term financial investments	250		6,000,000,000	6,000,000,000
1. Equity investments in other entities	253	5	9,684,980,000	9,684,980,000
2. Provision for impairment of long-term financial investments	254	5	(3,684,980,000)	(3,684,980,000)
V. Other long-term assets	260		428,448,183,084	468,062,092,599
1. Long-term prepayments	261	9	403,136,208,392	414,733,143,912
2. Deferred tax assets	262		25,311,974,692	53,328,948,687
VI. Goodwill	269		27,422,058,377	32,974,353,173
TOTAL ASSET (270=100 + 200)	270		8,217,724,572,831	8,528,157,826,209

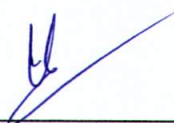
The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance (Restated)
C. LIABILITIES	300		4,916,040,515,685	5,477,205,290,122
I. Current liabilities	310		4,763,337,193,796	4,978,235,226,602
1. Short-term trade payables	311		1,112,335,217,222	766,687,189,254
2. Short-term advances from customers	312		120,328,359,181	102,123,802,953
3. Taxes and amounts payable to the State budget	313	10	65,204,377,077	230,472,420,842
4. Payables to employees	314		4,586,592,282	4,488,486,421
5. Short-term accrued expenses	315	15	753,371,389,908	441,048,229,060
6. Short-term unearned revenue	318	14	987,989,471,286	868,489,337,153
7. Other current payables	319	16	441,650,374,419	318,028,402,729
8. Short-term loans and obligations under finance leases	320	17	1,103,126,785,160	2,094,181,289,625
9. Short-term provisions	321		756,720,000	756,720,000
10. Bonus and welfare funds	322	19	173,987,907,261	151,959,348,565
II. Long-term liabilities	330		152,703,321,889	498,970,063,520
1. Long-term unearned revenue	336	14	47,704,546,429	49,849,867,850
2. Long-term loans and obligations under finance leases	338	18	104,998,775,460	449,120,195,670
D. EQUITY	400		3,301,684,057,146	3,050,952,536,087
I. Owners' equity	410	20	3,301,684,057,146	3,050,952,536,087
1. Owners' contributed capital	411		1,507,832,590,000	1,370,786,090,000
- Ordinary shares carrying voting rights	411a		1,507,832,590,000	1,370,786,090,000
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		246,879,179,072	131,972,384,482
5. Other reserves	420		34,572,210,000	34,572,210,000
6. Retained earnings	421		1,239,853,363,572	1,304,564,248,554
- Retained earnings accumulated to the prior year end	421a		1,026,073,226,832	789,457,692,081
- Retained earnings of the current year	421b		213,780,136,740	515,106,556,473
7. Non-controlling interests	429		265,193,868,773	201,704,757,322
TOTAL RESOURCES (440=300+400)	440		8,217,724,572,831	8,528,157,826,209


Nguyen Thi Thu Huong
 Preparer


Do Thi Huong
 Chief Accountant


Vu Thi Mai Huong
 Deputy General Director

05 March 2018

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

FPT TELECOM JOINT STOCK COMPANY2nd Floor, FPT Cau Giay Tower, No. 17 Duy Tan Street,
Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam**FORM B 02-DN/HN**Issued under Circular No. 202/2014/TT-BTC dated
22 December 2014 of the Ministry of Finance**CONSOLIDATED INCOME STATEMENT***For the year ended 31 December 2017*

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year (Restated)
1. Gross revenue from goods sold and services rendered	01	23	7,677,901,203,174	6,693,694,162,232
2. Deductions	02	23	26,541,460,346	27,226,010,566
3. Net revenue from goods sold and services rendered (10=01-02)	10		7,651,359,742,828	6,666,468,151,666
4. Cost of sales	11	24	3,937,312,195,310	3,555,106,661,984
5. Gross profit from goods sold and services rendered (20=10-11)	20		3,714,047,547,518	3,111,361,489,682
6. Financial income	21	26	149,685,869,073	162,661,202,245
7. Financial expenses	22	27	121,507,804,809	154,892,015,179
- In which: Interest expense	23		118,843,999,299	150,789,690,933
8. Selling expenses	25		683,624,741,456	593,914,795,407
9. General and administration expenses	26		1,819,952,701,885	1,335,790,764,247
10. Operating profit (30=20+(21-22)-(25+26))	30		1,238,648,168,441	1,189,425,117,094
11. Other income	31		17,560,716,363	7,609,927,914
12. Other expenses	32		39,287,160,986	4,278,912,737
13. (Loss)/Profit from other activities (40=31-32)	40		(21,726,444,623)	3,331,015,177
14. Accounting profit before tax (50=30+40)	50		1,216,921,723,818	1,192,756,132,271
15. Current corporate income tax expense	51	28	218,099,076,381	199,184,382,133
16. Deferred corporate tax expense	52	28	24,198,382,124	16,709,057,193
17. Net profit after corporate income tax (60=51-51-52)	60		974,624,265,313	976,862,692,945
17.1. Attributable to equity holders of the Holding Company	61		872,344,968,203	884,375,988,420
17.2. Attributable to non-controlling interests	62		102,279,297,110	92,486,704,525
18. Basic earnings per share	70	29	5,180	5,205


Nguyen Thi Thu Huong
 Preparer


Do Thi Huong
 Chief Accountant


Vu Thi Mai Huong
 Deputy General Director

05 March 2018

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CONSOLIDATED CASH FLOW STATEMENT


For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year (Restated)
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	1,216,921,723,818	1,192,756,132,271
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	820,216,731,614	748,266,953,204
Provisions	03	46,159,768,609	41,537,807,652
Foreign exchange (gain) arising from translating foreign currency items	04	(2,265,502,195)	(542,027,858)
(Gain) from investing activities	05	(146,158,399,497)	(154,938,413,902)
Interest expense	06	118,843,999,299	150,789,690,933
3. Operating profit before movements in working capital	08	2,053,718,321,648	1,977,870,142,300
Changes in receivables	09	(68,732,620,165)	129,981,772,672
Changes in inventories	10	30,259,445,875	100,138,675,734
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	398,475,819,436	(437,132,810,607)
Changes in prepaid expenses	12	(129,223,543,657)	147,190,457,915
Interest paid	14	(146,421,567,416)	(128,163,032,934)
Corporate income tax paid	15	(382,768,241,758)	(198,524,842,841)
Other cash inflows	16	367,273,809	2,296,874,447
Other cash outflows	17	(4,395,927,722)	(769,141,573)
Net cash generated by operating activities	20	1,751,278,960,050	1,592,888,095,113
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(654,783,551,825)	(1,002,565,371,908)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	318,181,819	219,642,144
3. Cash outflow for lending, buying debt instruments of other	23	-	(614,420,696,061)
4. Cash recovered from lending, selling debt instruments of other entities	24	207,209,138,551	-
5. Cash recovered from investments in other entities	26	-	11,289,755,636
6. Interest earned, dividends and profits received	27	144,481,413,888	111,497,321,435
Net cash (used in) investing activities	30	(302,774,817,567)	(1,493,979,348,754)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	1,640,034,151,642	2,971,812,214,509
2. Repayment of borrowings	34	(2,975,210,076,317)	(2,533,833,444,776)
3. Dividends and profits paid	36	(452,940,167,300)	(294,992,676,900)
Net cash (used in)/generated by financing activities	40	(1,788,116,091,975)	142,986,092,833
Net (decrease)/increase in cash (50=20+30+40)	50	(339,611,949,492)	241,894,839,192
Cash and cash equivalents at the beginning of the year	60	976,978,985,482	735,084,146,290
Cash and cash equivalents at the end of the year (70=50+60)	70	637,367,035,990	976,978,985,482


Nguyen Thi Thu Huong
 Preparer


Do Thi Huong
 Chief Accountant


Vu Thi Mai Huong
 Deputy General Director

05 March 2018

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

FPT TELECOM JOINT STOCK COMPANY

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

FORM B 09-DN/HN

Issued under Circular No. 202/2014/TT-BTC dated
22 December 2014 of the Ministry of Finance

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 7 August 2017 issued by Hanoi Authority for Planning and Investment, which is the 21st amendment to the Business Registration Certificate No. 0103008784 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 2017 was 7,883 (31 December 2016: 7,232).

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.

Characteristics of the business activities in the fiscal year which have impact on the consolidated financial statements

With regards the Resolution No. 04-2017/NQ-HDQT/FTL dated 25 September 2017, the Board of Directors of FPT Telecom Joint Stock Company agreed the close of FPT Software Solutions Joint Stock Company. The proportion of ownership interest and voting power held by the holding company at the dissolution date was 100 per cent.

The Company's structure

Details of the Company's subsidiaries as at 31 December 2017 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 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 2016. Some items in consolidated balance sheet as at 31 December 2016 were restated in Note 33 or reclassified 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. 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.

The costs of self-constructed or self-made tangible fixed assets are the actual cost or manufacturing cost of tangible fixed assets plus installation and test-running costs.

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

	<u>Current year</u>	<u>Prior year</u>
	(Years)	(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 operating lease agreements 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") and Asia Pacific Gateway ("APG") project	15

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including 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' general 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 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 financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND	VND
Cash on hand	7,004,876,371	3,983,319,603
Bank demand deposits	165,966,899,847	191,559,198,078
Cash in transit	1,141,400	-
Cash equivalents	464,394,118,372	781,436,467,801
	637,367,035,990	976,978,985,482

Cash equivalents comprise demand deposits with maturity of 3 months or less at FPT Corporation and commercial banks.

5. FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	Cost	Carrying amount	Cost	Carrying amount
	VND	VND	VND	VND
a. Held-to-maturity investments	1,472,830,197,781	1,472,830,197,781	1,680,039,336,332	1,680,039,336,332
- Term deposits	1,470,830,197,781	1,470,830,197,781	1,678,039,336,332	1,678,039,336,332
- Other investments	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
b. Investments in other entities	9,684,980,000	(3,684,980,000)	9,684,980,000	(3,684,980,000)
<i>Sendo Technology Joint Stock Company</i>	3,684,980,000	(3,684,980,000)	3,684,980,000	(3,684,980,000)
<i>FPT Fund Management Joint Stock Company</i>	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 2017 is required to be presented in the consolidated financial statements. However, the invested entities are unlisted and there is no comprehensive guidance on determination of fair value for unlisted share investments. Therefore, the Company has not presented the fair value of these investments.

6. OTHER SHORT-TERM RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Interest income	32,717,303,617	31,358,499,827
Other receivables	9,042,001,509	29,041,404,128
	41,759,305,126	60,399,903,955

7. BAD DEBTS

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Cost</u> VND	<u>Recoverable amount</u> VND	<u>Cost</u> VND	<u>Recoverable amount</u> VND
Total amount of receivables and loans past due or not past due but impaired	171,039,665,072	54,967,610,484	121,641,902,015	50,701,270,446
Short-term trade receivables	171,039,665,072	54,967,610,484	121,641,902,015	50,701,270,446

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 wrote off the amounts of receivable overdue from retail customers for telecommunication services that were evaluated as unrecoverable, and made provision for doubtful debts from previous years with the total amount of VND 171,935,562,838.

8. INVENTORIES

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Cost</u> VND	<u>Provision</u> VND	<u>Cost</u> VND	<u>Provision</u> VND
Goods in transit	76,465,642,943	-	62,059,799,200	-
Raw materials	165,078,959,789	-	-	-
Tools and supplies	70,977,014,211	-	35,793,633,737	-
Work in progress	617,347,625	-	-	-
Merchandise	206,431,310,565	-	308,771,723,149	-
Total	519,570,275,133	-	406,625,156,086	-

9. PREPAYMENTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
a) Current		
Expenses for transforming to optical fiber system	226,447,915,476	192,453,308,435
Others	438,952,697,893	332,398,679,237
	665,400,613,369	524,851,987,672
b) Non-current		
PayTV installation cost	259,299,100,263	267,928,451,861
Others	143,837,108,129	146,804,692,051
	403,136,208,392	414,733,143,912

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

Items	Opening balance (Restated)	Movement in the year		Closing balance
		Amount receivable/payable	Amount received/ paid or offset	
	VND	VND	VND	VND
a) Receivables				
Value added tax	5,378,431,350	793,209,770	5,378,431,350	793,209,770
Corporate income tax	110,331,387,867	-	4,315,740,909	106,015,646,958
Other taxes	405,675,392	178,512,069	484,328,914	99,858,547
Total	116,115,494,609	971,721,839	10,178,501,173	106,908,715,275
b) Payables				
Value added tax	23,421,117,205	458,884,529,754	461,758,520,334	20,547,126,625
- Output value added tax	23,421,117,205	351,119,539,994	353,993,530,574	20,547,126,625
- Value added tax on imports	-	107,764,989,760	107,764,989,760	-
Import duty	-	8,124,582,604	8,124,582,604	-
Corporate income tax	204,647,346,158	218,099,076,381	382,768,241,758	39,978,180,781
Other taxes	2,403,957,479	48,373,689,314	46,098,577,122	4,679,069,671
- License tax	-	173,000,000	173,000,000	-
- Personal income tax	2,061,056,998	39,275,670,468	37,200,514,085	4,136,213,381
- Other taxes	342,900,481	8,925,018,846	8,725,063,037	542,856,290
Other payables	-	685,569	685,569	-
Total	230,472,420,842	733,482,563,622	898,750,607,387	65,204,377,077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
COST						
Opening 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
Increases	(7,298,527,397)	1,102,719,074,079	(29,052,077,933)	(117,164,664,446)	(25,835,733,623)	923,368,070,680
Purchases	-	855,367,270,785	2,106,209,091	62,066,615,439	-	919,540,095,315
Transfer from construction in progress	-	2,945,094,057	-	-	-	2,945,094,057
Reclassification	(7,298,527,397)	244,406,709,237	(31,158,287,024)	(180,114,161,193)	(25,835,733,623)	-
Others adjustments	-	-	-	882,881,308	-	882,881,308
Decreases	-	1,130,905,828,046	1,891,596,955	13,959,750,736	-	1,146,757,175,737
Disposals	-	-	1,891,596,955	-	-	1,891,596,955
Retrieval	-	239,425,321,330	-	13,959,750,736	-	253,385,072,066
Decrease due to infrastructure transformation	-	891,480,506,716	-	-	-	891,480,506,716
Closing balance	147,023,118,168	5,488,541,646,974	17,176,258,334	343,861,851,507	-	5,996,602,874,983
ACCUMULATED DEPRECIATION						
Opening 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
Increases	3,670,508,588	914,469,970,382	(6,579,238,244)	(123,701,473,575)	(11,085,296,029)	776,774,471,122
Charge for the year	6,590,930,664	747,006,318,012	1,144,194,918	21,753,795,985	-	776,495,239,579
Reclassification	(2,920,422,076)	167,463,652,370	(7,723,433,162)	(145,734,501,103)	(11,085,296,029)	-
Others adjustments	-	-	-	279,231,543	-	279,231,543
Decreases	-	988,685,892,587	1,891,596,955	12,346,402,069	-	1,002,923,891,611
Disposals	-	-	1,891,596,955	-	-	1,891,596,955
Retrieval	-	132,655,216,581	-	12,346,402,069	-	145,001,618,650
Decrease due to infrastructure transformation	-	856,030,676,006	-	-	-	856,030,676,006
Closing balance	39,459,878,252	2,572,321,085,583	12,824,839,816	269,403,442,812	-	2,894,009,246,463
NET BOOK VALUE						
Opening 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
Closing balance	107,563,239,916	2,916,220,561,391	4,351,418,518	74,458,408,695	-	3,102,593,628,520

As at 31 December 2017, the cost of tangible fixed assets includes approximately VND 1,007,223 million (31 December 2016: approximately VND 924,506 million) of assets which have been fully depreciated but are still in use.

12. 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	232,850,677,345	29,207,764,449	274,766,553,794
Increases	1,005,470,000	224,078,762,191	11,754,383,607	236,838,615,798
Additions	1,005,470,000	17,508,561,555	11,476,717,343	29,990,748,898
Transfer from construction in process	-	206,570,200,636	-	206,570,200,636
Others increase	-	-	277,666,264	277,666,264
Decreases	-	-	210,129,514	210,129,514
Disposals	-	-	111,954,110	111,954,110
Other decreases	-	-	98,175,404	98,175,404
Closing balance	13,713,582,000	456,929,439,536	40,752,018,542	511,395,040,078
ACCUMULATED AMORTISATION				
Opening balance	-	96,385,454,828	22,745,282,208	119,130,737,036
Increases	-	34,438,995,647	4,007,867,856	38,446,863,503
Charge for the year	-	34,438,995,647	3,730,201,592	38,169,197,239
Others	-	-	277,666,264	277,666,264
Decreases	-	-	235,198,953	235,198,953
Disposals	-	-	111,954,110	111,954,110
Other decreases	-	-	123,244,843	123,244,843
Closing balance	-	130,824,450,475	26,517,951,111	157,342,401,586
NET BOOK VALUE				
Opening balance	12,708,112,000	136,465,222,517	6,462,482,241	155,635,816,758
Closing balance	13,713,582,000	326,104,989,061	14,234,067,431	354,052,638,492

13. LONG-TERM CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Asia Pacific Gateway Cable Network (APG Project)	-	200,345,640,232
Others	17,226,616,945	13,834,054,664
	17,226,616,945	214,179,694,896

14. UNEARNED REVENUE

	Closing balance VND	Opening balance VND
a) Short-term		
Revenue received in advance from telecommunication services	986,216,667,269	866,098,041,817
Others	1,772,804,017	2,391,295,336
	987,989,471,286	868,489,337,153
b) Long-term		
Revenue received in advance from telecommunication services	7,373,253,511	7,745,770,847
Others	40,331,292,918	42,104,097,003
	47,704,546,429	49,849,867,850

15. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Payroll expense	433,498,803,379	289,137,099,093
Interest expense	31,146,952,493	58,724,520,610
Other accruals	288,725,634,036	93,186,609,357
	753,371,389,908	441,048,229,060

16. OTHER SHORT-TERM PAYABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Trade union fee	10,283,229,075	8,657,014,110
Social insurance	196,582,841	296,308,714
Health insurance	34,282,346	16,705,921
Unemployment insurance	14,970,666	10,181,735
Dividends payable	302,162,333,833	137,231,990,133
Short-term deposits and collaterals	118,765,463,783	136,238,784,439
Others	10,193,511,875	35,577,417,677
	441,650,374,419	318,028,402,729

17. 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
	1,888,658,352,866	1,888,658,352,866	1,640,034,151,642	2,495,564,902,990	1,033,127,601,518	1,033,127,601,518
Current portion of long-term loans (see Note 18)	205,522,936,759	205,522,936,759	344,121,420,210	479,645,173,327	69,999,183,642	69,999,183,642
Total	2,094,181,289,625	2,094,181,289,625	1,984,155,571,852	2,975,210,076,317	1,103,126,785,160	1,103,126,785,160

18. 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
	654,643,132,429	654,643,132,429	-	479,645,173,327	174,997,959,102	174,997,959,102
Total	654,643,132,429	654,643,132,429	-	479,645,173,327	174,997,959,102	174,997,959,102

Long-term loans are repayable as follows:

	Closing balance	Opening balance
	VND	VND
On demand or within one year	69,999,183,642	205,522,936,759
In the second year	69,999,183,642	207,090,273,318
In the third to fifth year inclusive	34,999,591,818	242,029,922,352
	174,997,959,102	654,643,132,429
Less: amount due for settlement within 12 months (shown under current liabilities)	69,999,183,642	205,522,936,759
Amount due for settlement after 12 months	104,998,775,460	449,120,195,670

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19. BONUS AND WELFARE FUNDS

In 2016, the Company and its subsidiaries temporarily allocated VND 99,651,672,838 to bonus and welfare funds according to the Charter of the Company and its subsidiaries. The total temporarily allocated amount to bonus and welfare funds in 2016 was approved in the Shareholders' General Meeting in 2017. As at 31 December 2017, the Company and its subsidiaries temporarily allocated VND 91,398,304,873 VND to bonus and welfare funds for the year ended 31 December 2017.

20. OWNERS' EQUITY

Movement in Owners' equity

	Owners' contributed capital	Share premium	Treasury shares	Investment and development fund	Owners' other capital (restated)	Retained earnings (restated)	Total	Non-controlling interests	Total
	VND	VND	VND	VND	(restated)	VND	VND	VND	VND
Prior year's opening balance	1,246,198,090,000	7,652,995,729	(300,150,000)	-	34,572,210,000	1,163,397,641,027	2,451,520,786,756	187,335,847,504	2,638,856,634,260
Profit for the year	-	-	-	-	-	884,375,988,420	884,375,988,420	92,486,704,525	976,862,692,945
Allocation to investment and development fund	-	-	-	131,972,384,482	-	(131,972,384,482)	-	(8,068,367,764)	(8,068,367,764)
Allocation to bonus and welfare funds	-	-	-	-	-	(99,651,672,838)	(99,651,672,838)	-	(99,651,672,838)
Dividends declared in shares	124,588,000,000	-	-	-	-	(124,588,000,000)	-	-	-
Dividends declared in cash	-	-	-	-	-	(386,228,182,000)	(386,228,182,000)	(45,699,496,000)	(431,927,678,000)
Other movements	-	-	-	-	-	(769,141,573)	(769,141,573)	(24,349,930,943)	(25,119,072,516)
Current year's opening balance	1,370,786,090,000	7,652,995,729	(300,150,000)	131,972,384,482	34,572,210,000	1,304,564,248,554	2,849,247,778,765	201,704,757,322	3,050,952,536,087
Profit for the year	-	-	-	-	-	872,344,968,203	872,344,968,203	102,279,297,110	974,624,265,313
Allocation to investment and development fund	-	-	-	114,906,794,590	-	(114,906,794,590)	-	-	-
Allocation to bonus and welfare funds	-	-	-	-	-	(91,398,304,873)	(91,398,304,873)	(10,228,000,659)	(101,626,305,532)
Dividends declared in shares	137,046,500,000	-	-	-	-	(137,046,500,000)	-	-	-
Dividends declared in cash	-	-	-	-	-	(589,308,326,000)	(589,308,326,000)	(28,562,185,000)	(617,870,511,000)
Other movements	-	-	-	-	-	(4,395,927,722)	(4,395,927,722)	-	(4,395,927,722)
Current year's closing balance	1,507,832,590,000	7,652,995,729	(300,150,000)	246,879,179,072	34,572,210,000	1,239,853,363,572	3,036,490,188,373	265,193,868,773	3,301,684,057,146

20. OWNERS' EQUITY (Continued)

Shares	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Number of shares issued to the public		
+) Ordinary shares	150,783,259	137,078,609
Number of treasury shares		
+) Ordinary shares	30,015	30,015
Number of outstanding shares in circulation		
+) Ordinary shares	150,753,244	137,048,594

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 1,507,832,590,000. The charter capital contributions by the shareholders as at 31 December 2017 had been fully made as follows:

	<u>Per Amended Business Registration Certificate</u>		<u>Capital contributed</u>			
	Number of shares	%	<u>Closing balance</u>		<u>Opening balance</u>	
			Number of shares	%	Number of shares	%
1. State Capital Investment Corporation	75,639,129	50.16	75,639,129	50.16	68,762,845	50.16
2. FPT Corporation	68,828,035	45.65	68,828,035	45.65	62,570,941	45.65
3. Other shareholders	6,316,095	4.19	6,286,080	4.17	5,714,808	4.17
	150,783,259	100	150,753,244	99.98	137,048,594	99.98
Treasury shares			30,015	0.02	30,015	0.02
	150,783,259	100	150,783,259	100	137,078,609	100

Dividends

According to the Resolution of Shareholders' General Meeting dated 24 April 2017, the Company has approved to pay cash dividend from profit after tax of 2016 with the amount of VND 274,097,188,000 (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 2016. As at 9 October 2017, the Company advanced the 1st cash dividend from profit after tax of 2017 with the amount of VND 150,753,244,000 (the ratio of VND 1,000 per share). As at 29 December 2017, the Company planned to advance the 2nd cash dividend from profit after tax of 2017 with the amount of VND 301,506,488,000 (the ratio of VND 2,000 per share), the dividend payment is expected to be made in Quarter 1 of 2018.

21. OFF CONSOLIDATED BALANCE SHEET ITEMS

	<u>Closing balance</u>	<u>Opening balance</u>
Foreign currencies		
United States Dollar (USD)	3,163,280	2,495,286
Bad debts written off (*)		
Vietnam Dong (VND)	171,474,706,942	171,935,562,838

(*) Presents the doubtful debts written off in 2016 as described Note 7 in the off consolidated balance sheet under Circular No. 228/2009/TT-BTC issued by Ministry of Finance on 07 December 2009 guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises.

22. 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 of the Company are conducted within Vietnam's territory.

23. 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	432,630,263,008	254,182,168,662
- Sales of services	7,245,270,940,166	6,439,511,993,570
	7,677,901,203,174	6,693,694,162,232
Sales deductions		
- Sales return	(26,541,460,346)	(27,226,010,566)
	(26,541,460,346)	(27,226,010,566)

24. COST OF SALES

	<u>Current year</u> VND	<u>Prior year</u> VND
Cost of merchandise sold	408,748,682,611	243,282,576,450
Cost of services rendered	3,528,563,512,699	3,311,824,085,534
	3,937,312,195,310	3,555,106,661,984

25. PRODUCTION COST BY NATURE

	<u>Current year</u> VND	<u>Prior year</u> VND
Cost of merchandise sold	408,748,682,611	254,182,168,662
Raw materials and consumables	778,242,306,064	675,438,817,851
Labour	1,378,009,822,465	1,199,092,399,165
Depreciation and amortisation	1,101,067,830,936	979,263,494,872
Out-sourced services	1,463,104,689,854	1,870,672,749,744
Other monetary expenses	1,311,716,306,721	506,162,591,344
	6,440,889,638,651	5,484,812,221,638

26. FINANCIAL INCOME

	<u>Current year</u> VND	<u>Prior year</u> VND
Bank and loan interest, interest from bonds	145,840,217,678	126,378,290,132
Foreign exchange gain	3,845,651,395	5,820,043,169
Gain from financial investment sold	-	9,934,735,636
Other financial income	-	20,528,133,308
	149,685,869,073	162,661,202,245

27. FINANCIAL EXPENSES

	<u>Current year</u> VND	<u>Prior year</u> VND
Interest expense	118,843,999,299	150,789,690,933
Foreign exchange loss	2,663,805,510	4,102,324,246
	121,507,804,809	154,892,015,179

28. CORPORATE INCOME TAX EXPENSES

	<u>Current year</u> VND	<u>Prior year</u> (Restated) VND
Profit before tax	1,216,921,723,818	1,192,756,132,271
Adjustments for taxable income		
Less		
- Non-assessable income	(4,386,843,934)	(4,529,597,290)
- Unearned revenue	(128,002,148,207)	(350,285,171,290)
- Adjustments reduce profit before tax	(13,237,317,465)	-
- Cost related to unearned revenue	48,470,706,869	142,803,047,430
- Losses carried forward	(38,260,469,296)	-
Add back		
- Non-deductible expenses	5,132,148,229	3,965,491,781
Assessable income	1,086,637,800,014	984,709,902,902
Tax rate	20%	20%
Corporate income tax	217,327,560,003	267,866,575,548
Less: Corporate income tax deductible	-	(68,682,193,415)
Additional corporate income tax for prior period	771,516,378	-
Current corporate income tax	218,099,076,381	199,184,382,133
Deferred corporate income tax (i)	24,198,382,124	16,709,057,193

(i) Deferred corporate income tax and deferred corporate income tax assets are recognized for the deduction temporary differences, which represent the unearned revenue presented in the consolidated balance sheet for accounting purposes but not included in the taxable income for the current year.

29. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share as at 31 December 2017 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</u> (Restated)
Profit for the year attributable to equity holders of the parent company (VND)	872,344,968,203	918,091,637,496
- Allocation to bonus and welfare funds according to the Resolution of Shareholders' General meeting (VND)	(91,398,304,873)	(99,651,672,838)
- Other increases/decreases	-	(33,715,649,076)
Earnings for the purposes of calculating basic earnings per share (VND)	780,946,663,330	784,724,315,582
Weighted average number of ordinary shares in circulation (share)	150,753,244	150,753,244
Basic earnings per share (VND/share)	5,180	5,205

Adjustment of net profit after corporate income tax

In 2017, the Company recalculated and recorded an increase of VND 150,824,140,294 Corporate Income Tax payable of FPT Telecom Tan Thuan Company Limited (Tan Thuan Project) from 2009 to 2016. The additional tax payable led to a retrospective adjustment of net profit after corporate income tax as below:

	<u>Weighted average number of ordinary shares</u> Share	<u>Basic earnings per share</u> VND
According to Consolidated financial statements of 2016		5,972
Additional 2016 corporate income tax expense	(33,715,649,076)	
Weighted average number of ordinary shares	137,078,609	
Effect of additional 2016 corporate income tax		(246)
Restated figures of effect of 2016 additional corporate income tax		5,726

Adjustment of weighted average number of ordinary shares

The Company paid dividend by share in 2017. Accordingly, the Basic earnings per share for the year ended 31 December 2017 has been restated as follows:

	<u>Weighted average number of ordinary shares</u> Share	<u>Basic earnings per share</u> VND
Restated figures of effect of 2016 additional corporate income tax	137,048,594	5,726
Effect of the dividend payment by share in 2016	13,704,650	(521)
Restated figures	150,753,244	5,205

30. COMMITMENTS

Investment commitments

As at 31 December 2017, 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 contributing 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 2017, the actual contribution of the Company was USD 9,349,495 equivalent to VND 219,419,336,969.

Operating lease commitments

	<u>Current year</u> VND	<u>Prior year</u> VND
Minimum lease payments under operating leases recognised in the consolidated income statement for the year	101,776,092,602	93,388,879,719

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

	Current year VND	Prior year VND
Within one year	101,714,544,646	60,001,924,214
In the second to fifth year inclusive	271,899,470,380	113,712,219,750
After five years	45,639,015,252	2,773,800,000
	419,253,030,278	176,487,943,964

31. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

Related party	Relationship
FPT Corporation - the Holding company	Parent company
Synnex FPT Joint Stock Company (FTG)	Affiliate
FPT Software Company Limited (FSO)	Affiliate
FPT Information System Corporation (FIS)	Affiliate
FPT Technology Product Company Limited (FTP)	Affiliate
FPT Digital 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:

	Current year VND	Prior year VND
FPT Corporation		
Dividends by shares	62,570,940,000	56,882,670,000
Dividends paid in cash	269,055,046,000	113,765,348,000
Sales of goods and services	24,651,475,200	14,540,140,046
Purchases of fixed assets, goods and services	45,684,358,272	43,053,551,756
Other related parties		
Synnex FPT Joint Stock Company (FTG)		
Sales of goods and services	4,252,687,927	3,357,533,746
Purchases of fixed assets, goods and services	157,765,671,173	1,198,563,294
FPT Software Company Limited (FSO)		
Sales of goods and services	50,214,198,615	46,934,989,282
Purchases of fixed assets, goods and services	717,620,456	48,867,279
FPT Information System Corporation (FIS)		
Sales of goods and services	4,339,076,307	6,377,167,745
Purchases of fixed assets, goods and services	52,697,170,934	97,836,079,866
FPT Distribution Company Limited (FDC)		
Purchases of fixed assets, goods and services	-	125,730,531,768
FPT Digital Retail Joint Stock Company (FRT)		
Sales of goods and services	24,062,187,435	17,149,506,671
Purchases of fixed assets, goods and services	3,582,127,380	2,374,773,264
FPT Technology Products Company Limited (FTP)		
Purchases of fixed assets, goods and services	-	1,418,699,646

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

	Closing balance	Opening balance
	VND	VND
Cash and cash equivalents		
Cash deposited in the central account of FPT Corporation	4,653,862,834	7,679,609,287
Receivables		
FPT Corporation - Goods and services	3,811,771,736	-
FPT Corporation - other receivables	4,653,862,834	128,639,307
FPT Information System Corporation (FIS)	13,040,785,940	770,237,239
FPT Digital Retail Joint Stock Company (FRT)	1,234,733,920	1,832,604,753
Synnex FPT Joint Stock Company (FTG)	193,161,228	273,255,255
FPT Software Company Limited (FSO)	644,258,397	1,436,703,374
Payables		
FPT Corporation - Goods and services	17,057,495,371	13,926,676,496
FPT Corporation - Dividend payables	137,656,070,000	62,570,941,000
FPT Information System Corporation (FIS)	113,159,406	66,693,678,700
FPT Software Company Limited (FSO)	-	1,754,830
FPT Digital Retail Joint Stock Company (FRT)	360,111,972	520,914,079
FPT Distribution Company Limited (FDC)	-	14,052,672,921
Synnex FPT Joint Stock Company (FTG)	23,818,574,679	78,232,770

32. 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 470,604,574,441 (2016: VND 163,295,065,311), 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.

33. RETROSPECTIVE ADJUSTMENTS

In 2017, the Company recalculated and recorded an increase of VND 150,824,140,294 in Corporate Income Tax payable of FPT Telecom Tan Thuan Company Limited (Tan Thuan Project) from 2009 to 2016. Under Vietnamese Accounting Standard No. 29 - Changes in accounting policies, accounting estimates and errors, the Company adjusted the finalized figures of prior year's consolidated financial statements retrospectively, leading to changes in comparative figures for the year ended 31 December 2017. Due to retrospective adjustment, figures of the consolidated financial statements have been changed as below:

Item	Prior year (restated in comparative figures)	Prior year (restated in retrospective adjustment)	Retrospective adjustment
	VND	VND	VND
CONSOLIDATED BALANCE SHEET			
C. LIABILITIES			
3. Taxes and amounts payable to the State budget	79,648,280,548	230,472,420,842	150,824,140,294
D. EQUITY			
5. Retained earnings			
- Retained earnings accumulated to the prior year end	906,566,183,299	789,457,692,081	117,108,491,218
- Retained earnings of the current year	548,822,205,549	515,106,556,473	33,715,649,076
CONSOLIDATED INCOME STATEMENT			
15. Current corporate income tax expense	165,468,733,057	199,184,382,133	33,715,649,076
17.1. Equity holders of the Holding Company	918,091,637,496	884,375,988,420	(33,715,649,076)
18. Basic earnings per share	5,972	5,726	246

The comparative figures are the figures of the Company's audited consolidated financial statements for the year ended 31 December 2016. Some items in the consolidated balance sheet as at 31 December 2016 were reclassified as follows:

Presented figures			Reclassified figures			Difference	Note
Items	Codes	VND	Items	Codes	VND		
CONSOLIDATED BALANCE SHEET		Opening balance	CONSOLIDATED BALANCE SHEET		Opening balance		
D. EQUITY			D. EQUITY				
5. Other reserves	420	-	5. Other reserves	420	34,572,210,000	34,572,210,000	Reclassified
6. Retained earnings accumulated to the prior year end	421a	941,138,393,299	6. Retained earnings accumulated to the prior year end	421a	906,566,183,299	(34,572,210,000)	Reclassified

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Do Thi Huong
Chief Accountant

Vu Thi Mai Huong
Deputy General Director

05 March 2018

