

**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**
FOR THE FIRST 6 MONTHS OF THE FISCAL YEAR
ENDED 31 MARCH 2017

CMC CORPORATION



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REPORT OF THE EXECUTIVE OFFICERS

The Executive Officers of CMC Corporation (hereinafter called "the Corporation") present this report together with the interim consolidated financial statements for the first 6 months of the fiscal year ended 31 March 2017 including the interim combined financial statements of the Corporation and its subsidiaries (generally called "the Group").

Business highlights

CMC Corporation was transformed from CMC Computer Telecommunication Co., Ltd. The Corporation has operated in accordance with the Business Registration Certificate No. 0103015824 which was first granted by Hanoi Authority for Planning and Investment on 7 February 2007.

During the operation course, the Corporation has been additionally 7 times granted the amended Business Registration Certificates by Hanoi Authority for Planning and Investment due to changes in business code, business operations, foundation shareholders and address of head office.

Head office

- Address : CMC Tower, Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi City, Vietnam
- Tel : 04. 3 795 8989
- Fax : 04. 3 795 8668

Business operations of the Corporation as in the Business Registration Certificate include:

- Researching and developing natural science and technology experiments - details: researching science and conducting technology in the field of information technology and telecommunication, deploying experiments and trial production upon scientific research result;
- Other professional, scientific and technological operations not classified yet - details: supplying services of science and technology; consulting and transferring technology, scientific and technological information;
- Trading real estate, land use right of owners, users of renting services - details: supplying houses, offices, workshops and warehouses for rent;
- Supplying services of consulting, brokerage and auction of real estate, land use right - details: Trading, investment, brokerage and management of real estate;
- Being agency, brokerage, auction - details: trading agency and goods consignment services;
- Wholesaling machinery, equipment and other spare parts - details: trading healthy equipment;
- Operating services of information technology and other services relating to computers - details: supplying training services on information technology;
- Producing electronic components - details: producing, assembling equipment for information technology, electronics, broadcasting, telecommunication equipment;
- Producing computers and peripheral equipment of computers - details: producing, assembling informatic products;
- Producing communication equipment;
- Producing office machinery and equipment (except for computers and peripheral equipment of computers) - details: producing, assembling, trading, maintaining and hiring office products, services and equipment;
- Repairing machinery and equipment - details: maintaining and hiring products, services, equipment for electronic information technology, broadcasting, telecommunication equipment, office equipment;
- Selling software - details: producing software, supplying software solution services and contents, selling software, supplying data processing service and activities relating to data; software processing and exporting;

CMC CORPORATION**REPORT OF THE EXECUTIVE OFFICERS (cont.)**

- Other information services not classified yet – details: integrating system, investment consultancy, supplying general solution and infrastructure services in the fields of information technology, electronics, telecommunication and broadcasting;
- Organizing commercial introduction and promotion – details: participating in training, fostering profession;
- Other education not classified yet – details: participating in training, fostering profession.

The Board of Management and Executive officers

The Board members and Board of General Directors of the Corporation during the period and as of the date of this report include:

The Board of Management

Full names	Position	Appointment date/Re-appointment date/Resigning date
Mr. Nguyen Trung Chinh	Chairman	Re-appointed on 29 June 2016
Mr. Hoang Ngoc Hung	Vice Chairman	Appointed on 29 June 2016
Mr. Dao Manh Khang	Vice Chairman	Appointed on 29 June 2016
Ms. Nguyen Tuong Vy	Member	Appointed on 29 June 2016
Mr. Nguyen Kim Cuong	Member	Appointed on 29 June 2016
Mr. Nguyen Phuoc Hai	Member	Re-appointed on 29 June 2016
Mr. Nguyen Minh Duc	Member	Re-appointed on 29 June 2016
Mr. Ta Hoang Linh	Member	Re-appointed on 29 June 2016
Mr. Truong Tuan Lam	Member	Re-appointed on 29 June 2016
Mr. Vu Van Tien	Vice Chairman	Resigned on 29 June 2016
Mr. Ha The Minh	Chairman (Passed away)	Mr. Ha The Minh passed away on 19 June 2016

The Board of Supervision

Full names	Position	Appointment date/Re-appointment date/Resigning date
Mr. Nguyen Duc Khuong	Chief Supervisor	Appointed on 29 June 2016
Mr. Truong Thanh Phuc	Member	Re-appointed on 29 June 2016
Ms. Vu Thi Phuong Thanh	Member	Appointed on 29 June 2016
Mr. Nguyen Thanh Nam	Member	Appointed on 29 June 2016
Mr. Nguyen Kim Cuong	Chief Supervisor	Resigned on 29 June 2016
Mr. Dao Manh Khang	Member	Resigned on 29 June 2016

The Board of General Directors

Full names	Position
Mr. Nguyen Trung Chinh	General Director
Mr. Nguyen Phuoc Hai	Deputy General Director
Mr. Hoang Ngoc Hung	Deputy General Director
Mr. Le Thanh Son	Chief Financial Officer

Legal representative

The legal representative of the Corporation during the period and as of the date of this report is Mr. Nguyen Trung Chinh.

Auditor

A&C Auditing and Consulting Co., Ltd. has been appointed to perform the review on the interim consolidated financial statements for the first 6 months of the fiscal year ended 31 March 2017 of the Group.

Responsibilities of the Executive Officers

The Executive Officers are responsible for the preparation of the interim consolidated financial statements to give a true and fair view on the interim consolidated financial position, the interim consolidated business results and the interim consolidated cash flows of the Group for the period. In order to prepare these interim consolidated financial statements, the Executive Officers must:

- select appropriate accounting policies and apply them consistently;
- make judgments and estimates reasonably and prudently;
- point out whether the accounting standards applied to the Group have been complied or not and all material errors in comparison with these standards have been presented and explained in the interim consolidated financial statements;
- prepare the interim consolidated financial statements of the Group on the basis of the going-concern assumption, except for the cases that the going-concern assumption is considered inappropriate.
- design and implement effectively the internal control system in order to ensure that the preparation and presentation of the interim consolidated financial statements are free from material misstatements due to frauds or errors.

The Executive Officers hereby ensure that all the accounting books have been fully recorded by the Group and can fairly reflect the financial position of the Group at any time, and that all the accounting books have been prepared in compliance with the applied accounting standards. The Executive Officers are also responsible for protecting the Group's assets and consequently have taken appropriate measures to prevent and detect frauds and other irregularities.

The Executive Officers hereby ensure that all the requirements above have been followed when the interim consolidated financial statements are prepared.

Approval to the financial statements

The Executive Officers approve the attached interim consolidated financial statements. The interim consolidated financial statements give a true and fair view of the financial position as of 30 September 2016, the business results and the cash flows for first 6 months of the fiscal year ended 31 March 2017 of the Group in conformity with the Vietnamese Accounting Standards and System and the legal regulations related to the preparation and presentation of the interim consolidated financial statements.

For and on behalf of the Board of General Directors,
Board Chairman
cum General Director

Nguyen Trung Chinh

28 November 2016

No. 443/2016/BCTC-KTTV

REPORT ON REVIEW RESULTS OF INTERIM FINANCIAL INFORMATION

THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE EXECUTIVE OFFICERS CMC CORPORATION

We have reviewed the accompanying interim consolidated financial statements of CMC Corporation (hereinafter called "the Corporation") and its subsidiaries (generally called "the Group"), which were prepared on 28 November 2016, from page 7 to page 57, including the interim consolidated balance sheet as of 30 September 2016, the interim consolidated income statement, the interim consolidated cash flow statement for the first 6 months of the fiscal year ended 31 March 2017 and the notes to the interim consolidated financial statements.

The Executive Officers' Responsibility

The Corporation's Executive Officers are responsible for the preparation, true and fair presentation of these interim consolidated financial statements of the Group in accordance with the Vietnamese accounting standards and system and the legal regulations related to the preparation and presentation of interim consolidated financial statements and responsible for such internal control as the Executive Officers determine is necessary to enable the preparation and presentation of the interim consolidated financial statements to be free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to raise a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on review engagements No. 2410 - Review of interim financial information performed by the independent auditor of the entity.

The review works of interim financial information mainly include interviews with persons in charge of finance, accounting and application of other analysis and review procedures. A review is basically narrower than an audit conducted in line with Vietnamese Standards on Auditing and therefore, it does not allow us to obtain a reasonable assurance to enable us to detect all material issues during the engagement. Accordingly, we do not raise our audit opinion.

Auditor's Conclusion

Based on our review results, we do not find out any events to suppose that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of the Group as of 30 September 2016, its consolidated financial performance and its consolidated cash flows for the first 6 months of the fiscal year ended 31 March 2017 in accordance with Vietnamese Accounting Standards and System and the legal regulations related to the preparation and presentation of interim consolidated financial statements.

A&C Auditing and Consulting Co., Ltd.

Branch in Hanoi



Pham Quang Huy

Deputy Director

Audit Practice Registration Certificate: No. 1409-2013-008-1

Hanoi, 28 November 2016

CMC CORPORATION

Address: CMC Tower, Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi City

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

INTERIM CONSOLIDATED BALANCE SHEET

(Complete form)

As of 30 September 2016

Unit: VND

ASSETS	Code	Note	As of 30 Sep. 2016	As of 1 Apr. 2016
A - CURRENT ASSETS	100		1,461,594,971,708	1,303,118,952,471
I. Cash and cash equivalents	110	V.1	129,268,515,422	87,680,257,918
1. Cash	111		100,248,438,722	82,650,257,918
2. Cash equivalents	112		29,020,076,700	5,030,000,000
II. Short-term financial investments	120		241,115,237,505	238,980,223,937
3. Investments held to maturity date	123	V.2a	241,115,237,505	238,980,223,937
III. Short-term accounts receivable	130		829,174,894,327	716,529,219,782
1. Short-term receivable from customers	131	V.3	761,009,146,876	649,537,457,371
2. Short-term prepayments to suppliers	132	V.4	64,508,261,048	40,371,186,168
5. Receivable on short-term loans	135	V.5	-	3,900,000,000
6. Other short-term receivable	136	V.6a	84,366,565,801	101,500,873,156
7. Provision for short-term bad debts	137	V.7	(80,709,079,398)	(78,780,296,913)
IV. Inventories	140	V.8	193,068,442,974	198,201,591,456
1. Inventories	141		196,279,576,344	201,587,034,367
2. Provision for devaluation of inventories	149		(3,211,133,370)	(3,385,442,911)
V. Other current assets	150		68,967,881,480	61,727,659,378
1. Short-term prepaid expenses	151	V.9a	38,142,070,348	23,971,301,685
2. VAT deductible	152		29,984,319,833	34,450,852,993
3. Taxes and accounts receivable from the State budget	153	V.16	841,491,299	3,305,504,700
B - LONG-TERM ASSETS	200		932,282,626,896	892,550,508,826
I. Long-term accounts receivable	210		31,514,346,506	3,744,317,514
6. Other long-term receivable	216	V.6b	31,514,346,506	3,744,317,514
II. Fixed assets	220		574,825,799,564	571,360,503,670
1. Tangible assets	221	V.10	537,530,790,157	532,482,358,768
<i>Historical costs</i>	222		850,466,655,214	805,725,117,076
<i>Accumulated depreciation</i>	223		(312,935,865,057)	(273,242,758,308)
3. Intangible assets	227	V.11	37,295,009,407	38,878,144,902
<i>Historical costs</i>	228		71,088,853,956	68,102,437,249
<i>Accumulated depreciation</i>	229		(33,793,844,549)	(29,224,292,347)
III. Investment property	230		-	-
IV. Long-term assets in progress	240	V.12	157,785,623,033	151,700,808,422
2. Construction in progress	242		157,785,623,033	151,700,808,422
V. Long-term financial investments	250		26,120,576,809	24,817,732,234
2. Investments in associates and joint ventures	252	V.2b	25,140,576,809	23,837,732,234
3. Investment, capital contribution in other entities	253	V.2c	1,666,417,400	1,666,417,400
4. Provision for long-term financial investments	254	V.2c	(686,417,400)	(686,417,400)
VI. Other long-term assets	260		142,036,280,984	140,927,146,986
1. Long-term prepaid expenses	261	V.9b	137,676,119,837	136,233,644,225
2. Deferred income tax assets	262	V.22	423,721,322	450,249,832
5. Trade advantage	269	V.13	3,936,439,825	4,243,252,929
TOTAL ASSETS	270		2,393,877,598,604	2,195,669,461,297

CMC CORPORATION

Address: CMC Tower, Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi City

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Interim consolidated balance sheet (Cont.)

CAPITAL SOURCES		Code	Note	As of 30 Sep. 2016	As of 1 Apr. 2016
C - LIABILITIES		300		1,297,975,434,896	1,098,170,069,890
I. Current liabilities		310		1,157,904,839,736	938,146,865,715
1. Short-term payable to suppliers		311	V.14	329,602,144,964	315,110,390,205
2. Short-term prepayments from customers		312	V.15	111,623,655,969	54,512,039,866
3. Taxes and other obligations to the State Budget		313	V.16	24,501,100,128	31,208,612,230
4. Payable to employees		314		46,511,831,065	62,035,344,557
5. Short-term accrued expenses		315	V.17	161,593,041,703	70,067,833,171
8. Short-term unrealized revenue		318	V.18a	84,459,627,169	48,267,456,530
9. Other payable		319	V.19a	35,188,802,869	41,832,036,185
10. Short-term loans and financial lease debts		320	V.20a	357,285,498,158	300,858,966,483
11. Provision for current liabilities		321	V.21	7,139,137,711	6,627,712,387
12. Bonus and welfare funds		322		-	7,626,474,101
II. Long-term liabilities		330		140,070,595,160	160,023,204,175
6. Long-term unrealized revenue		336	V.18b	26,849,692,584	41,178,132,848
7. Other long-term payable		337	V.19b	6,446,449,036	14,858,414,063
8. Long-term loans and financial lease debts		338	V.20b	101,392,092,983	100,835,467,983
11. Deferred income tax payable		341	V.22	1,734,242,475	1,763,240,645
13. Scientific and technological development fund		343	V.23	3,648,118,082	1,387,948,636
D - OWNER'S EQUITY		400		1,095,902,163,708	1,097,499,391,407
I. Owner's equity		410		1,095,902,163,708	1,097,499,391,407
1. Owner's contribution capital		411	V.24	673,419,530,000	673,419,530,000
- Common shares with voting right		411a		673,419,530,000	673,419,530,000
2. Share premiums		412	V.24	14,895,512,634	14,895,512,634
5. Treasury stocks		415	V.24	(6,840,260,634)	(6,840,260,634)
7. Business promotion fund		417	V.24	431,436,000	431,436,000
11. Retained profit after tax		421	V.24	170,895,971,572	176,375,861,039
- Retained profit after tax accumulated to the end of previous period		421a		117,377,627,875	176,375,861,039
- Retained profit after tax of the current period		421b		53,518,343,697	-
13. Interest of non-controlling shareholders		429	V.25	243,099,974,136	239,217,312,368
II. Other sources and funds		430		-	-
TOTAL CAPITAL SOURCES		440		2,393,877,598,604	2,195,669,461,297

Chief Accountant

Nguyen Hong Phuong

Chief Financial Officer

Le Thanh Son

Prepared on 28 November 2016

Board Chairman
cum General Director

Nguyen Trung Chinh

CMC CORPORATION

Address: CMC Tower, Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi City

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

INTERIM CONSOLIDATED INCOME STATEMENT

(Complete form)

For the fiscal year ended 31 March 2017

Unit: VND

ITEMS	Code	Note	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
1. Sales	01	VI.1	2,156,526,426,818	1,652,599,594,998
2. Deductions	02	VI.2	2,481,161,257	4,976,485,943
3. Net sales	10		2,154,045,265,561	1,647,623,109,055
4. Costs of goods sold	11	VI.3	1,881,270,376,530	1,409,387,453,285
5. Gross profit	20		272,774,889,031	238,235,655,770
6. Financial income	21	VI.4	9,562,819,727	6,323,832,107
7. Financial expenses	22	VI.5	15,644,291,844	19,631,888,564
In which: Loan interest expenses	23		15,151,060,839	14,437,563,115
8. Gain/loss in joint ventures, associates	24		6,588,221,717	4,668,290,011
9. Selling expenses	25	VI.6	106,481,370,323	95,417,912,959
10. Administrative overheads	26	VI.7	86,810,091,100	73,675,100,604
11. Net operating profit	30		79,990,177,208	60,502,875,761
12. Other income	31	VI.8	6,409,491,146	4,803,200,573
13. Other expenses	32	VI.9	2,526,342,473	1,191,958,937
14. Other profit	40		3,883,148,673	3,611,241,636
15. Profit before tax	50		83,873,325,881	64,114,117,397
16. Current corporate income tax	51	V.16	13,746,919,497	3,844,023,248
17. Deferred corporate income tax	52	VI.10	(2,469,660)	292,412,024
18. Profit after tax	60		<u>70,128,876,044</u>	<u>59,977,682,125</u>
19. Profit after tax of the Holding Company	61		<u>56,393,988,787</u>	<u>48,390,479,087</u>
20. Profit after tax of non-controlling shareholders	62		<u>13,734,887,257</u>	<u>11,587,203,038</u>
21. Basic earnings per share	70	VI.11	<u>769</u>	<u>685</u>
22. Declined interest per share	71	VI.11	<u>769</u>	<u>685</u>

Prepared on 28 November 2016

Chief Accountant

Chief Financial Officer

Board Chairman
General Director

 Nguyen Hong Phuong


 Le Thanh Son


 Nguyen Trung Chinh


CMC CORPORATION

Address: CMC Tower, Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi City

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

INTERIM CONSOLIDATED CASH FLOW STATEMENT

(Complete form)

(Under indirect method)

For the fiscal year ended 31 March 2017

Unit: VND

ITEMS	Code	Note	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
I. Cash flows from operating activities				
1. Profit before tax	01		83,873,325,881	64,114,117,397
2. Adjustments				
- Depreciation of fixed assets and investment property	02		44,414,526,115	38,177,246,123
- Provisions	03		2,265,898,268	(4,038,404,175)
- Gain/ loss from exchange rate differences due to revaluation of monetary items in foreign currencies	04		(53,259,502)	264,264,170
- Gain/ loss from investing activities	05		(15,006,210,435)	(6,732,431,901)
- Loan interest expenses	06	VI.5	15,151,060,839	14,437,563,115
3. Operating profit before changes of working capital	08		130,645,341,166	106,222,354,729
- Increase/ decrease of accounts receivable	09		(143,829,667,094)	96,628,790,451
- Increase/ decrease of inventories	10		5,307,458,023	(89,779,623,366)
- Increase/ decrease of accounts payable	11		177,247,382,823	37,595,985,343
- Increase/ decrease of prepaid expenses	12		(15,613,244,275)	5,566,903,806
- Loan interests already paid	14		(13,564,220,543)	(13,284,570,375)
- Corporate income tax already paid	15	V.16	(23,254,992,756)	(9,590,105,143)
- Other disbursements	17		(13,841,672,413)	(8,198,949,325)
Net cash flows from operating activities	20		103,096,384,931	125,160,786,120
II. Cash flows from investing activities				
1. Purchases and construction of fixed assets and other long-term assets	21		(76,224,225,933)	(67,306,477,486)
2. Gains from disposal and liquidation of fixed assets and other long-term assets	22		190,000,000	-
3. Loans given and purchases of debt instruments of other entities	23		(130,272,000,000)	(239,777,000,000)
4. Recovery of loan given and disposal of debt instruments of other entities	24		128,136,986,432	1,386,471,763
5. Investments in other entities	25		(1,056,000,000)	-
7. Receipts of loans given, dividends and profit shared	27		23,235,360,951	3,694,151,984
Net cash flows from investing activities	30		(55,989,878,550)	(302,002,853,739)

CMC CORPORATION

Address: CMC Tower, Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi City

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Interim consolidated cash flow statement (Cont.)

ITEMS	Code	Note	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
III. Cash flows from financial activities				
1. Gains from stock issuance and capital contributions from shareholders	31		-	253,951,462,326
3. Receipts from loans	33	V.20	1,190,886,477,404	705,137,407,201
4. Payment of loan principal	34	V.20	(1,137,194,405,688)	(739,087,082,324)
6. Dividends and profit shared to the owners	36		(59,238,978,292)	(1,623,800)
<i>Net cash flows from financial activities</i>	40		(5,546,906,576)	220,000,163,403
Net cash flows during the year	50		41,559,599,805	43,158,095,784
Beginning cash and cash equivalents	60	V.1	87,680,257,918	78,178,073,117
Effects of fluctuations in foreign exchange rates	61		28,657,699	(36,601)
Ending cash and cash equivalents	70	V.1	129,268,515,422	121,336,132,300

Prepared on 28 November 2016

Chief Accountant



Nguyen Hong Phuong

Chief Financial Officer



Le Thanh Son

Board Chairman

General Director




Nguyen Trung Chinh

CMC CORPORATION

Address: CMC Tower, Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 March 2017

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 March 2017

1. OPERATION FEATURES

1. Investment form

CMC Corporation (hereinafter called "the Corporation" or "the Holding Company") is a joint stock company.

2. Operating field

The Corporation's main operations are industrial production, trading and service.

3. Main operation

Business operations of the Corporation include:

- Supplying houses, offices, workshops and warehouses for rent;
- Trading, investment, brokerage and management of real estate;
- Trading agency and goods consignment services;
- Trading productive and consumption documentation, equipment in production, technology science and technology transferring;
- Producing, trading healthy equipment;
- Supplying training services on information technology;
- Producing, assembling, trading, maintaining and hiring product, equipment for information technology, electronics and broadcasting, telecommunication and office equipment;
- Producing software, supplying software solution services and contents, selling software, supplying data processing service and activities relating to data; software processing and exporting;
- Integrating system, investment consultancy, supplying general solution and infrastructure services in the fields of information technology, electronics, telecommunication and broadcasting.

4. Ordinary course of business

The Corporation's ordinary course of business does not exceed 12 months.

5. Structure of Corporation

The Group includes the Holding Company and 9 subsidiaries which are controlled by the Holding Company. All subsidiaries are consolidated in these interim consolidated financial statements.

5a. Information on re-structure of Corporation

Additional purchase of contribution capital in subsidiaries

On 31 August 2016, the Group additionally purchased 4.4% shares of CMC InfoSec, increasing the rate of contribution capital in this subsidiary to 99.90% since that day. Additional purchasing price was paid in cash to non-controlling shareholders. Book value of net assets of CMC InfoSec as of the purchasing date was VND 10,011,917,174, and book value of the ownership additionally purchased was VND 440,524,356. Difference between purchasing price and book value of the ownership additionally purchased was recognized into the item of "Retained profit after tax" on the consolidated balance sheet.

CMC CORPORATION

Address: CMC Tower, Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 March 2017

Notes to the interim consolidated financial statements (cont.)**5b. List of subsidiaries consolidated**

Names	Address of head office	Main operations	Rate of interest		Rate of voting right	
			As of 30 Sep. 2016	As of 1 Apr. 2016	As of 30 Sep. 2016	As of 1 Apr. 2016
CMC Software	Hanoi	Software service	100%	100%	100%	100%
CMC SI	Hanoi	Providing IT Telecommunication solutions	100%	100%	100%	100%
CMC P&T	Hanoi	Distributing IT-Telecommunication productions	100%	100%	100%	100%
CMC Telecom	Hanoi	Providing Telecommunication services	54.63%	54.63%	54.63%	54.63%
CMC InfoSec	Hanoi	Providing information security solutions	99.9%	95.5%	99.9%	95.5%
CMC Blue France Co., Ltd.	France	Delivering outsourcing services (ITO, BPO)	100%	100%	100%	100%
CMC Institute of Science and Technology- CIST	Hanoi	Researching, and deploying application on producing high-tech, new technologies in the fields of ICT	100%	100%	100%	100%
CMC SI Saigon (i)	Ho Chi Minh City	Providing IT Telecommunication solutions	100%	100%	100%	100%
CMS Computer Co., Ltd. (ii)	Hanoi	Manufacturing, assembling and distributing computers	100%	100%	100%	100%

- (i) The Corporation holds 100% of voting right in CMC SI Saigon through CMC SI.
- (ii) The Corporation holds 100% of voting right in CMS Computer Co., Ltd. through CMC P&T.

5c. List of associates reflected in the interim consolidated financial statements in accordance with the owner's equity method

Names	Address of head office	Rate of ownership		Rate of voting right	
		As of 30 Sep. 2016	As of 1 Apr. 2016	As of 30 Sep. 2016	As of 1 Apr. 2016
Ciber - CMC	Hanoi	49.90%	49.90%	49.90%	49.90%
Netnam JSC.	Hanoi	41.14%	41.14%	41.14%	41.14%

6. Statement on comparison of information in consolidated financial statements

The corresponding figures in the previous period can be compared with those in the current period.

7. Personnel

As of the balance sheet date, the Group had 1,654 employees in companies in the Group (as of 1 April 2016, the Group had 1,611 employees).

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II. FISCAL YEAR AND STANDARD CURRENCY UNIT USED IN ACCOUNTING

1. Fiscal year

The fiscal year of the Group begins from 1 April of the previous year and ends on 31 March of the following year.

2. Standard currency unit

The standard currency unit used in accounting is Vietnam Dong (VND) as most of transactions are primarily made in VND.

III. ACCOUNTING STANDARDS AND SYSTEM APPLIED

1. Accounting standards and system

The Group has applied the Vietnamese Accounting Standards and System issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014 on guidelines for accounting policies for enterprises, the Circular No. 202/2014/TT-BTC dated 22 December 2014 giving guidance on the preparation and presentation of consolidated financial statements and other Circulars giving guidance on the implementation of accounting standards of the Ministry of Finance in the preparation and presentation of these interim consolidated financial statements.

2. Statement on the compliance with the accounting standards and system

The Executive Officers ensure to follow all the requirements of the Vietnamese Accounting Standards and System issued together with the Decision No. 200/2014/TT-BTC dated 22 December 2014, the Circular No. 202/2014/TT-BTC dated 22 December 2014 as well as the Circulars giving guidance on the implementation of accounting standards and system of the Ministry of Finance in the preparation of these interim consolidated financial statements.

IV. ACCOUNTING POLICIES

1. Accounting convention

All the consolidated financial statements are prepared on the basis of accrued accounting (except for information related to cash flows).

2. Consolidation basis

The interim consolidated financial statements include the interim combined financial statements of the Holding Company and the interim financial statements of its subsidiaries. A subsidiary is a business that is controlled by the Holding Company. The control exists when the Holding Company has the power to directly or indirectly govern the financial and operating policies of the subsidiary to obtain economic benefits from its activities. In determining the control power, the potential voting right arising from the acquisition selection rights or liabilities and capital instruments which can be converted into common shares as of the balance sheet date.

The business results of the subsidiaries which are acquired or disposed during the period are included in the interim consolidated income statement from the date of acquisition until the date of disposal of the investments in those subsidiaries.

The interim financial statements of the Holding Company and subsidiaries used for consolidation are prepared for the same accounting period and apply the consistent accounting policies for similar transactions and events in similar circumstances. In case that the accounting policies of the subsidiaries are different from those which are applied consistently within the Group, the

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appropriate adjustments should be made to the financial statements of the subsidiaries before they are used to prepare the interim consolidated financial statements.

Intra-group balances in the balance sheet in the same Group and intra-group transactions and unrealized intra-group profits resulting from these transactions are entirely eliminated. Unrealized losses resulting from intra-group transactions are also eliminated unless costs which cause those losses cannot be recovered.

Interest of non-controlling shareholders shows gains/losses on the business results and net assets of a subsidiary which is not held by of the Group and is presented in a specific item in the interim consolidated income statement and the interim consolidated balance sheet (the owner's equity). Interest of non-controlling shareholders includes value of uncontrolled minority interest as of the initial business consolidation date and that in the fluctuation of owner's equity commencing from the business consolidation date. Losses arising in subsidiaries are allocated equivalent to the ownership rate of non-controlling shareholders, even if those losses are higher than the ownership rate of non-controlling shareholders in net assets of subsidiaries.

When the Group invests to increase the rate of interest held in its subsidiaries, the differences between additionally invested costs and book value of net assets of subsidiaries additionally purchased as of the acquisition date are directly recognized into the item of "retained profit after tax" in the interim consolidated balance sheet.

3. Transactions in foreign currencies

Transactions in foreign currencies are converted at the actual exchange rates as of the transaction dates. The ending balances of monetary items in foreign currencies are converted at the actual exchange rate as of the balance sheet date.

Foreign exchange rate differences arising during the period from transactions in foreign currencies are included in financial income or financial expenses. Foreign exchange rate differences due to revaluation of monetary items in foreign currencies at the end of period after offsetting increase differences and decrease differences are recorded into financial income or financial expenses.

Foreign exchange rate used to translate transactions occurred in foreign currencies is the actual exchange rate at the time of transaction. The actual exchange rate for transactions in foreign currencies is determined as follows:

- Actual exchange rate when buying or selling foreign currency (spot contracts of foreign exchange sale, forward contracts, futures contracts, options contracts, swap contracts): is exchange rate concluded in contracts of foreign exchange sale between the Group and banks.
- Actual exchange rate upon capital contribution or receipt of contributed capital: is exchange rate of purchase of foreign currencies of the bank where the Group opens the account to receive capital from investors at the date of the capital contribution.
- Actual exchange rate upon recording liabilities receivable: is buying exchange rate of commercial banks where the Group assigns customers to make payment at the time of transaction.
- Actual exchange rate upon recording liabilities payable: is selling exchange rate of commercial banks where the Group expects to conduct transactions at the time of transaction.
- For purchases of assets or expenses paid immediately in foreign currency (not through the accounts payable), the actual exchange rate is the buying exchange rate of commercial banks where the Group makes payment.

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Foreign exchange rate used to revalue ending balances of monetary items in foreign currencies is determined as follows:

- For foreign currencies deposited in bank, the actual exchange rate is buying exchange rate of the bank where the Group opens foreign currency accounts.
- For monetary items in foreign currencies classified as other assets, the actual exchange rate is exchange rate of purchase of foreign currencies of the bank (with which the Group usually has transactions).
- For monetary items in foreign currencies classified as liabilities payable, the actual exchange rate is exchange rate of sale of foreign currencies of the bank (with which the Group usually has transactions).

Foreign exchange rates used when converting the financial statements of subsidiaries prepared in foreign currencies into the accounting currency of the Holding Company are as follows:

- Assets and trade advantage arising when buying subsidiaries abroad are converted at buying exchange rate of the bank as of the balance sheet date.
- Liabilities payable are converted at selling exchange rate of the bank as of the balance sheet date.
- Net asset values of subsidiaries held by the Holding Company at the acquisition date are converted at book exchange rate as of the purchasing date.
- Retained profit after tax arising after the acquisition date of subsidiaries is converted by the calculation in accordance with the items of revenue, expenses in the income statement.
- Dividends already paid are converted at actual exchange rate as of the dividend payment date.
- Items in the income statement and the cash flow statement are converted at actual exchange rates at the time of transaction. If the average exchange rate of the reporting period approximates the actual exchange rate at the time of transaction (difference of no more than 2%), the average exchange rate is applied. If the fluctuation range of exchange rate between the beginning and the end of year is more than 20%, the exchange rate as of the balance sheet date is applied.

Foreign exchange rate differences arising upon the conversion of financial statements of subsidiaries are accumulatedly reflected in the owner's equity of the interim consolidated balance sheet under the following principles:

- Foreign exchange rate differences allocated for the Holding Company are presented in the item of "Foreign exchange rate differences" of the owner's equity in the interim consolidated balance sheet.
- Foreign exchange rate differences allocated for the non-controlling shareholders are presented in the item of "Interest of non-controlling shareholders".

Foreign exchange rate differences arising related to the conversion of trade advantage, which have not been fully allocated as of the balance sheet date are entirely included in the Holding Company and recognized into the item of "Foreign exchange rate differences" of the owner's equity in the interim consolidated balance sheet.

4. Cash and cash equivalents

Cash includes cash on hand and demand deposits in bank. Cash equivalents include short-term investments of which the due dates cannot exceed 3 months from the dates of investment and the convertibility into cash is easy, and which do not have risks in the conversion into cash as of the reporting date.

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5. Financial investments

Investments held to maturity date

Investments are classified as held-to-maturity investments when the Group intends and is able to hold to maturity. Investments held to maturity date include termed deposits in bank (bills, notes), bonds, preferred shares which the issuers are compulsory for the re-purchase at fixed time in the future and loans held to maturity dates for the purpose of gaining the interest periodically and other investments held to maturity dates.

Investments held to maturity date are initially recognized at original costs, including the cost of purchase plus other directly attributable transaction costs. After initial recognition, these investments are recorded at recoverable value. Interest from these held-to-maturity investments after acquisition date is recognized in the profit or loss on the basis of the interest income to be received. Interests arising prior to the Group's acquisition of held-to-maturity investment are recorded as a decrease in the costs at the acquisition time.

When there are reliable evidences proving that a part or whole of the investment may be unrecoverable and the losses can be measured reliably, the losses are recognized as financial expenses during the period while the investment value is derecognized.

Loans

Loans are determined in accordance with the historical costs less provision for bad debts. Their provision for bad debts is made basing on estimated loss.

Investments in associates

An associate is an enterprise in which the Group has significant influence but not control over the financial policies and activities. Significant influence is the right to participate in making decisions about financial policies and business operations of the investee but not control those policies.

Investments in associates are recognized in accordance with the owner's equity method. Accordingly, the investments in associates are presented in the interim consolidated financial statements by the initial investment costs and adjusted for changes in benefits on net assets of associates after the investment date. If the benefits of the Group in losses of associates are higher than or equal to book value of the investments, the value of investments will be presented in the interim consolidated financial statements as zero unless the Group has an obligation to make the payment instead of associates.

The financial statements of associates are prepared for the same accounting period of the Group. In case the accounting policies of an associate are different from those consistently applied in the Group, the financial statements of that associate will be suitably adjusted before being used to prepare the interim consolidated financial statements.

Unrealized gains/losses from transactions with associates are excluded equivalent to those of the Group when the interim consolidated financial statements are prepared.

Investments in equity instruments of other entities

Investments in equity instruments of other entities include such investments in equity instruments that do not enable the Group to have the control, joint control or significant influence on these entities.

Investments in equity instruments of other entities are initially recognized at original costs, including the cost of purchase plus other directly attributable transaction costs. Dividends and

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profits of the periods prior to the purchase of investments are recorded as a decrease in value of such investments. Dividends and profit arising in the periods after the purchase of investments are recorded into the Group's revenue. Dividends received by shares are followed by the increasing number of shares but not recognized with the value of shares received.

Provision for impairment of investments in equity instruments of other entities is made as follows:

- For investments in listed shares or fair value of investments is reliably measured, provision is made on the basis of the market value of shares.
- For investments of which the fair value cannot be measured at the time of reporting, provision is made on the basis of the losses suffered by investees, at the rate equal to the difference between the actual capital invested by investors and the actual owner's equity multiplying (x) by the Group's rate of capital contribution over the total actual capital of parties in other entities.

Increases, decreases in provision for impairment of investments in equity instruments of other entities which need appropriating at the balance sheet date are recognized into financial expenses.

6. Accounts receivable

Accounts receivable are presented in accordance with book values less provisions for bad debts.

The classification of accounts receivable into receivables from customers and other receivables is done as follows:

- Receivables from customers reflect commercial receivables generating from purchase-sale related transactions between the Group and buyers which are independent units against the Group, including receivables from sale of exported goods given by trustees.
- Other receivables reflect non-commercial or non-trading receivables.

Provision is made for each bad debt basing on the debt age or the estimated loss. Details are as follows:

- As for overdue debts:
 - 30% of the value for debts overdue from over 6 months to under 1 year.
 - 50% of the value for debts overdue from 1 year to under 2 years.
 - 70% of the value for debts overdue from 2 years to under 3 years.
 - 100% of the value for debts overdue from 3 years and over.
- As for doubtful debts: provision is made basing on the estimated loss.

Increases, decreases of balance of provision for bad debts which need appropriating as of the balance sheet date are recorded into administrative overheads.

7. Inventories

Inventories are recorded in accordance with the lower value between the original costs and the net realizable values.

Original cost of inventories is determined as follows:

- For materials and merchandises: They comprise costs of purchases and other directly relevant costs incurred in bringing the inventories to their present location and conditions.
- For finished products: They comprise costs of materials, direct labor and directly relevant general manufacturing expenses allocated on the basis of normal operations.
- Expenses for work in progress: They comprise costs of main materials, labor and other direct costs.

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Ex warehouse prices of inventories are determined in accordance with the weighted average method and recorded in line with the perpetual recording method.

Net realizable values are the estimated selling prices of inventories in an ordinary course of business less the estimated expenses on product completion and other necessary expenses on product consumption.

Provision for devaluation of inventories is made for each item of inventories which have original costs higher than net realizable values. Increases/decreases of balance of provision for devaluation of inventories which need appropriating as of the balance sheet date are recorded into costs of goods sold.

8. Prepaid expenses

Prepaid expenses comprise actual expenses arising but relevant to financial performance in several accounting periods. Prepaid expenses of the Group include:

Tools expenses

Expenses for tools being put into use are allocated into expenses in accordance with the straight-line method for the maximum period of 36 months.

Fixed asset repair costs

Asset repair costs once with a large value are allocated into expenses in accordance with the straight line method for the maximum period of 36 months.

Prepaid land rental

Prepaid land rental represents the rental already prepaid for the land being used by the Corporation. Land rental is allocated into expenses in accordance with the straight-line method over the leasing period (48 years).

Expenses for investment in software products

The projects of investment in software products which are completed and not registered for the intellectual property are allocated into expenses in accordance with the straight-line method for the period from 3 to 10 years.

9. Tangible fixed assets

Fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of fixed assets include all the expenses of the Group to have these fixed assets as of the dates they are ready to be put into use. Other expenses incurred subsequent to the initial recognition are included in historical costs of fixed assets only if they certainly bring more economic benefits in the future thanks to the use of these assets. Those which do not meet the above conditions will be recorded into expenses during the period.

When a fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/loss arisen is posted into the income or the expenses during the period.

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Fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years are as follows:

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	03 - 45
Machinery and equipment	03 - 20
Vehicles	06 - 10
Office equipment	03 - 08
Other fixed assets	05 - 07

10. Intangible fixed assets

Intangible fixed assets are determined by their historical costs less accumulated depreciation.

Historical costs of intangible fixed assets include all the expenses of the Group to have these fixed assets as of the dates they are ready to be put into use. Costs related to intangible fixed assets, which are incurred after initial recognition, are recognized as operating costs in the period unless these costs are associated with a specific intangible fixed asset and increase economic benefits from these assets.

When an intangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/loss arisen is posted into the income or the expenses during the period.

Intangible fixed assets of the Group include:

Software program

Costs are related to computer software which is not an integral part of related hardware is capitalized. Historical costs of computer software include all expenses paid by the Group until the date the software is put into use. Computer software is depreciated in accordance with the straight-line method in 3 - 10 years.

Copyright, patents

Historical costs of copyright, patents purchased from the third party include the purchasing price, purchasing tax unrefunded and registration fee for the period the duration from 3 to 10 years.

Merchandise trademark

Merchandise trademark is depreciated in accordance with the straight-line method for the period from 3 to 10 years.

Other intangible fixed assets

Other intangible fixed assets are amortized in accordance with the straight-line method with for the period from 3 to 7 years.

11. Construction in progress

Construction in progress reflects costs directly related (including related loan interest expenses in accordance with the Group's accounting policies) to assets in progress of construction and machinery, equipment in progress of installation to serve the purpose of production, lease and management as well as costs related to repair of fixed assets in progress. These assets are recognized in accordance with their original costs and not depreciated.

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12. Business consolidation and trade advantage

The business consolidation is accounted for by applying the purchase method. Costs of business consolidation include the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus any costs directly attributable to the business consolidation. The assets acquired and identifiable liabilities and contingent liabilities in business consolidation are recognized at fair value as of the date of holding control right.

For business consolidation transactions through several phases, the cost of a business consolidation is calculated as the total of the cost of investment at the date of achieving control right on the subsidiary plus the cost of investment of the previous transactions which have been revaluated at fair value at the date of achieving control right on the subsidiary. The difference between revaluation cost and the historical cost of the investment is recognized into the business results if before the date of achieving control right, the Group does not have significant influence on its subsidiary and the investment is presented by historical cost method. If before the date of achieving control right, the Group has significant influence and the investment is presented by the owner's equity method, the difference between the revaluated cost and the value of the investment under the owner's equity method is recognized into the business results and the difference between the value of the investment under the owner's equity method and its historical cost is recognized directly into the item of "Retained profit after tax" in the interim consolidated balance sheet.

The higher difference of the business consolidation cost compared with the ownership rate of the Group in the net fair value of assets, identifiable and liabilities and contingent liabilities recognized at the date of achieving control right on the subsidiary is recognized as trade advantage. If the ownership share of the Group in the net fair value of assets identifiable liabilities and contingent liabilities recognized at the date of achieving control right on the subsidiary exceeds the business consolidation cost, the difference is recognized into the business results.

Trade advantage is allocated in accordance with the straight-line method in the duration of 10 years. When there is an evidence showing that trade advantage suffers losses more than the allocated amount, the allocated amount during the period is the loss incurred.

Interest of non-controlling shareholders at the date of initial business consolidation is determined on the basis of the rate of non-controlling shareholders in the net fair value of assets, liabilities and contingent liabilities recognized.

13. Liabilities payable and accrued expenses

Liabilities payable and accrued expenses are recognized for the amount payable in the future related to goods and services already received. Accrued expenses are recognized based on reasonable estimates on the amount payable.

The classification of accounts payable into payables to suppliers, accrued expenses and other payables is done as follows:

- Payables to suppliers reflect trade payables occurred from purchase-sale transaction of goods, services, assets and the suppliers are independent units against the Group.
- Accrued expenses reflect payables for goods and services already received from suppliers or provide to customers but for which the payment has not been made due to lack of invoices or accounting documents and payables for employees on leave pay, appropriated operating costs.
- Other payables reflect non-trade payables or payables unrelated to purchase-sale transaction, provision of goods and services.

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Liabilities payable and accrued expenses are classified as short-term and long-term ones in the interim consolidated balance sheet based on the remaining term as of the balance sheet date.

14. Provisions for accounts payable

Provision for payables are recognized when the Group has current debts obligation (legal obligation or jointly liable obligation) as a result of an event already happened and the payment of this obligation may lead to decrease in economic benefits and its value can be reliably estimated.

If impact of time is material, provision will be determined by discounting the amount paid in the future for debt obligation with the discount rate before tax and reflect current market assessment on time value of money and specific risks of that debt. Increase of provision due to time is recognized as a financial expenses.

Provision for payables of the Group is the provision for warranty of products and merchandises. Provision for construction project warranty is appropriated for each construction project with warranty commitment.

Appropriation of provision for warranty of products and merchandises is 0.5% on revenue of products and merchandises (that in the previous year was 0.5%). This rate is estimated based on data on warranty costs in the previous years and the weighted rate of all consequences may occur with the corresponding probability. Increases, decreases in provision for warranty of products and merchandises which need appropriating as of the balance sheet date are recognized into selling expenses.

15. Scientific and technological development fund

Science and technology development fund was established for the purpose of providing financial resource to invest in scientific and technological development of the Group. Details are as follows:

- Providing expenditures for the implementation of themes and projects on science and technology.
- Supporting the development of science and technology:
 - Equipping facilities and technology for science and technology development.
 - Purchasing machinery and equipment to renovate technologies directly used for the company's production.
 - Purchasing technology license, use right, intellectual property rights including patents, practical solutions, industrial design, science and technology information, relevant documents and products to serve science and technology activities.
 - Paying salary, providing expenses on leasing experts or signing contracts with science and technology organizations to implement science and technology activities.
 - Paying for training labors in science and technology in line with the legal regulations on science and technology.
 - Paying for creative activities to improve techniques and rationalize the production.
 - Paying for collaborative research activities, carrying out science and technology activities with Vietnamese organizations and enterprises.

The fixed assets formed from scientific and technological development fund are recorded as corresponding decreases in the fund and they are not depreciated.

Appropriation of scientific and technological development fund is 10% on taxable income during the year in accordance with the organization and operation charter of the fund and is recorded into expenses. In case during the year, disbursement for scientific and technological activities exceeds current balance of the fund, the exceeding disbursement is derived from fund appropriation of the following years.

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16. Owner's equity

Owner's contribution capital

Owner's contribution capital is recognized according to the amount actually contributed by the shareholders of the Corporation.

Share premiums

Share premiums are recorded in accordance with the difference between issuance price and face value of shares in the first issuance, additional issuance or the difference between reissuance price and book value of treasury stocks and the equity component of convertible bonds upon maturity. Direct expenses related to the additional issuance of shares and reissuance of treasury stocks are recorded to decrease share premiums.

Treasury stocks

When a share capital in the owner's equity is re-purchased, the amount payable including the expenses related to the transaction is recorded as treasury stocks and is recorded as a decrease in owner's equity. When re-issuing, the differences between re-issuance price and book value of treasury stocks are recognized into item of share premium.

17. Profit distribution

Profit after corporate income tax is distributed to the Shareholders after appropriation of funds in accordance with the Group's Charter as well as legal regulations and being approved by the General Meeting of Shareholders.

The profit distribution to the Shareholders considers non-monetary items in retained profit after tax which can have impacts on cash flows and possibility of profit payment such as gains from revaluation of assets for capital contribution, revaluation of monetary items, financial instruments and other non-monetary items.

Dividends are recognized as liabilities payable when it is approved by the General Meeting of Shareholders.

18. Recognition of sales and income

Sales of merchandises

Sales of merchandise are recognized when the following conditions are satisfied:

- The Group transfers most of risks and benefits incident to the ownership of products or goods to customers.
- The Group transfers most of risks and benefits incident to the ownership of products or goods to customers retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of sales can be measured reliably. Where the contracts stipulate that buyers are entitled to return products, goods purchased under specific conditions, sales are recorded only when those specific conditions no longer exist and buyers are not entitled to return products, goods (except for the case that such returns are in exchange for other goods or services).
- The Group transfers most of risks and benefits incident to the ownership of products or goods to customers has received or will receive economic benefits from sale transactions.
- Costs for sale transactions are determined.

Sales of service provision

Sales of service provision are recognized when the following conditions are satisfied:

- Sales are determined reliably. When contracts stipulate that buyers are entitled to return services purchased under specific conditions, sales are recorded only when those specific conditions no longer exist and buyers are not entitled to return services provided.

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- The Group transfers most of risks and benefits incident to the ownership of products or goods to customers has received or will receive economic benefits from the transaction of providing such services.
- The completed work may be determined at the time of reporting.
- Incurred costs for the transaction and the costs to complete the transaction of providing such services can be determined.

In case the service is carried out in many accounting periods, sales are recognized during the period based on the result of completed work as of the balance sheet date.

The completed service provision is determined in accordance with the method of percentage evaluation (%) of labor costs arose in comparison with total estimated labor costs to complete the whole service provision transactions.

As for the first pre-paid fees of FTTH and EOC services from the customers newly arising in the fiscal year, the Group has recognized the revenue of providing services on all prepaid fees of these customers but not allocated revenue for corresponding periods.

Interests

Interests are recorded based on the term and the interest rates applied for each period.

Dividends and profit shared

Dividends and profit shared are recognized when the Group has the right to receive dividends or profit from the capital contribution. Dividends received by shares are only followed by the increasing number of shares but not recognized with the value of shares received.

19. Sales deductions

Trade discounts, sales returns and allowances incurred in the same period of consumption of products, goods and services are adjusted a decrease in sales in the incurring period.

In case products, goods and services are sold from the previous periods, until the next period are incurred trade discounts, sales returns and allowances, enterprises record a decrease in revenue under the principles:

- In case products, goods and services must be discounted to trade, returned prior to the issuance of interim consolidated financial statements, enterprises record a decrease in revenue, on the interim consolidated financial statements of the current period.
- In case products, goods and services must be discounted to trade, returned after the release of interim consolidated financial statements, enterprises record a decrease in revenue on the interim consolidated financial statements of incurring period (the next period).

20. Borrowing costs

Borrowing costs include loan interest and other costs directly related to this borrowing.

Borrowing costs are recognized into expenses when arising. In case borrowing costs directly relate to construction investment or producing assets in progress which need a long time enough (over 12 months) to be put into use for intended purposes or to be sold, they are included in value of those assets. For a loan particularly serving construction of fixed assets, investment properties, loan interest is capitalized even though construction duration is less than 12 months. Income incurred from temporary investment in loans is recorded reduce to historical costs of related assets.

In the event of general borrowings which are partly used for acquiring, constructing or producing an asset in progress, the costs eligible for capitalization will be determined according to the

capitalization rates applied to average accumulated expenditure on that asset. The capitalization rates are computed at the average interest rates on the borrowings not yet paid during the period, except for particular borrowings serving the purpose of obtaining a specific asset.

21. Costs

Costs are amounts reducing economic benefits, recorded at the time the transaction arises or shall be likely to arise in the future regardless of spending money or not.

Costs and revenues set up by it must be recognized simultaneously on the principle of conformity. In case, conformity principle may conflict with precautionary principle in accounting, costs are recognized based on the nature and regulations of accounting standards to reflect transactions honestly and reasonably.

22. Corporate income tax

Corporate income tax includes current income tax and deferred income tax.

Current income tax

Current income tax is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures, non-deductible expenses as well as those of non-taxable income and losses transferred.

Deferred income tax

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the financial statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.

Book values of deferred corporate income tax assets are considered at the balance sheet date and will be reduced to the rates that ensure enough taxable income against which the benefits from a part of or all of the deferred income tax can be used. Deferred income tax assets which have not been recognized are considered at the balance sheet dates and recognized when it is certain to have enough taxable income to use these assets.

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rates to be applied in the year when the assets are recovered or the liabilities are settled based on the effective tax rates as of the balance sheet date. Deferred income tax is recognized in the income statement. In the case that deferred income tax is related to the items of the owner's equity, corporate income tax will be included in the owner's equity.

Deferred income tax assets and liabilities payable are offset when:

- The Group has a legal right to offset current income tax assets and current income tax payable; and
- The deferred income tax assets and deferred income tax payable relate to corporate income tax managed by the same Tax Office:
 - For the same taxable entity; and
 - The Group intends to pay current income tax payable and current income tax assets on the net basis or recover assets simultaneously with payment of liabilities in each future period

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when material accounts of deferred income tax payable or deferred income tax assets are paid or recovered.

23. Related parties

A party is considered a related party in case one party is able to control the other or to cause considerable effects on the financial decisions as well as the operations of the other. A party is also considered a related party in case of together being controlled or affected significantly.

In the consideration of relations among related parties, the nature of relations is paid more attention than the legal form.

24. Segment reporting

A business segment is a distinguishable component that is engaged in producing or providing products, services and that is subject to risks and returns different from those of other business segments.

A geographical segment is a distinguishable component that is engaged in producing or providing products, services within a particular economic environment and that is subject to risks and returns different from those of components operating in other economic environments.

The segment information is prepared and presented in conformity with the accounting policy applied for the preparation and presentation of the Group's interim consolidated financial statements.

25. Financial instruments

Financial assets

The classification of financial assets depends on the nature and the purpose of them and is determined at the date of initial recognition. Financial assets of the Group include cash and cash equivalents, loans given, accounts receivable from customers, other receivable, listed and unlisted financial instruments.

At the date of initial recognition, financial assets are initially recognized at historical cost plus other costs directly related to those financial liabilities.

Financial liabilities

The classification of financial liabilities depends on the natures and purposes of the financial liabilities and is determined at the date of initial recognition. Financial liabilities of the Group include accounts payable to suppliers, loans and debts and other payable.

At the date of initial recognition, financial liabilities are initially recognized at historical cost less other costs directly related to those financial liabilities.

Equity instrument

Equity instrument is the contract which can prove the remaining benefits in the assets of the Group after deducting all of its liabilities.

Offsetting financial instruments against each other

Financial assets and financial liabilities will be offset against each other and are reflected at their net values on the balance sheet when, and only when, the Group:

- has a legal right to offset the recognized amounts; and

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- has intention either to settle on a net basis, or to realize the asset and to settle the liabilities simultaneously.

V. ADDITIONAL INFORMATION ON THE ITEMS OF THE INTERIM CONSOLIDATED BALANCE SHEET**1. Cash and cash equivalents**

	As of 30 Sep. 2016	As of 1 Apr. 2016
Cash on hand	4,473,179,137	6,968,616,601
Demand deposits in bank	95,775,259,585	75,681,641,317
Cash equivalents – under-3-month termed deposits in bank	29,020,076,700	5,030,000,000
Total	129,268,515,422	87,680,257,918

2. Financial investments

The Group's financial investments only include investments held to maturity dates, investments in associates and capital contribution in other entities. Information on the Group's financial investments is as follows:

2a. Investments held to maturity dates

Investments held to maturity date of the Corporation include 1-year deposits in bank.

2b. Investment in associates

	As of 30 Sep. 2016			As of 1 Apr. 2016		
	Historical costs	Profit after investment date	Total	Historical costs	Profit after investment date	Total
	4,990,000,000	3,354,587,858	8,344,587,858	4,990,000,000	1,908,891,693	6,898,891,693
- Ciber - CMC						
- Netnam JSC.	7,258,356,000	9,537,632,951	16,795,988,951	7,258,356,000	9,680,484,541	16,938,840,541
Total	12,248,356,000	12,892,220,809	25,140,576,809	12,248,356,000	11,589,376,234	23,837,732,234

The ownership value of the Group in associates is as follows:

	Ciber - CMC	Netnam JSC.	Total
Ownership value as of 1 Apr. 2016	6,898,891,693	16,938,840,541	23,837,732,234
Gains or losses during the period	1,439,687,542	5,148,534,175	6,588,221,717
Appropriation of funds in associates		(1,024,786,575)	(1,024,786,575)
Share of dividends in associates		(4,196,297,000)	(4,196,297,000)
Adjustments of gains or losses in the previous year of associates	6,008,623	(70,302,190)	(64,293,567)
Ownership value as of 30 Sep. 2016	8,344,587,858	16,795,988,951	25,140,576,809

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Operation of associates

Associates are in the process of normal operation, have no large changes compared with the previous year.

Transactions with associates

Material transactions between the Group and associates were as follows:

	<u>From 1 Apr. 2016 to 30 Sep. 2016</u>	<u>From 1 Apr. 2015 to 30 Sep. 2015</u>
Sales of selling goods and providing services to		
<i>Ciber - CMC</i>	953,797,781	750,156,669
<i>Netnam JSC.</i>	3,613,178,139	
Purchasing goods and services from		
<i>Ciber - CMC</i>		47,016,725
<i>Netnam JSC.</i>	7,120,033,842	
Receiving dividends and profit shared from		
<i>Netnam JSC.</i>	4,196,297,000	

2c. Capital contribution to other entities

	<u>As 30 Sep. 2016</u>		<u>As of 1 Apr. 2016</u>	
	<u>Historical costs</u>	<u>Provision</u>	<u>Historical costs</u>	<u>Provision</u>
Vijasgate Co., Ltd.	627,044,400	(627,044,400)	627,044,400	(627,044,400)
VTVCAB & CMC Telecom Co., Ltd.	980,000,000		980,000,000	
Thong Nhat Software Co., Ltd.	59,373,000	(59,373,000)	59,373,000	(59,373,000)
Total	<u>1,666,417,400</u>	<u>(686,417,400)</u>	<u>1,666,417,400</u>	<u>(686,417,400)</u>

Provision for capital contribution in other entities

Situation of fluctuations in provision for capital contribution in other entities is as follows:

	<u>From 1 Apr. 2016 to 30 Sep. 2016</u>	<u>From 1 Apr. 2015 to 30 Sep. 2015</u>
Beginning balance	(686,417,400)	(686,417,400)
Additional appropriation of provision		
Refund of provision		
Ending balance	<u>(686,417,400)</u>	<u>(686,417,400)</u>

Fair value

The Group has not determined the fair value of investments due to having no detailed guidelines.

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3. Short-term receivable from customers

	As 30 Sep. 2016	As of 1 Apr. 2016
<i>Receivable from related parties</i>	3,896,858,285	1,845,470,685
Ciber - CMC	571,519,059	1,845,470,685
Netnam JSC.	3,325,339,226	-
<i>Receivable from other customers</i>	757,112,288,591	647,691,986,686
Total	761,009,146,876	649,537,457,371

4. Short-term prepayments to suppliers

	As 30 Sep. 2016	As of 1 Apr. 2016
Prepayments to related parties	-	-
Prepayments to other suppliers	64,508,261,048	40,371,186,168
Total	64,508,261,048	40,371,186,168

5. Receivable on short-term loans

This is the loan given to Ciber -CMC (which is the related party) without interest, the term of under 1 year. This loan was finalized during the period.

6. Other short-term/long-term receivable**6a. Receivable on short-term accounts**

	As 30 Sep. 2016		As of 1 Apr. 2016	
	Value	Provision	Value	Provision
<i>Receivable from related parties</i>	336,512,551		336,512,551	
Ciber - CMC	331,924,932		331,924,932	
Netnam JSC.	4,587,619		4,587,619	
<i>Receivable from other organizations and individuals</i>	84,030,053,250	(2,045,098,691)	101,164,360,605	(1,464,320,000)
Advances for project implementation	53,214,514,573		51,130,797,733	
Geleximco	7,500,000,000	(750,000,000)	7,500,000,000	(750,000,000)
Loan interest	-		2,999,809,529	
Short-term deposits, mortgages	10,430,618,725		18,124,013,481	
Estimated receipt of termed deposit interest	3,903,559,027		10,955,488,895	
Others	8,981,360,925	(1,295,098,691)	10,454,250,967	(714,320,000)
Total	84,366,565,801	(2,045,098,691)	101,500,873,156	(1,464,320,000)

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6b. Receivable on long-term accounts

	As 30 Sep. 2016		As of 1 Apr. 2016	
	Value	Provision	Value	Provision
<i>Receivable from related parties</i>				
<i>Receivable from other organizations and individuals</i>	31,514,346,506		3,744,317,514	
Deposits, mortgages	31,514,346,506		3,744,317,514	
Total	31,514,346,506		3,744,317,514	

7. Bad debts

	As of 30 Sep. 2016		As of 1 Apr. 2016	
	Historical costs	Value recoverable	Historical costs	Value recoverable
<i>Related parties</i>				
<i>Other organizations and individuals</i>	87,459,079,398	6,750,000,000	85,530,296,913	6,750,000,000
Receivable from other organizations and individuals	87,459,079,398	6,750,000,000	85,530,296,913	6,750,000,000
Total	87,459,079,398	6,750,000,000	85,530,296,913	6,750,000,000

Situation of fluctuations in provision for bad debts and receivable liabilities is as follows:

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Beginning balance	78,780,296,913	79,270,875,548
Additional appropriation of provision	1,928,782,485	4,303,402,182
Refund of provision		(160,975,640)
Decrease of provision due to consolidation of financial statements	-	(6,250,054,278)
Ending balance	80,709,079,398	77,163,247,812

8. Inventories

	As 30 Sep. 2016		As of 1 Apr. 2016	
	Historical costs	Provision	Historical costs	Provision
Goods in transit	73,951,000		168,440,000	
Materials and supplies	40,034,087,487	(1,100,453,687)	43,134,789,015	(575,254,692)
Tools, instruments	109,715,400		73,590,100	
Expenses for work in progress	7,488,674,338		5,848,974,667	
Finished products	228,847,917		361,926,603	
Merchandises	148,160,661,685	(2,110,679,683)	151,815,675,465	(2,810,188,219)
Goods on consignment	183,638,517		183,638,517	
Total	196,279,576,344	(3,211,133,370)	201,587,034,367	(3,385,442,911)

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The increases/decreases of provision for devaluation of inventories are as follows:

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Beginning balance	3,385,442,911	4,239,713,413
Additional appropriation of provision	525,198,995	
Refund of provision	(699,508,536)	(1,853,552,604)
Ending balance	3,211,133,370	2,386,160,809

9. Short-term and long-term prepaid expenses**9a. Short-term prepaid expenses**

	As of 30 Sep. 2016	As of 1 Apr. 2016
Short-term expenses for tools, instruments	1,299,812,607	203,135,218
Repair costs	84,697,883	343,130,383
Housing, infrastructure rental	518,474,063	1,568,685,245
Service fee to be allocated	3,270,905,056	1,726,336,688
Software installation fee	4,562,014,036	
Maintenance costs and corporate governance system support	693,750,000	1,550,000,000
Prepaid expenses for projects	26,369,848,294	17,161,916,642
Others	1,342,568,409	1,418,097,509
Total	38,142,070,348	23,971,301,685

9b. Long-term prepaid expenses

	As of 30 Sep. 2016	As of 1 Apr. 2016
Expenses for tools, instruments	89,947,426,188	95,434,206,278
Land rental (i)	8,326,335,681	8,419,194,447
Expenses for office leasing brokerage	920,089,729	650,972,168
Expenses for office improvement	3,305,946,825	4,312,934,841
Expenses for VinE-com Project	159,852,143	4,407,352,145
Trade advantage	3,478,800,000	3,746,400,000
Expenses for periodically updating and upgrading software	5,222,999,039	5,624,768,199
Expenses for project implementation	6,747,945,027	5,370,463,191
Expenses for Livecore Framework and live stream (IPTV) software	1,008,080,000	1,008,080,000
Expenses for incident rescue, repair	509,799,406	682,563,071
Expenses for leasing channels	12,579,233,336	
Others	5,469,612,463	6,576,709,885
Total	137,676,119,837	136,233,644,225

(*) This is the land rental in Hi-tech Area of Ho Chi Minh City to serve for the purpose of building station with the leasing duration of 50 years. The Corporation has allocated within 48 years since 2013 which was the first revenue-making year from the project of station.

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10. Tangible fixed assets

	Buildings & structures	Machinery & equipment	Vehicles	Office equipment	Other fixed assets	Total
Historical costs						
As of 1 Apr. 2016	202,837,249,504	403,914,727,126	179,328,844,038	16,769,382,302	2,874,914,106	805,725,117,076
New purchase during the period		11,837,127,274	4,832,622,312	1,077,220,205		17,746,969,791
Re-classification of items			(110,900,000)	110,900,000		
Liquidation and disposal during the period			(911,203,000)			(911,203,000)
Completed construction		22,655,767,787	5,250,003,560			27,905,771,347
As of 30 Sep. 2016	202,837,249,504	438,407,622,187	188,389,366,910	17,957,502,507	2,874,914,106	850,466,655,214
<i>In which:</i>						
Fully depreciated but being still in use	321,610,484	24,945,104,876	19,939,513,255	4,611,955,491	243,895,600	50,062,079,706
To be liquidated						
Depreciation						
As of 1 Apr. 2016	22,905,803,438	164,464,939,843	72,789,206,270	10,711,707,434	2,371,101,323	273,242,758,308
Depreciation during the period	2,305,046,790	22,237,730,132	13,125,738,073	1,924,504,056	251,954,862	39,844,973,913
Re-classification of items			(9,477,779)	9,477,779		
Liquidation and disposal during the period			(151,867,164)			(151,867,164)
As of 30 Sep. 2016	25,210,850,228	186,702,669,975	85,753,599,400	12,645,689,269	2,623,056,185	312,935,865,057
Net book value						
As of 1 Apr. 2016	179,931,446,066	239,449,787,283	106,539,637,768	6,057,674,868	503,812,783	532,482,358,768
As of 30 Sep. 2016	177,626,399,276	251,704,952,212	102,635,767,510	5,311,813,238	251,857,921	537,530,790,157
<i>In which:</i>						
Temporarily unused						
To be liquidated						

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

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Some tangible fixed assets of which the net book value is VND 286.9 billion have been mortgaged to secure for the Group's loans and to be granted with credit limit, guarantee and open LC at BIDV.

11. Intangible fixed assets

	Copyright, patents	Trademark, trade name	Computer software	Other intangible fixed assets	Total
Historical costs	30,939,433,245	551,086,545	29,951,307,001	6,660,610,458	
As of 1 Apr. 2016	30,939,433,245	551,086,545	29,951,307,001	6,660,610,458	68,102,437,249
New purchase during the period			2,986,416,707		2,986,416,707
As of 30 Sep. 2016	30,939,433,245	551,086,545	32,937,723,708	6,660,610,458	71,088,853,956
<i>In which:</i>					
Fully depreciated but being still in use	39,000,000		1,159,725,910	664,373,952	1,863,099,862
Depreciation					
As of 1 Apr. 2016	15,187,984,393	416,110,689	12,050,297,059	1,569,900,206	29,224,292,347
Depreciation during the period	1,939,924,066	44,354,328	2,210,509,032	374,764,776	4,569,552,202
As of 30 Sep. 2016	17,127,908,459	460,465,017	14,260,806,091	1,944,664,982	33,793,844,549
Net book value					
As of 1 Apr. 2016	15,751,448,852	134,975,856	17,901,009,942	5,090,710,252	38,878,144,902
As of 30 Sep. 2016	13,811,524,786	90,621,528	18,676,917,617	4,715,945,476	37,295,009,407
<i>In which:</i>					
Temporarily unused					
To be liquidated					

12. Construction in progress

	As of 1 Apr. 2016	Increase during the period	Transfer to fixed assets during the period	Other decreases	As of 30 Sep. 2016
Purchase of fixed assets	4,868,181,460		(4,868,181,460)		-
Construction in progress	146,832,626,962	40,071,807,004	(27,905,771,347)	(1,213,039,586)	157,785,623,033
- Project of APG maritime cable (i)	95,834,616,489	3,212,055,686			99,046,672,175
- Project of implementing network infrastructure in Da Nang	12,120,712,869	551,163,649			12,671,876,518
- Project of expanding, upgrading CoreIP, Router NAT IP and Metro-NQ networks	16,999,763,559	13,050,000	(17,012,813,559)		-
- Costs of materials for installing cable network and incident rescue	8,378,234,948	6,146,771,735			14,525,006,683
- Project of VMS optical transmission	9,094,079,310	10,456,016,068			19,550,095,378
- Other projects	4,405,219,787	19,692,749,866	(10,892,957,788)	(1,213,039,586)	11,991,972,279
Total	151,700,808,422	40,071,807,004	(32,773,952,807)	(1,213,039,586)	157,785,623,033

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- (i) According to the Business Co-operation Contract dated December 2011 among VIETTEL, FPT Telecom and CMC Telecom, three parties together contribute capital at the rates of 62.50%, 25.00% and 12.50% respectively in order to implement the project of APG Maritime Cable with total investment as in the contract of USD 40 million equivalent to VND 840,440,000,000 (converted at the exchange rate disclosed by Vietcombank on 9 December 2011). The Corporation has contributed capital in accordance with "Investment contribution notice" of VIETTEL and recognized in the item of "Construction in progress". Total capital contribution value to the project of the Corporation accumulated until 30 September 2016 was VND 99,046,672,175. This project is being used as collateral for the long-term loan of the Corporation at BIDV.

Total loan expense capitalized into expenses for construction in progress during the period was VND 3.2 billion (that in the same period of the previous year was VND 2.8 billion).

13. Trade advantage

	Netnam JSC.	CMC Telecom	CMC InfoSec	Total
Historical costs				
As of 1 Apr. 2016	1,572,168,000	3,328,783,614	2,807,478,449	7,708,430,063
As of 30 Sep. 2016	<u>1,572,168,000</u>	<u>3,328,783,614</u>	<u>2,807,478,449</u>	<u>7,708,430,063</u>
Amount already allocated				
As of 1 Apr. 2016	1,572,168,000	1,331,513,444	561,495,690	3,465,177,134
Allocation during the period		166,439,181	140,373,923	306,813,104
As of 30 Sep. 2016	<u>1,572,168,000</u>	<u>1,497,952,625</u>	<u>701,869,613</u>	<u>3,771,990,238</u>
Net book value				
As of 1 Apr. 2016		1,997,270,170	2,245,982,759	4,243,252,929
As of 30 Sep. 2016		<u>1,830,830,989</u>	<u>2,105,608,836</u>	<u>3,936,439,825</u>

14. Short-term payable to suppliers

	As of 30 Sep. 2016	As of 1 Apr. 2016
Payable to related parties	<u>3,345,070,782</u>	<u>7,199,147,646</u>
Ciber - CMC	2,739,868,600	7,195,680,988
Netnam JSC.	605,202,182	3,466,658
Payable to other suppliers	<u>326,257,074,182</u>	<u>307,911,242,559</u>
Total	<u>329,602,144,964</u>	<u>315,110,390,205</u>

The Group has had no outstanding overdue liabilities payable to suppliers.

15. Short-term prepayments from customers

	As of 30 Sep. 2016	As of 1 Apr. 2016
Prepayments from related parties	<u>111,623,655,969</u>	<u>54,512,039,866</u>
Prepayments from other customers	<u>111,623,655,969</u>	<u>54,512,039,866</u>
Total	<u>111,623,655,969</u>	<u>54,512,039,866</u>

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16. Taxes and other obligations to the State budget

	As of 1 Apr. 2016		Increase during the period			As of 30 Sep. 2016	
	Payable	Receivable	Amount payable	Amount already paid	Amount refunded	Payable	Receivable
VAT on local sales	4,370,913,686		16,301,632,562	(16,750,715,035)		3,921,831,213	
VAT on imports		1,003,430,225	30,121,617,268	(29,295,740,691)	161,168,116	6,573,700	22,959,232
Import-export duties	127,405,289	1,468,641,209	275,338,097	(273,674,466)	1,467,802,958	129,068,920	838,251
Corporate income tax	19,868,175,488	736,503,682	13,746,919,496	(23,254,992,756)		10,360,102,228	736,503,682
Personal income tax	4,268,075,552	63,099,696	5,477,988,386	(7,608,657,568)		2,142,627,895	68,321,221
Withholding tax	2,479,059,442	-	16,904,726,356	(11,538,619,376)		7,845,166,422	-
Other taxes	94,801,024	29,104,507	88,003,769	(66,114,068)		95,729,750	8,143,532
Fees, legal fees and other duties	181,749	4,725,381		(181,749)			4,725,381
Total	31,208,612,230	3,305,504,700	82,916,225,934	(88,788,695,709)	1,628,971,074	24,501,100,128	841,491,299

Value added tax (VAT)

The Companies in the Group have to pay VAT in accordance with the deduction method. VAT rates are as follows:

	Nontaxable
- Software and software services	0%
- Exporting software, software services and other goods and services	10%
- Domestically selling goods, informatic equipment and other services	

Import - export duties

The Group has declared and paid these duties in line with the Customs' notices.

Corporate income tax

The Companies in the Group enjoy corporate income tax incentives as follows:

- According to the Circular No. 96/2015/TT-BTC dated 22 June 2015 and the Circular No. 78/2014/TT-BTC dated 18 June 2014 of the Ministry of Finance, CMC Software operates in the field of software production, therefore, it enjoys tax incentive at the tax rate of 10% within 15 years from the establishment date, in which: exempted from tax within 4 years (since 2006), reduced 50% of payable taxes in the 9 following years. The year 2015 is the 6th year when the Company is reduced 50% of payable taxes.
- According to the Circular No. 96/2015/TT-BTC dated 22 June 2015 and the Circular No. 78/2014/TT-BTC dated 18 June 2014 of the Ministry of Finance, CMC InfoSec operates in the field of software production, therefore, it enjoys tax incentive at the tax rate of 10% within 15 years from the establishment date, in which: The Company was established in 2008, made the first profit in 2013, is exempted from tax within 4 years (since 2011), reduced 50% of payable taxes in the 9 following years.

The Companies in the Group have to pay corporate income tax for income from other activities at the tax rate of 20%.

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Corporate income tax payable is estimated as follows:

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Total accounting profit before tax	83,873,325,881	64,114,117,397
Increase/decrease adjustments of accounting profit to determine profit subject to corporate income tax:		
- Increase adjustments	2,427,540,084	(1,406,648,155)
<i>Expenses not deducted</i>	2,427,540,084	254,723,450
- Decrease adjustments	-	-
- Temporary difference due to consolidation of financial statements	3,038,901,940	(1,661,371,605)
Income subject to tax	89,339,767,905	62,707,469,242
Loss of previous years to be brought forwards	(20,605,134,854)	(41,825,364,195)
Taxable income	68,734,633,051	21,585,302,515
Corporate income tax rate	20%	22%
Corporate income tax payable at the common tax rate	13,746,919,497	4,748,766,553
<i>Difference of corporate income tax due to application of other tax rate than the common tax rate</i>		(638,642,333)
<i>Corporate income tax exempted, deducted</i>		(266,100,972)
Total corporate income tax payable	13,746,919,497	3,844,023,248

The determination of corporate income tax payable of the Companies in the Group is based on the prevailing regulations on taxes. However, these regulations change for each period and the regulations on taxes for various transactions can be explained in various ways. Therefore, the tax amount presented in the interim consolidated financial statements could change when being examined by the Tax Office.

Other taxes

The Group has declared and paid these taxes in line with the prevailing regulations.

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17. Short-term accrued expenses

	<u>As of 30 Sep. 2016</u>	<u>As of 1 Apr. 2016</u>
<i>Payable to related parties</i>	<i>242,367,000</i>	-
Netnam JSC.	242,367,000	
<i>Payable to other organizations and individuals</i>	<i>161,350,674,703</i>	<i>70,067,833,171</i>
Appropriated costs for projects	41,466,336,946	7,143,385,336
Loan interest payable	1,644,010,968	684,845,549
Expenses for hiring collaborators	14,608,057,474	14,465,825,925
Bandwidth costs	30,867,975,984	13,633,290,860
Expenses for services of VOIP, 710, 1900	31,325,445,068	10,748,604,237
Expenses for SMS brandname service	4,886,977,412	2,177,580,904
Expenses divided for EOC service and other services	6,000,649,120	5,780,592,681
Expenses for leasing channels	9,143,526,848	4,102,909,021
Expenses for external hiring, purchasing	12,805,112,981	4,035,874,797
Expenses for VMS5 project	2,773,833,186	1,165,258,079
Expenses for the Building Management Unit	1,080,894,930	1,287,389,678
Others	4,747,853,786	4,842,276,104
Total	<u>161,593,041,703</u>	<u>70,067,833,171</u>

18. Short-term/long-term unrealized revenue**18a. Short-term unrealized revenue**

	<u>As of 30 Sep. 2016</u>	<u>As of 1 Apr. 2016</u>
<i>Unrealized revenue relating to related parties</i>		
<i>Unrealized revenue relating to organizations and individuals</i>	<i>84,459,627,169</i>	<i>48,267,456,530</i>
Prepayment for office rental	7,018,265,560	7,351,570,058
Prepayment for providing system integration service	26,972,931,835	22,263,523,578
Prepayment for providing telecommunication service	50,468,429,774	18,652,362,894
Total	<u>84,459,627,169</u>	<u>48,267,456,530</u>

18b. Long-term unrealized revenue

	<u>As of 30 Sep. 2016</u>	<u>As of 1 Apr. 2016</u>
<i>Unrealized revenue relating to related parties</i>		
<i>Unrealized revenue relating to organizations and individuals</i>	<i>26,849,692,584</i>	<i>41,178,132,848</i>
Prepayment for providing telecommunication service	26,849,692,584	41,178,132,848
Total	<u>26,849,692,584</u>	<u>41,178,132,848</u>

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	<u>As of 30 Sep. 2016</u>	<u>As of 1 Apr. 2016</u>
<i>Payable to related parties</i>	-	-
<i>Payable to other organizations and individuals</i>	<i>35,188,802,869</i>	<i>41,832,036,185</i>
Redundant assets to be settled	30,967,112	19,919,112
Trade Union's expenditure	992,041,265	1,122,490,355
Social insurance, Health insurance, Unemployment insurance	2,260,453,458	2,800,600,392
Assuming short-term deposits and mortgages	7,504,249,074	403,950,000
Dividends, profit payable	2,973,670,508	98,697,000
Loan interest payable	300,444,690	2,963,854,772
Payable on loan without interest	3,779,627,331	12,141,603,770
Expenses for discount bonus, customer support paid on behalf of firms	2,895,655,072	3,477,809,764
Payable to Viet Nam Public Utility Telecommunication Service Fund	6,333,181,559	4,075,745,843
Payable to business cooperation partners	3,090,704,151	6,323,244,396
Others	5,027,808,649	8,404,120,781
Total	<u>35,188,802,869</u>	<u>41,832,036,185</u>

19b. Other long-term accounts payable

	<u>As of 30 Sep. 2016</u>	<u>As of 1 Apr. 2016</u>
<i>Payable to related parties</i>	-	-
<i>Payable to other organizations and individuals</i>	<i>6,446,449,036</i>	<i>14,858,414,063</i>
Assuming long-term deposits and mortgages	6,446,449,036	14,858,414,063
Total	<u>6,446,449,036</u>	<u>14,858,414,063</u>

19c. Outstanding overdue debts

The Group has not had any outstanding overdue debts.

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20. Short-term/long-term financial leasehold loans and debts**20a. Short-term financial leasehold loans and debts**

	As of 30 Sep. 2016	As of 1 Apr. 2016
<i>Short-term loans payable to related parties</i>	-	-
<i>Short-term loans payable to other organizations and individuals</i>	357,285,498,158	300,858,966,483
Short-term loans from banks	301,289,140,367	252,322,024,578
MB	146,325,873,080	22,427,725,632
BIDV	107,286,219,923	159,254,502,560
Vietinbank - District 10 Branch	17,677,047,364	22,739,796,386
VPBank	30,000,000,000	-
Agribank	-	47,900,000,000
Short-term loans from individuals	29,880,107,791	13,536,941,905
Due long-term loans (see Note V.20b)	26,116,250,000	35,000,000,000
Total	357,285,498,158	300,858,966,483

The Group has solvency to pay short-term loans.

Details of increases/decreases of short-term loans during the period are as follows:

	Short-term loans from banks	Short-term loans from individuals	Due long-term loans	Total
As of 1 Apr. 2016	252,322,024,578	13,536,941,905	35,000,000,000	300,858,966,483
Increase	1,167,333,626,404	21,879,976,000	-	1,189,213,602,404
Transfer from long-term loans and debts	-	-	1,116,250,000	1,116,250,000
Loan interest of the previous year included into principal	-	3,291,084,959	-	3,291,084,959
Amount already paid	(1,118,366,510,615)	(8,827,895,073)	(10,000,000,000)	(1,137,194,405,688)
As of 30 Sep. 2016	301,289,140,367	29,880,107,791	26,116,250,000	357,285,498,158

20b. Long-term financial leasehold loans and debts

	As of 30 Sep. 2016	As of 1 Apr. 2016
<i>Long-term loans payable to related parties</i>	-	-
<i>Long-term loans payable to other organizations and individuals</i>	101,392,092,983	100,835,467,983
Long-term loans from banks	99,719,217,983	99,719,217,983
BIDV (i)	99,719,217,983	99,719,217,983
Long-term loans from individuals (ii)	1,672,875,000	1,116,250,000
Total	101,392,092,983	100,835,467,983

The Group has solvency to pay long-term loans.

- (i) This is the long-term loan from BIDV – Transaction Office 1 in accordance with the long-term credit agreement No. 01/2013/2570354/HDTDDH dated 2 July 2013. The loan limit is VND

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200,000,000,000. The floating interest rate is adjusted every 3 months on the first date of each quarter. The loan term is 66 months from the initial disbursement date. The loans from bank are secured by the following assets: the whole machinery and equipment of CoreIP, CCBS, OLT, fixed assets of EOC and ODS; the exploitation right of APG Project; the project of construction on land located at Lot C1A, small handicraft and industrial zones of Cau Giay District, Dich Vong Hau Ward, Cau Giay District, Hanoi; 5 million shares of CMG owned by My Linh Investment Co., Ltd. (represented by Mr. Nguyen Trung Chinh – the Chairman of the Board of Members, and the General Director of CMC Corporation), 5 million shares of CMG owned by MVI Investment Co., Ltd. (represented by Mr. Ha The Minh – the Chairman of the Board of Members, and the Board Chairman of CMC Corporation); the guarantee of CMC Corporation; the whole assets on land of the project of building Internet Station in Hi-tech Area in Ho Chi Minh City owned by CMC Corporation; 2 Data Centers in Hanoi and Ho Chi Minh City.

- (ii) Contract No. 01.15/HĐVV-CMS dated 29 June 2015 used for business purpose, the term of 2 years, the loan interest rate of 5%/year and adjusted every 3 months based on the loan interest rate of the Bank, the interest is paid every 3 months.

Payment terms of long-term loans are as follows:

	Total debts	Under 1 year	From 1 year to 5 years	Over 5 years
As of 30 Sep. 2016				
Long-term loans from banks	124,719,217,983	25,000,000,000	99,719,217,983	
Long-term loans from individuals	2,789,125,000	1,116,250,000	1,672,875,000	
Total	127,508,342,983	26,116,250,000	101,392,092,983	-
As of 1 Apr. 2016				
Long-term loans from banks	134,719,217,983	35,000,000,000	99,719,217,983	
Long-term loans from individuals	1,116,250,000		1,116,250,000	
Total	135,835,467,983	35,000,000,000	100,835,467,983	-

Details of increases/decreases of long-term loans are as follows:

	Long-term loans from banks	Long-term loans from individuals	Total
As of 1 Apr. 2016	99,719,217,983	1,116,250,000	100,835,467,983
Increase		1,672,875,000	1,672,875,000
Transfer to short-term loans		(1,116,250,000)	(1,116,250,000)
Amount already paid			
As of 30 Sep. 2016	99,719,217,983	1,672,875,000	101,392,092,983

20c. Outstanding overdue financial leasehold loans and debts

The Group has had no outstanding overdue financial leasehold loans and debts.

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21. Provision for other short-term payable

	Provision for warranty of goods, products	Provision for warranty of projects	Total
As of 1 Apr. 2016	6,370,867,179	256,845,208	6,627,712,387
Increase due to appropriation	1,053,833,400	73,701,090	1,127,534,490
Disbursement	(104,109,166)		(104,109,166)
Refund	(512,000,000)		(512,000,000)
As of 30 Sep. 2016	<u>6,808,591,413</u>	<u>330,546,298</u>	<u>7,139,137,711</u>

22. Deferred income tax payable**22a. Deferred corporate income tax assets**

Deferred corporate income tax assets of the Group related to the deductible temporary differences due to the consolidation of financial statements. Details of increases/decreases are as follows:

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Beginning balance	450,249,832	610,259,884
Inclusion into business results	(26,528,510)	(324,310,012)
Ending balance	<u>423,721,322</u>	<u>285,949,872</u>

22b. Deferred corporate income tax payable

Deferred corporate income tax payable related to depreciation expenses of equipment of Tri thuc Building. Details of increases/decreases are as follows:

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Beginning balance	1,763,240,645	1,827,036,621
Inclusion into business results	(28,998,170)	(31,897,988)
Ending balance	<u>1,734,242,475</u>	<u>1,795,138,633</u>

Corporate income tax rate used to determine deferred income tax assets and deferred corporate income tax payable is 20% (that of the previous year was 22%).

23. Scientific and technological development fund

	Scientific and technological development fund	Scientific and technological development fund forming fixed assets	Total
As of 1 Apr. 2016	1,387,948,636		1,387,948,636
Appropriation of fund	2,260,169,446		2,260,169,446
As of 30 Sep. 2016	<u>3,648,118,082</u>	<u>-</u>	<u>3,648,118,082</u>

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24. Owner's equity

24a. Statement of fluctuations in owner's equity

	Owner's investment capital	Share premium	Treasury stocks	Exchange rate differences	Business promotion fund	Retained profit after tax	Total
As of 1 Apr. 2015	673,419,530,000	15,307,031,884	(6,840,260,634)	431,436,000	988,924,517	(15,299,081,895)	668,007,579,872
Increase due to additional issuance of shares in subsidiaries						98,447,379,122	98,447,379,122
Profit in the current period						48,390,479,087	48,390,479,087
Appropriation of funds							
Appropriation of bonus, welfare funds in the Group						(5,994,960,418)	(5,994,960,418)
Appropriation of bonus, welfare funds in associates						(656,453,082)	(656,453,082)
Adjustment of profit/loss in associates		(411,519,250)			(988,924,517)	1,457,170,480	56,726,713
As of 1 Apr. 2016	673,419,530,000	14,895,512,634	(6,840,260,634)	431,436,000		126,344,533,294	808,250,751,294
As of 1 Apr. 2016	673,419,530,000	14,895,512,634	(6,840,260,634)	431,436,000		176,375,861,039	858,282,079,039
Profit in the current period						56,393,988,787	56,393,988,787
Appropriation of bonus, welfare funds from the profit in the previous year in the Holding Company and subsidiaries						(3,488,445,779)	(3,488,445,779)
Appropriation of bonus of the BOM, the Board of Supervision from the profit in the previous year in the Holding Company and subsidiaries						(1,426,552,043)	(1,426,552,043)
Share of dividends from the profit in the previous year						(52,994,155,200)	(52,994,155,200)
Appropriation of bonus, welfare funds from the profit in the previous year in associates						(1,024,786,575)	(1,024,786,575)
Adjustment of profit/loss in associates						(64,293,567)	(64,293,567)
Appropriation of scientific and technological development fund from the profit in the current period						(2,260,169,446)	(2,260,169,446)
Effect due to change in rate of ownership in subsidiaries						(615,475,644)	(615,475,644)
As of 30 Sep. 2016	673,419,530,000	14,895,512,634	(6,840,260,634)	431,436,000		170,895,971,572	852,802,189,572

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

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24b. Details of the owner's contribution capital

	<u>As of 30 Sep. 2016</u>	<u>As of 1 Apr. 2016</u>
My Linh Investment Co., Ltd.	142,512,100,000	142,512,100,000
MVI Investment Co., Ltd.	141,616,000,000	141,616,000,000
Geleximco	93,935,960,000	93,935,960,000
Agribank	33,920,000,000	33,920,000,000
BaoViet Corporation	33,920,000,000	33,920,000,000
Other shareholders	216,522,880,000	216,522,880,000
Treasury stocks	10,992,590,000	10,992,590,000
Total	673,419,530,000	673,419,530,000

24c. Shares

	<u>As of 30 Sep. 2016</u>	<u>As of 1 Apr. 2016</u>
Number of shares registered to be issued	67,341,953	67,341,953
Number of common shares issued	67,341,953	67,341,953
- Common share	67,341,953	67,341,953
Number of common shares repurchased		
- Common share	1,099,259	1,099,259
Number of common shares outstanding		
- Common share	66,242,694	66,242,694

Face value per outstanding share: VND 10,000.

24d. Profit distribution

During the period, the Corporation has distributed profit in accordance with the Resolution of Year 2016 Annual General Meeting of Shareholders dated 29 June 2016 as follows:

	<u>VND</u>
• Share of dividends to shareholders	52,994,155,200
• Appropriation of bonus fund for Board of Management and the Board of Supervision	1,075,100,000
• Appropriation of bonus and welfare funds	3,082,222,724
- Temporary appropriation of bonus and welfare funds from the profit of 2015 recognized in the previous year	2,795,516,497
- Bonus and welfare funds additionally appropriated in 2016 from the profit of 2015	286,706,227

Besides, the Corporation has temporarily appropriated scientific and technological development fund from retained profit of the current period with the amount of VND 2,260,169,446.

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25. Interest of non-controlling shareholders

The interest of non-controlling shareholders shows the benefit of non-controlling shareholders in net value of assets of subsidiaries. Situation of fluctuation in the interest of non-controlling shareholders is as follows:

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Beginning balance	239,217,312,368	59,068,468,701
Increase due to additional issuance of shares in subsidiaries		155,504,083,204
Profit during the period	13,734,887,257	11,587,203,038
Appropriation of bonus, welfare funds from the profit of the previous year		(1,416,383,096)
Appropriation of bonus fund for Board of Management and the Board of Supervision from the profit of the previous year	(291,904,533)	
Share of dividends, profit from profit of the previous year	(9,119,796,600)	
Effect due to change in rate of ownership in subsidiaries	(440,524,356)	
Ending balance	243,099,974,136	224,743,371,847

26. Off-balance sheet items**26a. Foreign currencies**

	As of 30 Sep. 2016	As of 1 Apr. 2016
US Dollar (USD)	604,510.66	1,046,173.02
Japan Yen (¥)	74,137.00	74,137.00

VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE INTERIM CONSOLIDATED INCOME STATEMENT**1. Sales of selling goods and providing services****1a. Gross sales**

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Sales of selling goods	1,401,233,910,401	1,079,708,333,304
Sales of providing services	755,292,516,417	572,891,261,694
Total	2,156,526,426,818	1,652,599,594,998

1b. Sales of selling goods and providing services to related parties

Apart from transactions of selling goods and providing services to joint ventures, associates as presented in Note V.2c, the Group has not had any transactions of selling goods and providing services with related parties which are not joint ventures, associates.

2. Deductions

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Trade discounts	1,421,465,790	1,255,849,542
Sales returns	1,049,536,376	3,720,636,401
Sales allowances	10,159,091	
Total	2,481,161,257	4,976,485,943

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3. Costs of goods sold	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Costs of goods already sold	1,287,702,519,839	1,044,161,160,533
Costs of services already provided	593,742,166,232	367,079,845,356
Reversal of provision for devaluation of inventories	(174,309,541)	(1,853,552,604)
Total	1,881,270,376,530	1,409,387,453,285
4. Financial income	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Deposit, loan interest	8,987,324,554	4,058,655,974
Gain on exchange rate differences	230,487,983	2,040,619,435
Gain on exchange rate differences due to revaluation of monetary items in foreign currencies	53,259,502	81,254,932
Gain on deferred-payment goods	291,747,688	142,072,604
Others	9,562,819,727	1,229,162
Total	9,562,819,727	6,323,832,107
5. Financial expenses	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Loan interest expenses	15,151,060,839	14,437,563,115
Loss from exchange rate differences	492,872,962	4,848,806,347
Loss from exchange rate differences due to revaluation of monetary items in foreign currencies	-	345,519,102
Others	358,043	-
Total	15,644,291,844	19,631,888,564
6. Selling expenses	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Expenses for employees	61,901,709,875	57,265,527,324
Expenses for materials, packing	1,763,687,816	5,201,736,668
Expenses for tools, instruments	2,175,522,873	1,168,068,938
Depreciation of fixed assets	1,555,129,572	1,525,472,289
Provision for warranty of products, goods	1,152,653,957	524,043,411
External services hired	23,776,675,854	16,045,558,912
Others	14,155,990,376	13,687,505,417
Total	106,481,370,323	95,417,912,959

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7. Administrative overheads

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Expenses for employees	44,909,499,316	39,033,372,225
Expenses for managing materials	718,845,038	207,409,318
Expenses for office stationery	664,908,640	2,499,723,826
Depreciation of fixed assets	3,061,676,137	3,110,030,492
Taxes, fees and duties	343,375,065	243,844,265
Provision for bad debts	1,928,782,485	4,298,402,182
External services hired	25,402,775,497	15,711,006,780
Others	9,780,228,922	8,571,311,516
Total	86,810,091,100	73,675,100,604

8. Other income

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Fund Marketing supported	4,897,683,959	3,812,466,791
Taxes refunded	648,929,042	
Others	862,878,145	990,733,782
Total	6,409,491,146	4,803,200,573

9. Other expenses

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Loss from liquidation, disposal of fixed assets	569,335,836	
Expenses for holding Taipei Conference	681,426,981	
Payment for introduction of products	702,350,000	
Others	573,229,656	1,191,958,937
Total	2,526,342,473	1,191,958,937

10. Deferred corporate income tax

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Deferred corporate income tax incurred from refund of deferred income tax assets	26,528,510	324,310,012
Income from deferred corporate income tax incurred from refund of deferred corporate income tax payable	(28,998,170)	(31,897,988)
Total	(2,469,660)	292,412,024

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11. Earnings per share**11a. Basic earnings/declined interest per share**

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Accounting profit after corporate income tax	56,393,988,787	48,390,479,087
Appropriation of bonus, welfare funds	(4,689,090,341)	(2,997,480,209)
Appropriation for bonus of the BOM, the Board of Supervision	(748,249,598)	
Increase/decrease adjustments of accounting profit to determine profit contributed to the common shareholders	-	
Profit for determination of basic earnings/declined interest	50,956,648,848	45,392,998,878
Weight average number of common shares outstanding during the period	66,242,694	66,242,694
Basic earnings/declined interest per share	769	685

Number of common shares used to calculate basic earnings/declined interest per share is as follows:

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Common shares outstanding at the beginning of the year	66,242,694	66,242,694
Effects of common shares repurchased during the period		
Effects of common shares issued during the period		
Average common shares outstanding during the year	66,242,694	66,242,694

11b. Other information

There have not been any transactions of common shares or potential transactions of common shares from the balance sheet date to the disclosure date of these interim consolidated financial statements.

12. Operating expenses per element

	From 1 Apr. 2016 to 30 Sep. 2016	From 1 Apr. 2015 to 30 Sep. 2015
Expenses for materials and supplies	50,783,106,822	74,591,233,211
Labor costs	145,171,627,919	125,012,425,515
Depreciation of fixed assets	44,414,526,115	38,177,246,123
External services hired	505,639,326,398	332,337,888,573
Others	36,184,670,739	25,209,629,777
Total	782,193,257,993	595,328,423,199

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VII. ADDITIONAL INFORMATION ON THE ITEMS OF THE INTERIM CONSOLIDATED CASH FLOW STATEMENT

1. Receipts from borrowing

During the period, the Corporation has transferred the loan interest payable to individuals of the previous period into the loan principal with the amount of VND 3,291,084,959.

VII. OTHER INFORMATION

1. Transactions and balances with related parties

Related parties of the Group include: key managers, their related individuals and other related parties.

1a. Transactions and balances with key managers and their related individuals

The key managers include: members of the Board of Management and members of the Executive Officers (the Board of General Directors, Chief Financial Officer, Chief Accountant). Related individuals with the key managers are their relatives.

Transactions with the key managers and their related individuals

The Group has not had any transactions of selling goods and providing services as well as other transactions with the key managers and their related individuals.

Liabilities with the key managers and their related individuals

The Group has not had any liabilities with key managers and their related individuals.

1b. Transactions and balances with other related parties

Other related parties of the Group include:

Other related parties	Other related parties
Ciber - CMC	Associate
Netnam JSC.	Associate

Transactions with other related parties

Apart from transactions with associates as presented in Note V.2c, the Group has not had any transactions with other related parties.

Liabilities with other related parties

Liabilities with other related parties are presented in Notes V.3, V.4, V.5, V.6, V.15, V.16 and V.20.

Liabilities receivable from other related parties are unsecured and will be paid in cash. No provision for bad debts is made for liabilities receivable from other related parties.

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2. Segment information

2a. Business segments

The Group has had the major business segments as follows:

- Segment of integration service: provided by 3 companies which are CMC SI, CMC SI Saigon, CMC InfoSec.
- Segment of software service: provided by CMC Software.
- Segment of telecommunication service: provided by CMC Telecom.
- Segment of distribution and assembling: provided by CMC P&T, CMC Computer Co., Ltd.
- Segment of other services: provided by CMC Corporation.

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Information on the business results, fixed assets, other long-term assets and non-cash large expenses of business segments of the Group is presented as follows:

	Segment of integration service	Segment of software service	Segment of telecommunication service	Segment of distribution and assembling	Segment of other services	Adjustment due to consolidation	Total
From 1 Apr. 2016 to 30 Sep. 2016							
Net segment sales							
Net sales of selling goods and providing services externally	936,153,729,137	56,287,939,242	507,694,391,690	608,691,444,650	45,217,760,842		2,154,045,265,561
Net sales of selling goods and providing services among segments	18,659,080,887	4,983,295,301	2,195,064,678	3,971,259,860	12,571,618,812	(42,380,319,538)	-
Total net segment sales	954,812,810,024	61,271,234,543	509,889,456,368	612,662,704,510	57,789,379,654	(42,380,319,538)	2,154,045,265,561
Segment expenses (i)							
Segment business results	922,586,184,338	63,222,441,138	472,810,185,679	602,911,582,273	55,684,145,967	(42,159,470,437)	2,075,055,068,958
Segment profit before corporate income tax	32,226,625,686	(1,951,206,595)	37,079,270,689	9,751,122,237	2,105,233,687	(220,849,101)	78,990,196,603
	28,481,087,155	(2,009,835,259)	38,034,409,046	10,809,221,604	2,191,024,144	6,367,419,191	83,873,325,881
From 1 Apr. 2015 to 30 Sep. 2015							
Net segment sales							
Net sales of selling goods and providing services externally	600,015,877,621	51,894,314,766	375,271,979,397	580,811,836,145	39,629,101,126		1,647,623,109,055
Net sales of selling goods and providing services among segments	23,032,508,855	2,216,915,000	2,752,809,027	32,547,876,705	11,147,696,571	(71,697,806,158)	-
Total net segment sales	623,048,386,476	54,111,229,766	378,024,788,424	613,359,712,850	50,776,797,697	(71,697,806,158)	1,647,623,109,055

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

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	Segment of integration service	Segment of software service	Segment of telecommunication service	Segment of distribution and assembling	Segment of other services	Adjustment due to consolidation	Total
Segment expenses (i)	606,299,783,867	48,846,665,044	350,215,153,343	607,833,307,077	41,279,702,873	(68,690,887,752)	1,583,674,792,297
Segment business results	16,748,602,609	5,264,564,722	27,809,635,081	5,526,405,773	9,497,094,824	(3,006,918,406)	63,948,316,758
Segment profit before corporate income tax	15,512,074,303	5,271,307,294	25,725,339,947	7,313,410,523	6,516,116,152	3,775,869,178	64,114,117,397

(i) Segment expenses include costs, selling expenses and administrative overheads (not including loan interest expenses and other expenses)

(ii) Segment business results are equal to net segment sales less segment expenses.

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Assets and payable liabilities of the business segments of the Group are as follows:

	Segment of integration service	Segment of software service	Segment of telecommunication on service	Segment of distribution and assembling	Segment of other services	Total
As of 31 Mar. 2016						
Direct assets of segments	590,853,633,507	148,865,928,857	934,431,330,073	131,996,827,298	316,557,624,730	2,122,705,344,465
Assets allocated for segments						271,172,254,139
Assets not allocated for each segment						<u>2,393,877,598,604</u>
Total assets						1,294,327,316,814
Direct payable liabilities of segments	441,691,827,023	64,232,582,388	578,039,788,539	111,162,574,073	99,200,544,791	3,648,118,082
Payable liabilities allocated to segments						<u>1,297,975,434,896</u>
Payable liabilities not allocated for each segment						
Total liabilities payable						
As of 1 Apr. 2016						
Direct assets of segments	452,083,855,680	114,668,507,054	842,998,978,023	175,942,983,097	341,483,678,511	1,927,178,002,365
Assets allocated for segments						268,491,458,932
Assets not allocated for each segment						<u>2,195,669,461,297</u>
Total assets						1,096,782,121,254
Direct payable liabilities of segments	322,454,262,439	30,185,002,617	536,242,972,379	155,105,947,583	52,793,936,236	1,387,948,636
Payable liabilities allocated to segments						<u>1,098,170,069,890</u>
Payable liabilities not allocated for each segment						
Total liabilities payable						

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2b. Geographical segments

All the operations of the Group only take place in Vietnamese territory.

3. Comparative figures

The Group has reclassified some items in the interim consolidated income statements and the interim consolidated cash flow statement for the first 6 months of the fiscal year ended 31 March 2016.

	Code	Figures before adjustment	Adjustment	Adjusted figures
Interim consolidated income statement				
Costs of goods sold	11	1,420,225,420,753	(10,837,967,468)	1,409,387,453,285
Selling expenses	25	91,489,267,995	3,928,644,964	95,417,912,959
Administrative overheads	26	66,765,778,100	6,909,322,504	73,675,100,604
Financial income	21	9,820,749,107	(3,496,917,000)	6,323,832,107
Gain/loss in joint ventures, associates	24	1,171,373,011	3,496,917,000	4,668,290,011
Interim consolidated cash flow statement				
Loans given and purchase of debts instruments of other entities	23	-	(239,777,000,000)	(239,777,000,000)
Investments in other entities	25	(239,777,000,000)	239,777,000,000	-

4. Financial risk management

Operations of the Group include the following financial risks: credit risk, liquidity risk and market risk. The Board of General Directors is responsible for designing policies and controls to minimize financial risks as well as supervising the application of those policies and controls.

4a. Credit risk

Credit risk is the risk that a contractual party cannot perform its responsibilities, leading to a financial loss to the Group.

The Group has had credit risks mainly from accounts receivable from customers, cash in bank and loans given.

Receivable from customers

In order to manage accounts receivable from customers, the Board of General Directors has issued selling regulations with strict rules on purchasers, sale limit, credit limit and debt duration specifically. The Board of General Directors monthly checks the compliance with these regulations. In addition, accounting staffs often follow debts for recovery.

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Accounts receivable from customers of the Group related to many entities operating in various fields and geographic areas, therefore, the concentrated credit risk of accounts receivable from customers is low.

Cash in bank

Termed and demand deposits of the Corporation are deposited in prestigious banks in Vietnam, therefore, credit risk of cash in bank is low.

Loans given

The Group has given loans to its joint ventures, associates and the key managers. These entities and individuals are reputable and have good solvency, therefore, credit risk of loans given is low.

Maximum level of credit risk for financial assets is the net book value of the financial assets (See the Note VIII.5 regarding net book value of financial assets).

Analysis of overdue time and devaluation of financial assets is as follows:

	Not yet overdue or devalued	Already overdue and/or devalued	Total
As of 30 Sep. 2016			
Cash and cash equivalents	129,268,515,422		129,268,515,422
Investments held to maturity date	241,115,237,505		241,115,237,505
Receivable from customers	682,708,545,551	78,300,601,325	761,009,146,876
Loans given			-
Other receivable	107,085,813,616	8,795,098,691	115,880,912,307
Financial assets available for sale	980,000,000	686,417,400	1,666,417,400
Total	1,161,158,112,094	87,782,117,416	1,248,940,229,510
As of 1 Apr. 2016			
Cash and cash equivalents	87,680,257,918		87,680,257,918
Investments held to maturity date	238,980,223,937		238,980,223,937
Receivable from customers	572,221,480,458	77,315,976,913	649,537,457,371
Loans given	3,900,000,000		3,900,000,000
Other receivable	45,900,072,937	8,214,320,000	54,114,392,937
Financial assets available for sale	980,000,000	686,417,400	1,666,417,400
Total	949,662,035,250	86,216,714,313	1,035,878,749,563

4b. Liquidity risk

Liquidity risk is the risk that the Group will have difficulties in paying its financial liabilities due to lack of cash.

The Group's liquidity risk is mainly from financial assets and financial liabilities with different maturity dates.

The Group has managed the liquidity risk by frequently following current and forecasted payment requests to maintain a suitable amount of cash as well as loans at a reasonable level, supervising cash flow actually arising in comparison with estimation to minimize the effects of cash flow fluctuations.

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The payment term of non-derivative financial liabilities (not including interest payable) is based on estimated payments according to the contracts but not discounted yet as follows:

	Under 1 year	From 1 year to 5 years	Over 5 years	Total
As of 30 Sep. 2016				
Loans and debts	357,285,498,158	101,392,092,983		458,677,591,141
Payable to suppliers	329,602,144,964			329,602,144,964
Other payable	193,498,382,737	6,446,449,036		199,944,831,773
Total	880,386,025,859	107,838,542,019	-	988,224,567,878
As of 1 Apr. 2016				
Loans and debts	300,858,966,483	100,835,467,983		401,694,434,466
Payable to suppliers	315,110,390,205			315,110,390,205
Other payable	104,308,159,176	14,858,414,063		119,166,573,239
Total	720,277,515,864	115,693,882,046		835,971,397,910

The Board of General Directors realizes risk level for debt payment is low. The Group has liquidity of due debts by cash flows from business operations and receipts from due financial assets.

4c. Market risk

Market risk is the risk that fair value or cash flows in the future of financial instruments will change according to the market price's changes.

The market risk related to operations of the Group includes foreign currency risk, interest rate risk and risk related to price of goods.

The analyses of sensitivity and evaluations hereafter are related to the financial position the Group as of 30 September 2016 and 1 April 2016 and are based on the value of net liabilities. Changes in foreign exchange rates, interest rates used in the analyses of sensitivity are based on the evaluation of ability to occur within the next one year under observable circumstances of the market at present.

Foreign currency risk

Foreign currency risk is the risk that fair value or cash flows in the future of financial instruments will change according to the fluctuations of foreign exchange rates.

The Group manages risks concerning fluctuations in exchange rates by optimizing maturity of debts, forecasting foreign exchange rates, maintaining reasonably structure of borrowing and loans between foreign currencies and VND, choosing time of buying and paying of items in foreign currencies at the time of low foreign exchange rate, utilizing available cash resources to balance between foreign exchange risk and liquidity risk.

The Group has not used any derivative instruments to prevent foreign currency risk.

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Net assets in foreign currency of the Group are as follows:

	<u>As of 30 Sep. 2016 (USD)</u>	<u>As of 1 Apr. 2016 (USD)</u>
Cash and cash equivalents	604,510.66	1,046,173.02

The Board of General Directors realizes risk due to fluctuations in foreign exchange rate on profit after tax and owners' equity of the Group is not material.

Interest rate risk

Interest rate risk is the risk that fair value or cash flows in the future of financial instrument will change according to the market interest rate's changes.

Interest rate risk of the Group is mainly related to termed deposits, loans given and loans with floating interest rate.

The Group has managed the interest rate risk by analyzing the market situation to make reasonable decisions in choosing time of loans with suitable terms as to gain the most profitable interest rates as well as maintaining the suitable structure of termed deposits at floating rates and fixed rates.

Financial instruments with floating interest rate of the Group are as follows:

	<u>As of 30 Sep. 2016</u>		<u>As of 1 Apr. 2016</u>	
	<u>VND</u>	<u>USD</u>	<u>VND</u>	<u>USD</u>
Cash and cash equivalents	115,660,979,884	604,510.66	64,397,677,358	1,046,173.02
Investments held to maturity date	241,115,237,505		238,980,223,937	
Loans and debts	(401,694,434,466)		(466,504,232,549)	
Net assets/(liabilities)	<u>(44,918,217,077)</u>	<u>604,511</u>	<u>(163,126,331,254)</u>	<u>1,046,173.02</u>

As of the balance sheet date, with the assumption of other unchangeable variables, if the interest rate of loans in VND with floating rate increased/decreased by 2%/year, profit after tax and owner's equity in the current year of the Group would decrease/increase by VND 718,691,473 (last year they would have decreased/increased by VND 1,305,010,650).

Risk related to price of goods

The Group has risk related to fluctuations of price of goods. The Group manages this risk by strictly following up related information and situation of the market in order to manage purchasing time, production plan and inventory level appropriately.

The Group has not used any derivative instruments to prevent risk related to price of goods.

4d. Collaterals

The Group had no financial assets used as collaterals to other entities as well as no collaterals received from other entities as of 30 September 2016 and as of 1 April 2016.

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Notes to the interim consolidated financial statements (cont.)**5. Financial assets and liabilities***Financial assets*

Net book value of financial assets is as follows:

	As of 30 Sep. 2016		As of 1 Apr. 2016	
	Historical costs	Provision	Historical costs	Provision
Cash and cash equivalents	129,268,515,422		87,680,257,918	
Investments held to maturity dates	241,115,237,505		238,980,223,937	
Receivable from customers	761,009,146,876	(78,300,601,325)	649,537,457,371	(77,315,976,913)
Loans given	3,900,000,000		3,900,000,000	
Other receivables	54,114,392,937	(2,045,098,691)	54,114,392,937	(1,464,320,000)
Financial assets available for sale	1,666,417,400	(686,417,400)	1,666,417,400	(686,417,400)
Total	1,191,073,710,140	(81,032,117,416)	1,035,878,749,563	(79,466,714,313)

Financial liabilities

Net book value of financial liabilities is as follows:

	As of 30 Sep. 2016	As of 1 Apr. 2016
Loans and debts	458,677,591,141	401,694,434,466
Payable to suppliers	329,602,144,964	315,110,390,205
Other payables	199,944,831,773	122,815,273,560
Total	988,224,567,878	839,620,098,231

Fair values

The Group has not determined the fair values of financial assets and liabilities in accordance as the Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance as well as the prevailing regulations have not given out any detailed guidance.

6. Subsequent event

There have been no events after the balances sheet date which have not been considered to make adjustments on the figures or the disclosures in the interim consolidated financial statements.

Hanoi, 28 November 2016

Chief Accountant



Nguyen Hong Phuong

Chief Financial Officer



Le Thanh Son

General Director



Nguyen Trung Chinh