

FPT TELECOM JOINT STOCK COMPANY
(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2014

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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 year ended 31 December 2014.

THE BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

Ms. Chu Thi Thanh Ha	Chairman
Mr. Truong Dinh Anh	Member (resigned on 30 June 2014)
Mr. Truong Gia Binh	Member
Mr. Le Huy Chi	Member
Mr. Nguyen Hai Vinh	Member (resigned on 16 December 2014)
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 financial statements for the year ended 31 December 2014, which give a true and fair view of the consolidated financial position of the Company and of its consolidated results and cash flows for the year 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 hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of Directors,



Vu Thi Mai Huong
Deputy General Director

04 March 2015

No.: 957 /VNIA-HN-BC

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of FPT Telecom Joint Stock Company (the "Company"), prepared on 04 March 2015 as set out from page 4 to page 29, which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated statement of income, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of, in all material respects, the consolidated financial position of the Company as at 31 December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



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

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED
04 March 2015
Hanoi, S.R. Vietnam

Tran Xuan Anh
Auditor
Audit Practising Registration Certificate
No. 0723-2013-001-1

CONSOLIDATED BALANCE SHEET
As at 31 December 2014
FORM B 01-DN/HN

Unit: VND

ASSETS	Codes	Notes	31/12/2014	31/12/2013
A. CURRENT ASSETS	100		2,519,425,613,050	1,100,102,264,933
(100=110+120+130+140+150)				
I. Cash and cash equivalents	110	5	1,056,467,108,945	349,356,715,281
1. Cash	111		85,356,468,927	70,798,995,296
2. Cash equivalents	112		971,110,640,018	278,557,719,985
II. Short-term financial investments	120		11,946,730,000	4,000,000,000
1. Short-term investments	121		11,946,730,000	4,000,000,000
III. Short-term receivables	130		626,908,592,991	487,588,647,213
1. Trade accounts receivable	131		740,427,032,138	582,784,030,016
2. Advances to suppliers	132		39,867,524,006	24,010,714,824
3. Other receivables	135		11,615,064,956	11,911,276,662
4. Provision for short-term doubtful debts	139		(165,001,028,109)	(131,117,374,289)
IV. Inventories	140	7	264,580,219,314	118,582,059,695
1. Inventories	141		264,580,219,314	118,582,059,695
V. Other short-term assets	150		559,522,961,800	140,574,842,744
1. Short-term prepayments	151	8	481,207,982,234	89,800,746,045
2. Value added tax deductibles	152		55,317,975,202	39,081,940,869
3. Taxes and other receivables from the State budget	154		20,646,116,301	9,563,059,075
4. Other short-term assets	158		2,350,888,063	2,129,096,755
B. NON-CURRENT ASSETS (200=220+250+260+269)	200		2,622,411,717,862	2,144,520,355,403
I. Fixed assets	220		2,339,488,285,755	1,856,358,766,409
1. Tangible fixed assets	221	9	1,994,356,872,831	1,531,525,386,310
- Cost	222		3,873,163,552,729	3,026,439,544,530
- Accumulated depreciation	223		(1,878,806,679,898)	(1,494,914,158,220)
2. Intangible assets	227	10	164,268,222,611	167,215,029,903
- Cost	228		246,771,901,537	253,301,670,627
- Accumulated amortisation	229		(82,503,678,926)	(86,086,640,724)
3. Construction in progress	230	11	180,863,190,313	157,618,350,196
II. Long-term financial investments	250		10,704,588,541	11,065,327,543
1. Investments in associates, joint venture	252		1,747,897,360	-
1. Other long-term investments	258		8,956,691,181	11,065,327,543
III. Other long-term assets	260		228,139,900,802	227,465,023,891
1. Long-term prepayments	261		123,334,861,950	143,494,413,853
2. Deferred tax assets	262		102,043,355,668	80,453,319,449
3. Other long-term assets	268		2,761,683,184	3,517,290,589
IV. Goodwill	269		44,078,942,764	49,631,237,560
TOTAL ASSETS (270=100+200)	270		5,141,837,330,912	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 31 December 2014

FORM B 01-DN/HN

Unit: VND

RESOURCES	Codes	Notes	31/12/2014	31/12/2013
A. LIABILITIES (300=310+330)	300		2,775,652,743,057	1,582,494,140,149
I. Current liabilities	310		2,729,905,117,885	1,534,887,018,505
1. Short-term loans and liabilities	311	13	698,800,278,325	-
2. Trade accounts payable	312		754,722,384,467	479,825,348,319
3. Advances from customers	313		78,405,225,454	70,566,396,195
4. Taxes and amounts payable to the State budget	314	14	64,610,659,268	87,777,842,294
5. Payables to employees	315		9,332,778,448	3,073,510,943
6. Accrued expenses	316		315,669,385,105	253,535,389,156
7. Other current payables	319	15	30,048,287,656	115,614,846,263
8. Bonus and welfare funds	323	16	80,511,214,744	84,467,135,178
9. Unearned revenue	338		697,804,904,418	440,026,550,157
II. Long-term liabilities	330		45,747,625,172	47,607,121,644
1. Other long-term payables	333		97,920,000	184,612,384
2. Unearned revenue	338		45,649,705,172	47,422,509,260
B. EQUITY (400=410)	400		2,207,710,298,954	1,536,486,706,492
I. Shareholders' equity	410	17	2,207,710,298,954	1,536,486,706,492
1. Charter 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		(300,150,000)	(275,150,000)
4. Retained earnings	420		954,159,363,225	532,093,510,763
C. MINORITY INTERESTS	439	17	158,474,288,901	125,641,773,695
TOTAL RESOURCES (440=300+400+439)	440		5,141,837,330,912	3,244,622,620,336

OFF CONSOLIDATED BALANCE SHEET ITEMS

	31/12/2014	31/12/2013
Foreign currencies (USD)	1,531,303	1,197,514


 Nguyen Thi Thu Huong
 Preparer


 Do Thi Huong
 Chief accountant


 Vu Thi Mai Huong
 Deputy General Director

04 March 2015

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

FORM B 02-DN/HN

Unit: VND

ITEMS	Codes	Notes	2014	2013
1. Gross revenue from goods sold and services rendered	01		4,835,687,602,233	4,312,514,004,115
2. Deductions	02		10,607,253,292	10,627,487,114
3. Net revenue from goods sold and services rendered (10=01-02)	10	19	4,825,080,348,941	4,301,886,517,001
4. Cost of sales	11	20	2,597,160,543,041	2,182,438,067,805
5. Gross profit from goods sold and services rendered (20=10-11)	20		2,227,919,805,900	2,119,448,449,196
6. Financial income	21	21	57,446,621,874	23,996,535,002
7. Financial expenses	22	22	18,856,145,093	5,651,876,362
In which: Interest expense	23		15,117,378,136	1,123,139,242
8. Selling expenses	24		364,039,942,444	302,255,112,423
9. General and administration expenses	25		983,048,456,653	867,130,653,903
10. Operating profit (30=20+(21-22)-(24+25))	30		919,421,883,584	968,407,341,510
11. Other income	31		23,105,307,553	17,779,591,331
12. Other expenses	32		8,843,299,901	17,575,402,448
13. Profit from other activities (40=31-32)	40		14,262,007,652	204,188,883
14. Share of loss in associates	41		(3,292,102,640)	-
15. Accounting profit before tax (50=30+40+41)	50		930,391,788,596	968,611,530,393
16. Current corporate income tax expense	51	24	188,946,958,717	228,278,399,338
17. Deferred corporate income tax (income)	52	24	(21,590,036,219)	(29,106,347,177)
18. Net profit after corporate income tax (60=50-51-52)	60		763,034,866,098	769,439,478,232
18.1. Attributable to minority interests	61		26,597,929,127	44,525,716,393
18.2. Attributable to equity holders of the Holding Company	62		736,436,936,971	724,913,761,839
19. Basic earnings per share	70	25	5,911	5,818

 Nguyen Thi Thu Huong
 Preparer

 Do Thi Huong
 Chief accountant


 Vu Thi Mai Huong
 Deputy General Director

04 March 2015

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

FORM B 03-DN/HN

Unit: VND

ITEMS	Codes	2014	2013
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	930,391,788,596	968,611,530,393
2. Adjustments for:			
- Depreciation and amortisation	02	414,027,571,169	312,651,063,253
- Provisions	03	33,883,653,820	34,256,465,552
- (Gain) from investing activities	05	(57,337,918,943)	(20,415,480,332)
- Interest expense	06	15,117,378,136	1,123,139,242
3. Operating profit before movements in working capital	08	1,336,082,472,778	1,296,226,718,108
- Changes in receivables	09	(171,100,427,222)	(118,027,652,620)
- Changes in inventories	10	(145,998,159,619)	(35,647,377,144)
- Changes in accounts payable (not including accrued interest and corporate income tax payable)	11	340,469,037,093	188,550,037,512
- Changes in prepaid expenses and other assets	12	(29,812,832,293)	(47,922,758,813)
- Interest paid	13	(13,911,118,331)	(1,123,139,242)
- Corporate income tax paid	14	(224,866,183,907)	(195,904,003,659)
- Other cash outflows	16	(365,640,196)	(396,401,803)
Net cash from operating activities	20	1,090,497,148,303	1,085,755,422,339
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(1,030,486,710,793)	(677,253,083,871)
2. Proceeds from sales disposals of fixed assets and other long-term	22	11,240,184,893	5,938,391,761
3. Cash outflow for lending and buying debt instruments of other entities	23	(7,946,730,000)	-
4. Investments in other entities	25	(8,400,000,000)	-
5. Cash recovered from investments in other entities	26	5,468,636,362	-
6. Interest earned, dividends and profits received	27	47,962,189,699	20,670,912,216
7. Payment for acquisition of minority interest	28	-	(45,920,974,281)
Net cash (used in) investing activities	30	(982,162,429,839)	(696,564,754,175)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Capital withdrawals, buying treasury shares	32	(25,000,000)	(73,520,000)
2. Proceeds from borrowings	33	1,709,853,676,321	74,514,675,251
3. Repayment of borrowings	34	(1,011,053,397,996)	(74,514,675,251)
4. Dividends paid	36	(99,999,603,125)	(393,978,875,716)
Net cash from (used in) financing activities	40	598,775,675,200	(394,052,395,716)
Net increase/(decrease) in cash (50=20+30+40)	50	707,110,393,664	(4,861,727,552)
Cash and cash equivalents at the beginning of the year	60	349,356,715,281	354,218,442,833
Cash and cash equivalents at the end of the year (70=50+60)	70	1,056,467,108,945	349,356,715,281

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 year ended 31 December 2014

Supplemental non-cash disclosures:

Cash outflows for acquisition of fixed assets and construction in progress during the year exclude VND 468,170,965,808 (2013: VND 236,464,139,711), 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.



Nguyen Thi Thu Huong
Preparer

04 March 2015



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 09 October 2014 issued by Hanoi Department of Planning and Investment which is the 18th amendment to Business Registration Certificate No. 0103008784 dated 28 July 2005.

The number of employees of the Holding Company and its subsidiaries as at 31 December 2014 was 5,607 (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 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 financial year of the Holding Company and its subsidiaries begins on 01 January and ends on 31 December.

3. NEW ACCOUNTING GUIDANCE IN ISSUE NOT YET ADOPTED

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC ("Circular 200") guiding the application of accounting regime for enterprises and Circular No. 202/2014/TT-BTC (Circular 202) guiding the preparation and presentation of consolidated financial statements. These circulars are effective for financial years beginning on or after 01 January 2015. Circular 200 will supersede the regulations for accounting regime promulgated under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 issued by the Ministry of Finance and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. Circular 202 will supersede section XIII in Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance guiding the preparation and presentation of consolidated financial statements in accordance with Vietnamese Accounting Standard No. 25 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries".

The Board of Directors is considering the extent of impact of the adoption of these circulars on the Company's consolidated financial statements for future accounting periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

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***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****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.

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 year 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 year of benefit of 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, borrowings, trade and other payables, accruals.

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***4. 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 maybe 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 consolidated balance sheet date.

Short-term prepayments

Short-term prepayments comprise expenditure for transferring to optical fiber cable system, cost to transfer and other types of short-term prepayments.

Cost to transfer represents the deferred expenditure which is corresponding to unearned revenue from telecommunication service. Such expenditure is defined based on expenses incur once to gain revenue in periods. Accordingly, an amount of expense has been allocated corresponding to revenue recorded in the consolidated financial statements.

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:

	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***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Intangible assets and amortisation**

Intangible assets represent indefinit 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:

	2014
	(Years)
Computer software	3 - 5
Licenses	3
Rights to operate hi-speed internet line - Asia America Gateway ("AAG") project	15

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for 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 over the year in accordance with the current prevailing accounting regulations.

Revenue recognitionRevenue 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***4. 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 year in which services are provided.

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

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 consolidated 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 year.

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 consolidated balance sheet date.

Accrued expenses

Accrued expenses are recognized when the amounts were recognized into expenditures for the year but not actually paid in the year. 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***4. 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 year. 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 years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

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

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

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

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

5. CASH AND CASH EQUIVALENTS

	<u>31/12/2014</u>	<u>31/12/2013</u>
	VND	VND
Cash on hand	1,645,868,301	1,671,702,000
Cash in bank	83,710,600,626	69,127,293,296
Cash equivalents	971,110,640,018	278,557,719,985
	<u>1,056,467,108,945</u>	<u>349,356,715,281</u>

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
6. SHORT-TERM INVESTMENTS

	<u>31/12/2014</u>	<u>31/12/2013</u>
	VND	VND
Deposits with terms of more than 3 months	7,946,730,000	-
Entrusted investment	4,000,000,000	4,000,000,000
	<u>11,946,730,000</u>	<u>4,000,000,000</u>

7. INVENTORIES

	<u>31/12/2014</u>	<u>31/12/2013</u>
	VND	VND
Goods in transit	58,534,155,811	8,152,149,931
Tools and supplies	13,594,119,140	12,891,598,459
Merchandise	192,451,944,363	97,538,311,305
	<u>264,580,219,314</u>	<u>118,582,059,695</u>
Provision for devaluation of inventories	-	-
Net realisable value	<u>264,580,219,314</u>	<u>118,582,059,695</u>

8. SHORT-TERM PREPAYMENTS

	<u>31/12/2014</u>	<u>31/12/2013</u>
	VND	VND
Expenditure for transferring to optical fiber cable system	230,952,022,561	8,376,776,645
Cost to transfer	211,035,385,641	60,299,713,004
Other short-term prepayments	39,220,574,032	21,124,256,396
	<u>481,207,982,234</u>	<u>89,800,746,045</u>

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

9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
	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						
Purchases	6,202,751,600	786,320,921,063	1,690,712,842	50,291,103,714	19,485,963,649	863,991,452,868
Transfers from construction in progress	6,202,751,600	757,339,628,132	1,690,712,842	50,291,103,714	19,485,963,649	835,010,159,937
Reclassification	-	28,981,292,931	-	-	-	28,981,292,931
Decreases						
Disposals	-	1,179,725,528	-	(1,179,725,528)	-	-
Others	-	8,623,494,167	47,814,200	8,596,136,302	-	17,267,444,669
As at 31/12/2014	154,393,710,565	3,066,818,257,323	52,313,136,564	571,471,504,314	28,166,943,963	3,873,163,552,729
ACCUMULATED 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						
Charge for the year	6,889,186,363	326,479,948,919	3,364,203,185	53,624,140,881	3,450,684,068	393,808,163,416
Others	6,889,186,363	326,479,948,919	3,364,203,185	51,931,052,550	3,450,684,068	392,115,075,085
Reclassification	-	-	-	1,693,088,331	-	1,693,088,331
Decreases						
Disposals	-	873,736,535	-	(873,736,535)	-	-
As at 31/12/2014	22,633,413,552	1,372,325,947,887	22,779,111,136	452,641,729,186	8,426,478,137	1,878,806,679,898
NET BOOK VALUE						
As at 31/12/2014	131,760,297,013	1,694,492,309,436	29,534,025,428	118,829,775,128	19,740,465,826	1,994,356,872,831
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 31 December 2014, the cost of tangible fixed assets includes approximately VND 751,230 million (31 December 2013: about VND 632,130 million) of assets which have been fully depreciated but are still in use.

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10. INTANGIBLE ASSETS

	Land use right	Licenses, operating right	Computer software	Total
	VND	VND	VND	VND
COST				
As at 01/01/2014	10,675,120,000	220,528,574,672	22,097,975,955	253,301,670,627
Increases	2,032,992,000	8,146,089,811	3,372,388,619	13,551,470,430
Additions	2,032,992,000	8,146,089,811	3,372,388,619	13,551,470,430
Decreases	-	19,837,469,436	243,770,084	20,081,239,520
Disposals	-	19,837,469,436	243,770,084	20,081,239,520
As at 31/12/2014	12,708,112,000	208,837,195,047	25,226,594,490	246,771,901,537
ACCUMULATED AMORTISATION				
As at 01/01/2014	-	78,099,230,021	7,987,410,703	86,086,640,724
Increases	-	13,627,039,022	2,733,162,266	16,360,201,288
Charge for the year	-	13,627,039,022	2,733,162,266	16,360,201,288
Decreases	-	19,837,469,436	105,693,650	19,943,163,086
Disposals	-	19,837,469,436	105,693,650	19,943,163,086
As at 31/12/2014	-	71,888,799,607	10,614,879,319	82,503,678,926
NET BOOK VALUE				
As at 31/12/2014	12,708,112,000	136,948,395,440	14,611,715,171	164,268,222,611
As at 31/12/2013	10,675,120,000	142,429,344,651	14,110,565,252	167,215,029,903

11. CONSTRUCTION IN PROGRESS

	31/12/2014	31/12/2013
	VND	VND
Asia Pacific Gateway Cable Network (APG Project)	155,652,668,002	115,159,526,748
North-South Backbone Project (Phase B)	7,982,725,648	34,831,378,215
Others	17,227,796,663	7,627,445,233
	180,863,190,313	157,618,350,196

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12. INVESTMENTS IN SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2014 are as follows:

Name	Place of 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 services.
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)	Room G6, Floor 1, Etown Tower, No.2, 346 Cong Hoa, Ward 13, Tan Binh District, Ho Chi Minh City	100%	Providing internet services, acting as agent providing telecommunication services and other services
FPT Software Enterprise Solution Company Limited (FPTSS)	153 Nguyen Dinh Chieu, Ward 6, District 3, Ho Chi Minh City	100%	Producing software

13. SHORT-TERM LOANS AND LIABILITIES

	31/12/2014	31/12/2013
	VND	VND
Military Bank - Dong Da Branch	56,523,625,598	-
ANZ Vietnam	66,700,463,557	-
Vietnam Joint Stock Commercial Bank for Industry and Trade - Hanoi City Branch	198,989,084,229	-
Joint Stock Commercial Bank for Investment and Development of Vietnam - Ha Thanh Branch	376,587,104,941	-
	698,800,278,325	-

14. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	31/12/2014	31/12/2013
	VND	VND
Value added tax on domestic sales	13,099,620,518	10,212,426,436
Value added tax on imported goods	33,406,953	33,195,952
Import/export duties	226,000	367,548
Corporate income tax	47,925,538,748	73,579,455,635
Other taxes	3,551,867,049	3,952,396,723
	64,610,659,268	87,777,842,294

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	<u>31/12/2014</u>	<u>31/12/2013</u>
	<u>VND</u>	<u>VND</u>
Dividends payable	226,173,658	100,225,776,783
Other payables	29,822,113,998	15,389,069,480
	<u>30,048,287,656</u>	<u>115,614,846,263</u>

16. BONUS AND WELFARE FUNDS

In 2014, the Board of Directors of the Company and its subsidiaries temporarily allocated VND 76,183,333,551 to bonus and welfare funds based on the Charter of the Company and its subsidiaries. The temporarily allocated amounts to bonus and welfare funds in 2013 were approved in the General Shareholders' Meeting of the Company and its subsidiaries in 2014.

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. 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	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
Buying treasury shares	-	-	(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)
Cash 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	249,182,740,000	-	-	(249,182,740,000)	-	-	-
Profit for the year	-	-	-	736,436,936,971	736,436,936,971	26,597,929,127	763,034,866,098
Buying treasury shares	-	-	(25,000,000)	-	(25,000,000)	-	(25,000,000)
Allocation to bonus and welfare funds	-	-	-	(73,382,904,122)	(73,382,904,122)	(2,800,429,429)	(76,183,333,551)
Disposal of subsidiary	-	-	-	8,560,199,804	8,560,199,804	9,035,015,508	17,595,215,312
Other movements	-	-	-	(365,640,191)	(365,640,191)	-	(365,640,191)
As at 31/12/2014	1,246,198,090,000	7,652,995,729	(300,150,000)	954,159,363,225	2,207,710,298,954	158,474,288,901	2,366,184,587,855

According to Resolution dated 28 March 2014 of the General Shareholders' Meeting, the Company issued 24,918,274 shares from its retain earnings to increase charter capital in 2014.

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
17. SHAREHOLDERS' EQUITY (Continued)

During the year 2014, the Company re-purchased 2,500 preferred shares from resigned employees as per the Company's Charter.

Charter capital

According to the amended Business Registration Certificate, the Company's charter capital is VND 1,246,198,090,000. As at 31 December 2014, the charter capital had been fully contributed by the shareholders as follows:

	Per Amended Business Registration Certificate		Capital contributed as at			
			31/12/2014		31/12/2013	
	Number of shares	%	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 Joint Stock Company - Represented by Mr. Le Quang Tien	56,766,318	45.55%	56,882,674	45.64%	40,305,935	40.43%
3. Other shareholders	5,341,813	4.29%	5,195,442	4.18%	9,358,742	9.39%
	124,619,809	100%	124,589,794	99.98%	99,674,020	99.98%
Treasury shares			30,015	0.02%	27,515	0.02%
	124,619,809	100%	124,619,809	100%	99,701,535	100%

18. 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 retained earnings 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 17 of the notes to the consolidated financial statements.

19. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	2014	2013
	VND	VND
Gross sales	4,835,687,602,233	4,312,514,004,115
In which:		
- Sales of merchandises	341,077,020,460	285,451,515,681
- Sales of services	4,494,610,581,773	4,027,062,488,434
Deductions	(10,607,253,292)	(10,627,487,114)
Sales returned	(10,607,253,292)	(10,627,487,114)
Net sales	4,825,080,348,941	4,301,886,517,001

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	2014	2013
	VND	VND
Cost of goods sold	245,734,287,958	290,602,521,423
Cost of services rendered	2,351,426,255,083	1,891,835,546,382
	2,597,160,543,041	2,182,438,067,805

21. FINANCIAL INCOME

	2014	2013
	VND	VND
Bank and loan interest, and bonds interest	34,504,830,605	21,110,609,049
Foreign exchange gain	2,557,431,435	2,882,085,512
Income from subsidiary liquidation	20,198,607,702	-
Other financial income	185,752,132	3,840,441
	57,446,621,874	23,996,535,002

22. FINANCIAL EXPENSES

	2014	2013
	VND	VND
Interest expense	15,117,378,136	1,123,139,242
Foreign exchange loss	3,467,915,886	1,066,572,285
Other financial expenses	270,851,071	3,462,164,835
	18,856,145,093	5,651,876,362

23. PRODUCTION COST BY NATURE

	2014	2013
	VND	VND
Cost of goods sold	245,734,287,958	290,602,521,423
Materials	460,040,522,008	304,937,427,524
Labour	815,845,282,380	643,539,819,436
Depreciation and amortisation and cost allocation	553,557,299,708	375,191,647,954
Out-sourced services	1,737,925,425,816	1,533,494,994,851
Other monetary expenses	131,146,124,268	204,057,422,943
	3,944,248,942,138	3,351,823,834,131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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24. CORPORATE INCOME TAX

	2014	2013
	VND	VND
Profit before tax	930,391,788,596	968,611,530,393
Adjustments for taxable income		
- Unearned revenue	(481,131,818,308)	(379,859,844,343)
- Cost related to unearned revenue	60,567,288,189	62,987,222,940
- Non-deductible expenses	5,945,981,871	1,661,736,593
- Unearned revenue with issued invoices	757,367,399,920	578,323,807,126
- Cost related to unearned revenue	(224,672,971,387)	(110,374,426,704)
- Others	(14,212,447,052)	(27,533,106,754)
Assessable income	1,034,255,221,829	1,093,816,919,251
Tax rate (i)	10% and 22%	10% and 25%
Current corporate income tax	220,472,503,497	263,147,428,008
Less: Tax deduction (ii)	(31,525,544,780)	(34,869,028,670)
Current corporate income tax after deduction	188,946,958,717	228,278,399,338
Deferred corporate tax income (iii)	(21,590,036,219)	(29,106,347,177)
	167,356,922,498	199,172,052,161

- (i) 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.
- (ii) Tax deduction is the tax incentive applicable to FPT Telecom Tan Thuan Company Limited (Tan Thuan Project).
- (iii) 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 year taxable income.

25. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share as at 31 December 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding for the year as follows:

	2014	2013
Accounting profit after corporate income tax (VND)	736,436,936,971	724,913,761,839
Weighted average number of ordinary shares in circulation	124,591,499	124,594,626
Basic earnings per share (VND)	5,911	5,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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25. BASIC EARNINGS PER SHARE (Continued)

Restatement of weighted average number of ordinary shares

FPT Telecom Joint Stock Company paid dividends by share issuance in 2014, therefore, the weighted average of ordinary shares outstanding for the year 2014 is adjusted retroactively as following:

	<u>Weighted average number of ordinary shares</u>	<u>Basic earnings per share</u>
	Share	VND
As stated in the consolidated financial statements for the year ended 31 December 2013	99,676,352	7,273
Effect of stock dividends issued on 30 June 2014	24,918,274	(1,455)
As restated	124,594,626	5,818

26. COMMITMENTS

Investment commitments

As at 31 December 2014, 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. This is the project 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% the total capital contribution of Viettel Telecom in this project. Capital contributions will be made according to the progress of the project and Viettel Telecom's announcement. As at 31 December 2014, the actual contribution of the Company was USD 7,371,402.76 equivalent to VND 155,652,668,002.

Operating lease commitments

	<u>31/12/2014</u>	<u>31/12/2013</u>
	VND	VND
Within one year	49,138,657,443	50,689,875,467
In the second to fifth year inclusive	102,641,412,782	126,108,947,565
After five years	747,788,784	51,008,207,941
	<u>152,527,859,009</u>	<u>227,807,030,973</u>

27. 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 13 offset by cash and cash equivalents) and equity attributable to equity holders of the Parent company (comprising capital, share premium, treasury shares and retained earnings).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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27. FINANCIAL INSTRUMENTS (Continued)

Gearing ratio

The gearing ratio of the Company as at the balance sheet date are as followings:

	31/12/2014	31/12/2013
	VND	VND
Borrowings	698,800,278,325	-
Less: Cash & cash equivalents	(1,056,467,108,945)	(349,356,715,281)
Net debt	-	-
Equity	2,207,710,298,954	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 assets, financial liabilities and equity instrument are disclosed in Note 4.

Categories of financial instruments

	Carrying amounts	
	31/12/2014	31/12/2013
	VND	VND
Financial assets		
Cash and cash equivalents	1,056,467,108,945	349,356,715,281
Trade and other receivables	586,319,040,666	461,971,864,346
Short-term financial investments	11,946,730,000	4,000,000,000
Long-term financial investments	8,956,691,181	11,065,327,543
Other financial assets	5,112,571,247	5,646,387,344
Total	1,668,802,142,039	832,040,294,514
Financial liabilities		
Borrowings	698,800,278,325	-
Trade and other payables	748,904,174,778	473,316,927,234
Accrued expenses	130,640,651,509	144,836,478,829
Other financial liabilities	97,920,000	184,612,384
Total	1,578,443,024,612	618,338,018,447

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), credit risk and liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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27. FINANCIAL INSTRUMENTS (Continued)

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange 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 year are as follows:

	Assets		Liabilities	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND	VND	VND	VND
United States Dollar (USD)	47,797,303,091	46,177,242,205	326,453,326,396	119,105,546,124
Singapore Dollar (SGD)	-	-	382,181,369	249,137,041
Hong Kong Dollar (HKD)	-	-	197,978,880	-

Interest rate risk management

The Company has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Company by maintaining an appropriate level of borrowings and analysing market competition to enjoy favourable interest rates from appropriate lenders.

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)
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27. FINANCIAL INSTRUMENTS (Continued)
Liquidity risk management (Continued)

	Less than 1 year VND	From 1-5 years VND	More than 5 years VND	Total VND
31/12/2014				
Cash and cash equivalents	1,056,467,108,945	-	-	1,056,467,108,945
Trade and other receivables	571,063,985,135	15,255,055,531	-	586,319,040,666
Short-term financial investments	11,946,730,000	-	-	11,946,730,000
Long-term financial investments	-	8,956,691,181	-	8,956,691,181
Other financial assets	2,350,888,063	2,761,683,184	-	5,112,571,247
Total	1,641,828,712,143	26,973,429,896	-	1,668,802,142,039
31/12/2014				
Borrowings	698,800,278,325	-	-	698,800,278,325
Trade and other payables	748,904,174,778	-	-	748,904,174,778
Accrued expenses	130,640,651,509	-	-	130,640,651,509
Other financial liabilities	-	97,920,000	-	97,920,000
Total	1,578,345,104,612	97,920,000	-	1,578,443,024,612
Net liquidity gap	63,483,607,531	26,875,509,896	-	90,359,117,427
	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				
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 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.

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

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28. RELATED PARTY TRANSACTIONS AND BALANCES

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

<u>Related party</u>	<u>Relationship</u>		
FPT Joint Stock Company	Parent company		
FPT Trading Company Limited (FTG)	Affiliate		
FPT Software Company Limited (FSO)	Affiliate		
FPT Information System Corporation (FIS)	Affiliate		
FPT Retail Joint Stock Company (FRT)	Affiliate		
		<u>2014</u>	<u>2013</u>
		<u>VND</u>	<u>VND</u>
FPT Joint Stock Company			
Dividends by shares		100,744,581,782	-
Dividends paid in cash		-	181,376,707,500
Sales of goods and services		9,009,021,565	8,848,153,297
Purchases of fixed assets, goods and services		43,569,203,702	43,631,184,001
Other related parties			
FPT Trading Company Limited (FTG)			
Sales of goods and services		6,254,597,162	3,703,963,895
Purchases of fixed assets, goods and services		71,144,010,845	24,280,317,861
FPT Software Company Limited (FSO)			
Sales of goods and services		562,367,510	9,779,178,983
Purchases of fixed assets, goods and services		-	4,235,128
FPT Information System Corporation (FIS)			
Sales of goods and services		9,325,922,991	7,096,526,654
Purchases of fixed assets, goods and services		50,755,122,451	26,899,813,488
FPT Retail Joint Stock Company (FRT)			
Sales of goods and services		-	2,374,040,431
Purchases of goods and services		924,059,278	1,405,595,354

FPT TELECOM JOINT STOCK COMPANY2nd Floor, FPT Cau Giay Tower, Duy Tan Street, Dich Vong Hau Ward
Cau Giay District, Hanoi, S.R. Vietnam**Consolidated Financial Statements**
For the year ended 31 December 2014**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***28. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

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


	<u>31/12/2014</u>	<u>31/12/2013</u>
	VND	VND
Cash and cash equivalents		
Cash deposited in the central account of FPT Joint Stock Company	6,257,761,565	15,208,258,175
Receivables		
FPT Joint Stock Company - other receivables	1,140,753,859	1,183,926,343
FPT Information System Corporation (FIS)	949,782,360	895,719,028
FPT Retail Joint Stock Company (FRT)	410,320,000	183,216,057
FPT Trading Group (FTG)	285,702,222	-
FPT Software Company Limited (FSO)	1,017,931,462	-
Payables		
FPT Joint Stock Company - Goods and services	20,965,389,915	48,350,664,435
FPT Joint Stock Company - Dividend payables	-	40,305,935,000
FPT Information System Corporation	7,988,047,210	-
FPT Software Company Limited	1,042,329,098	1,002,217,488
FPT Retail Joint Stock Company (FRT)	223,810,816	207,355,144
FPT Trading Company Limited (FTG)	5,320,316,600	1,528,663,375

29. COMPARATIVE FIGURES

Comparative figures are those in the Company's audited consolidated financial statements for the year ended 31 December 2013.


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

	<u>Reclassified in financial</u>	<u>Financial statement of</u>
	<u>statement of the year 2014</u>	<u>the year 2013</u>
	VND	VND
I. Current liabilities		
Unearned revenue	440,026,550,157	487,449,059,417
II. Long-term liabilities		
Unearned revenue	47,422,509,260	-
	<u>487,449,059,417</u>	<u>487,449,059,417</u>



Nguyen Thi Thu Huong
 Preparer

04 March 2015



Do Thi Huong
 Chief accountant



Vu Thi Mai Huong
 Deputy General Director