

CMC Corporation

Consolidated financial statements

For the year ended 31 March 2019



CMC Corporation

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CMC Corporation

GENERAL INFORMATION

THE COMPANY

CMC Corporation ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam in pursuant to the Business Registration Certificate No. 0100244112 issued by the Department of Planning and Investment of Hanoi City on 7 February 2007 and the subsequent amended Business Registration Certificates, with the latest is the 9th amendment being granted on 18 October 2018.

The current principal activities of the Company are:

- ▶ Provision of information technology services and products;
- ▶ Produce software, provision of software service and solution;
- ▶ Manufacturing, trading, repairing information technology machine and equipment;
- ▶ Real estate trading, provision of office for lease;
- ▶ Provision telecommunication service; and
- ▶ Other activities as registered in the Business Registration Certificate.

The Group's head office is located at CMC Tower, No. 11 Duy Tan street, Cau Giay district, Hanoi, Vietnam, and a branch is located at 9th floor, TNA building, 111 – 112 Ngo Gia Tu street, 10 district, Ho Chi Minh City, Vietnam.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr. Nguyen Trung Chinh	Chairman	
Mr. Hoang Ngoc Hung	Deputy Chairman	
Mr. Dao Manh Khang	Deputy Chairman	Resigned on 24 April 2018
Mr. Nguyen Phuoc Hai	Member	
Mr. Nguyen Minh Duc	Member	
Mr. Nguyen Kim Cuong	Member	
Mr. Ta Hoang Linh	Member	
Mr. Truong Tuan Lam	Member	
Mr. Nguyen Danh Lam	Member	
Mr. Le Viet Ha	Member	Appointed on 4 July 2018

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Ms. Vu Thi Phuong Thanh	Head of Board of Supervision	Members of the Board of Supervision. Appointed as the Head on 6 August 2018
Ms. Nguyen Thi Thanh Huyen	Head of Board of Supervision	Resigned on 6 August 2018
Mr. Truong Thanh Phuc	Member	
Mr. Nguyen Thanh Nam	Member	



CMC Corporation

GENERAL INFORMATION (continued)

MANAGEMENT

Members of the Management during the year and at the date of this report are:

Mr. Nguyen Trung Chinh	Chief Executive Officer
Mr. Hoang Ngoc Hung	Deputy General Director
Mr. Nguyen Phuoc Hai	Deputy General Director
Mr. Nguyen Hong Son	Deputy General Director
Mr. Ho Thanh Tung	Deputy General Director
Mr. Le Thanh Son	Chief Finance Officer

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Nguyen Trung Chinh, Chairman cum Chief Executive Officer.

AUDITOR

The auditor of the Group is Ernst & Young Vietnam Limited.

CMC Corporation

REPORT OF MANAGEMENT

Management of CMC Corporation ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group, and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing these consolidated financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company and its subsidiaries will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements.

For and on behalf of management:



Nguyễn Trung Chinh
Chief Executive Officer

17 June 2019

Reference: 61376291/20160708 - HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of CMC Corporation

We have audited the accompanying consolidated financial statements of CMC Corporation ("the Company") and its subsidiaries (collectively referred to as "the Group") as prepared on 17 June 2019 and set out on pages 6 to 50, which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 March 2019, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements.

Ernst & Young Vietnam Limited



CÔNG TY
TNHH
ERNST & YOUNG
VIỆT NAM
CHI NHÁNH
HÀ NỘI

Bùi Anh Tuấn
Deputy General Director
Audit Practising Registration
Certificate No. 1067-2018-004-1



Trinh Xuan Hoa
Auditor
Audit Practising Registration
Certificate No. 0754-2018-004-1

Hanoi, Viet Nam

17 June 2019

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CONSOLIDATED BALANCE SHEET
as at 31 March 2019


Currency: VND


Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		2,198,562,190,256	1,663,913,682,023
110	i. Cash and cash equivalents	4	432,733,780,074	143,491,061,936
111	1. Cash		394,999,780,074	109,591,061,936
112	2. Cash equivalents		37,734,000,000	33,900,000,000
120	ii. Short-term investments		223,273,612,595	193,092,020,501
123	1. Held-to-maturity investments	5	223,273,612,595	193,092,020,501
130	iii. Current accounts receivable		1,209,652,157,070	994,916,060,113
131	1. Short-term trade receivables	6.1	1,177,437,249,302	993,913,371,831
132	2. Short-term advances to suppliers	6.2	53,463,614,559	32,617,454,592
135	3. Short-term loan receivables	7	2,620,000,000	14,623,582,080
136	4. Other short-term receivables	8	67,635,261,284	71,337,053,547
137	5. Provision for doubtful short-term receivables	6.3	(91,503,968,075)	(117,575,401,937)
140	iv. Inventories	10	200,237,606,967	192,684,097,017
141	1. Inventories		203,267,845,570	194,858,149,499
149	2. Provision for obsolete inventories		(3,030,238,603)	(2,174,052,482)
150	v. Other current assets		132,665,033,550	139,730,442,456
151	1. Short-term prepaid expenses	16	20,493,276,813	17,919,597,290
152	2. Value-added tax deductible	11	111,683,475,762	121,167,599,708
153	3. Tax and other receivables from the State	19	488,280,975	643,245,458
200	B. NON-CURRENT ASSETS		1,510,357,168,585	1,333,714,379,617
210	i. Long-term receivables		12,463,472,294	7,640,220,204
216	1. Other long-term receivables	8	12,463,472,294	7,640,220,204
220	ii. Fixed assets		1,122,560,465,601	1,067,837,375,513
221	1. Tangible fixed assets	12	970,508,528,299	904,035,754,174
222	Cost		1,581,610,843,473	1,380,346,567,370
223	Accumulated depreciation		(611,102,315,174)	(476,310,813,196)
227	2. Intangible fixed assets	13	152,051,937,302	163,801,621,339
228	Cost		233,728,041,098	223,579,485,553
229	Accumulated amortisation		(81,676,103,796)	(59,777,864,214)
240	iii. Long-term assets in progress		180,387,839,413	97,345,519,308
242	1. Construction in progress	14	180,387,839,413	97,345,519,308
250	iv. Long-term investments		46,954,808,087	28,308,030,413
252	1. Investments in associates	15	38,574,808,087	27,301,030,413
253	2. Investment in other entities		-	980,000,000
255	3. Held-to-maturity investments	5	8,380,000,000	27,000,000
260	v. Other long-term assets		147,990,583,190	132,583,234,179
261	1. Long-term prepaid expenses	16	144,921,360,502	128,792,735,705
262	2. Deferred tax assets	35.3	666,848,377	774,497,957
269	3. Goodwill	17	2,402,374,311	3,016,000,517
270	TOTAL ASSETS		3,708,919,358,841	2,997,628,061,640

CONSOLIDATED BALANCE SHEET (continued)
as at 31 March 2019

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		2,346,363,852,243	1,749,084,725,166
310	I. Current liabilities		1,709,060,892,455	1,416,021,913,453
311	1. Short-term trade payables	18.1	585,503,818,147	532,115,754,871
312	2. Short-term advances from customers	18.2	67,366,085,045	103,694,757,256
313	3. Statutory obligations	19	42,540,361,401	33,669,667,569
314	4. Payables to employees		135,544,727,568	114,439,822,076
315	5. Short-term accrued expenses	20	282,580,257,484	246,142,641,726
318	6. Short-term unearned revenue	22	80,998,477,844	78,792,922,631
319	7. Other short-term payables	21	78,542,413,476	45,197,188,876
320	8. Short-term loans and finance lease obligations	23	412,315,744,530	240,031,831,833
321	9. Short-term provisions	24	10,065,211,922	8,276,507,185
322	10. Bonus and welfare fund	25	13,603,795,038	13,660,819,430
330	II. Non-current liabilities		637,302,959,788	333,062,811,713
336	1. Long-term unearned revenue	22	19,127,495,202	19,956,611,796
337	2. Other long-term liabilities	21	9,161,886,549	36,180,446,022
338	3. Long-term loans and finance lease obligations	23	588,094,030,002	261,077,425,415
341	4. Deferred tax liabilities	35.3	1,589,251,625	1,647,247,965
343	5. Scientific and technological development fund	26	19,330,296,410	14,201,080,515
400	D. OWNERS' EQUITY		1,362,555,506,598	1,248,543,336,474
410	I. Capital	27	1,362,555,506,598	1,248,543,336,474
411	1. Share capital		720,552,100,000	673,419,530,000
411a	- Shares with voting rights		720,552,100,000	673,419,530,000
411b	- Preference shares		-	-
412	2. Share premium		34,444,340,400	34,444,340,400
414	3. Other owners' capital		134,807,600,821	111,266,061,120
417	4. Investment and development fund		372,410,000	471,314,384
421	5. Undistributed earnings		167,459,270,889	156,183,722,979
421a	- Undistributed earnings by the end of prior year		29,300,143,388	39,160,241,315
421b	- Undistributed earnings of current year		138,159,127,501	117,023,481,664
429	6. Non-controlling interests		304,919,784,488	272,758,367,591
440	TOTAL LIABILITIES AND OWNERS' EQUITY		3,708,919,358,841	2,997,628,061,640


Chief Accountant
Nguyen Hong Phuong


Chief Finance Officer
Le Thanh Son



Chief Executive Officer
Nguyen Trung Chinh

17 June 2019

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2019

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	29.1	5,186,931,126,613	4,872,015,704,030
02	2. Deductions	29.1	1,215,750,948	2,173,679,639
10	3. Net revenue from sale of goods and rendering of services [10 = 01 - 02]	29.1	5,185,715,375,665	4,869,842,024,391
11	4. Cost of goods sold and services rendered	30	4,344,603,933,188	4,116,422,640,212
20	5. Gross profit from sale of goods and rendering of services [20 = 10 - 11]		841,111,442,477	753,419,384,179
21	6. Finance income	29.2	25,332,247,651	18,887,764,877
22	7. Finance expenses	31	50,428,877,857	28,692,050,183
23	<i>In which: Interest expenses</i>		47,649,698,941	28,218,630,957
24	8. Shares of profit of associates	15	20,733,263,357	17,952,134,556
25	9. Selling expenses	32	319,716,926,552	288,578,126,415
26	10. General and administrative expenses	32	269,835,733,846	269,855,905,234
30	11. Operating profit [30 = 20 + 21 - 22 + 24 - 25 - 26]		247,195,415,230	203,133,201,780
31	12. Other income	33	18,760,574,293	18,406,144,597
32	13. Other expenses	33	4,104,367,229	2,856,254,438
40	14. Other profit [40 = 31 - 32]	33	14,656,207,064	15,549,890,159
50	15. Accounting profit before tax [50 = 30 + 40]		261,851,622,294	218,683,091,939
51	16. Current corporate income tax expenses	35.2	47,549,485,720	39,139,402,938
52	17. Deferred tax expense/(income)	35.3	49,653,240	(442,983,805)

CONSOLIDATED INCOME STATEMENT (continued)
for the year ended 31 March 2019

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
60	18. Net profit after tax [60 = 50 - 51 - 52]		214,252,483,334	179,986,672,806
61	19. Net profit after tax attributable to shareholders of the parent	27.1	159,483,306,813	133,844,458,173
62	20. Net profit after tax attributable to non-controlling interests	27.1	54,769,176,521	46,142,214,633
70	21. Basic earnings per share	37	1,917	1,624
71	22. Diluted earnings per share	37	1,917	1,624



Chief Accountant
Nguyen Hong Phuong



Chief Finance Officer
Le Thanh Son



Chief Executive Officer
Nguyen Trung Chinh

17 June 2019

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2019

Currency: VND


Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		261,851,622,294	218,683,091,939
	<i>Adjustments for:</i>			
02	Depreciation of fixed assets and amortisation of intangible fixed assets (including amortisation of goodwill)	12, 13, 17	160,964,047,443	131,072,064,716
03	(Reversal of provision)/provisions		(23,426,543,004)	35,329,873,599
04	Foreign exchange losses/(gains) arisen from revaluation of monetary accounts denominated in foreign currency		320,317,366	(70,330,757)
05	Profits from investing activities		(38,743,424,276)	(35,753,661,523)
06	Interest expenses	31	47,649,698,941	28,218,630,957
08	Operating profit before changes in working capital		408,615,718,764	377,479,668,931
09	Increase in receivables		(193,250,165,031)	(367,609,237,046)
10	(Increase)/decrease in inventories		(8,409,696,071)	35,239,570,887
11	Increase in payables		172,403,932,585	220,398,132,703
12	Increase in prepaid expenses		(18,402,079,921)	(209,354,059)
14	Interest paid		(45,421,610,271)	(28,301,266,934)
15	Corporate income tax paid	19	(41,934,058,926)	(33,374,670,681)
17	Other cash outflows for operating activities		(16,713,409,516)	(4,114,516,321)
20	Net cash flows from operating activities		256,888,631,613	199,508,327,480
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase, construction of fixed assets and other long-term assets		(387,706,532,175)	(369,763,522,056)
22	Proceeds from disposals of fixed assets and other long-term assets		419,030,284	3,640,514,223
23	Loans to other entities and payments for purchase of debt instruments of other entities		(136,893,523,500)	(191,845,597,626)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		110,362,513,486	235,307,290,250
25	Payments for investments in other entities (net of cash held by entity being acquired)		-	16,751,172,457
26	Proceeds from sale of investments in other entities		980,000,000	399,970,333
27	Interest and dividends received		24,868,881,592	29,487,686,953
30	Net cash flows used in investing activities		(387,969,630,313)	(276,022,485,466)


CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 March 2019

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Capital contribution and issuance of shares and reissuance of treasury shares		4,900,000,000	26,389,088,400
33	Drawdown of borrowings		2,799,023,093,312	3,648,195,497,086
34	Repayment of borrowings		(2,299,722,576,028)	(3,498,574,319,499)
36	Dividends paid		(83,602,952,528)	(81,130,183,598)
40	Net cash flows from financing activities		420,597,564,756	94,880,082,389
50	Net increase in cash for the year		289,516,566,056	18,365,924,403
60	Cash and cash equivalents at the beginning of the year		143,491,061,936	125,069,823,641
61	Impact of exchange rate fluctuation		(273,847,918)	55,313,892
70	Cash and cash equivalents at the end of the year	4	432,733,780,074	143,491,061,936


Chief Accountant
Nguyen Hong Phuong


Chief Finance Officer
Le Thanh Son


Chief Executive Officer
Nguyen Trung Chinh



17 June 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 March 2019 and for the year then ended

1. CORPORATE INFORMATION

CMC Corporation ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam in pursuant to the Business Registration Certificate No. 010024412 issued by the Department of Planning and Investment of Hanoi City on 7 February 2007 and the subsequent amended Business Registration Certificates, with the latest is the 9th amendment being granted on 18 October 2018.

The current principal activities of the Company are:

- ▶ Provision of information technology services and products;
- ▶ Produce software, provision of software service and solution;
- ▶ Manufacturing, trading, repairing information technology machine and equipment;
- ▶ Real estate trading, provision of office for lease;
- ▶ Provision telecommunication service; and
- ▶ Other activities as registered in the Business Registration Certificate

The normal course of business cycle of the Company and its subsidiaries ("the Group") is 12 months.

The Group's head office is located at CMC Tower, No.11 Duy Tan street, Cau Giay district, Hanoi, Vietnam, and a branch is located at 9th floor, TNA building, 111 – 112 Ngo Gia Tu street, 10 district, Ho Chi Minh City, Vietnam.

The number of the Group's employees as at 31 March 2019 is 2,362 (as at 31 March 2018: 2,237).

Corporate structure

As at 31 March 2019, the Company has 12 subsidiaries. Details on these subsidiaries and the Company's ownership interest in its subsidiaries are as follows:

<i>Name of the entity</i>	<i>Head office's address</i>	<i>Principal activities</i>	<i>Equity interest</i>	<i>Voting rights</i>
CMC Software Solutions Company Limited	Hanoi	Software services	100%	100%
CMC Technology and Solution Company Limited (previously known as CMC System Integration Company Limited)	Hanoi	Providing IT solutions	100%	100%
CMC Information Security Joint Stock Company	Hanoi	Providing security information and security solution	99.94%	99.94%
CMC Production and Trading Company Limited	Hanoi	Distribution of IT products	100%	100%
CMC Blue France Company Limited (*)	France	BPO, ITO outsourcing services	100%	100%
CMC Telecommunication Infrastructure Corporation	Hanoi	Providing telecommunications services	54.63%	54.63%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

1. **CORPORATE INFORMATION** (continued)

Corporate structure (continued)

<i>Name of the entity</i>	<i>Head office's address</i>	<i>Principal activities</i>	<i>Equity interest</i>	<i>Voting rights</i>
CMC Global Company Limited	Hanoi	Software services	100%	100%
CMC Saigon Technology and Solution Company Limited (previously known as CMC Saigon System Integration Company Limited) (**)	Ho Chi Minh	Providing IT solutions	100%	100%
CMC Institute of Science and Technology	Hanoi	Research and application of high technology, new technologies in ICT fields	100%	100%
CMS Computer Company Limited	Hanoi	Production, assembly and distribution of computer	100%	100%
CMC Japan Joint Stock Company (**)	Japan	Software services	100%	100%
Ciber-CMC Joint Venture Company	Hanoi	Software services	51%	51%

(*) The operations of this company have been temporarily suspended.

(**) The Group indirectly exercises control over these entities through its subsidiaries, including CMC Technology and Solution Company Limited and CMC Global Company Limited.

2. **BASIS OF PREPARATION**

2.1 **Accounting standards and system**

The consolidated financial statements of the Group, which are expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standard issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.1 Accounting standards and system (continued)

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 Applied accounting documentation system

The Group's applied accounting documentation system is the General Journal system.

2.3 Fiscal year

The Group's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 April and ends on 31 March of the subsequent year.

2.4 Accounting currency

The consolidated financial statements are prepared in VND which is also the Group's accounting currency.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 March 2019.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtained control, and continued to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value ("NRV") represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

- Raw materials and goods - cost of purchase on a weighted average basis.
- Finished goods and work-in process - cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

3.3 Receivables

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Leased assets*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Where the Group is the lessee

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the lease term.

Where the Group is the lessor

Assets subject to operating leases are included as the Group's investment properties in the consolidated balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the consolidated income statement as incurred.

Lease income is recognised in the consolidated income statement on a straight-line basis over the lease term.

3.6 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

3.7 *Depreciation and amortization*

Depreciation of tangible fixed assets and amortisation of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	39 - 48 years
Machinery and equipment	2 - 8 years
Means of transportation	3 - 10 years
Office equipment	3 - 8 years
Copy rights, patent	5 years
Trademark	3 - 10 years
Computer software	3 - 8 years
Others	5 - 7 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 *Borrowing costs*

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as they are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

3.9 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the period for which the amounts are paid or the year in which economic benefits are generated in relation to these expenses.

Prepaid land rental

The prepaid land rental represents the unamortised balance of advance payment made in accordance with lease contract signed with Board of Management of Saigon Hi-tech Park on 11 August 2011 for a period of 50 years. Such prepaid rental is classified as long-term prepaid expenses for allocation to the consolidated income statement over the remaining lease period, according to Circular 45.

3.10 *Business combinations and goodwill*

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over 10-year period on a straight-line basis. The Group annually carries out test of impairment of goodwill, and if there is indicator that the impairment amount is higher than the annual amortisation, the excess of goodwill impairment over annual amortisation shall be expensed in the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Investments

Investment in associates

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that are neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights in the investee.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. The Group does not charge any amortisation on the goodwill, but annually carries out test of impairment of goodwill. The consolidated income statement reflects the Group's share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit/(loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend/profit sharing receivable from associates reduces the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting year as the Group and using the consistent accounting policies with the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Investments in other entities

Investments in other entities are stated at their acquisition cost.

Provision for diminution in value of held-for-trading securities and other investments

Provision is made for any diminution in value of investments in other entities at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance, amending and supplementing Circular 228. Increases or decreases to the provision balance are recorded as finance expense in the consolidated income statement.

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the financial statements and deducted against the value of such investments.

3.12 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 *Foreign currency transactions*

Transactions in currencies other than the Group's reporting currency (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- ▶ Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;
- ▶ Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual exchange rates at the balance sheet date which are determined as follows:

- ▶ Monetary assets are translated at buying exchange rate of the commercial bank where the Group conducts transactions regularly; and
- ▶ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly.

All foreign exchange differences incurred during the year and arising from the revaluation of monetary accounts denominated in foreign currency at year end are taken to the consolidated income statement.

3.14 *Scientific and technological development fund*

The scientific and technological development fund is created in order to invest in science and technology projects of the Group in accordance with Decree No. 95/2014/ND-CP issued by the Government on 17 October 2014 and Joint Circular No. 12/2016/TTLT-BKHCHN-BTC issued by the Ministry of Science and Technology ("MOSC") and the Ministry of Finance on 28 June 2016. The fund appropriation is approved by the Company's Board of Directors based on the budget for annual expenditure for scientific and technological development activities and appropriated from the net profit after corporate income tax.

3.15 *Appropriation of net profits*

Net profit after tax (excluding gain from bargain purchases) is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Group' Charter and the Vietnamese regulatory requirements.

The Group maintains the reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Appropriation of net profits* (continued)

Investment and development fund

This fund is set aside for use in the Group's expansion of its operations or of in-depth investments.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

3.16 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Revenue from rendering of information technology services

Revenue is recognised when services are rendered and completed at the end of the year.

Provision of software services

Revenue from provision of software services is recognised based on the volume of work completed and accepted by customers. When the acceptance minutes is not yet available in respect of ongoing contracts at the balance sheet date, revenue is recognised based on costs incurred which are assessed as recoverable.

Monthly charges from subscribers of telecommunication services

Monthly subscription charges are recognised in the consolidated income statement on a straight line basis over the subscription term of each customer.

Interconnection fees with other telecom operators

Revenue from interconnection fees is recorded when services are rendered and recorded at the amount of interconnection charges earned and based on the monthly reconciliation report between the Group and other telecom operators.

Rental income

Rental income arising from office rental is accounted for on a straight line basis over the terms of the lease.

Dividends

Income is recognised when the Group's entitlement as an investor to receive the dividend is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Revenue recognition (continued)

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

3.17 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the consolidated balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to off-set current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the consolidated balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.
- ▶ in respect of taxable temporarily differences associated with investments in and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.
- ▶ in respect of deductible temporarily differences associated with investments in associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Taxation* (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each consolidated balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the consolidated balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.18 *Segment information*

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

The Group's business segments are derived mainly from sales of products and provision of services.

3.19 *Related parties*

Parties are considered to be related parties of the Group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Group and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

4. CASH AND CASH EQUIVALENTS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	3,161,645,366	9,911,677,597
Cash at banks	390,919,766,588	99,679,384,339
Cash in transit	918,368,120	-
Cash equivalents (*)	37,734,000,000	33,900,000,000
TOTAL	<u>432,733,780,074</u>	<u>143,491,061,936</u>

(*) Cash equivalents comprise of bank deposits in VND with terms ranging from 1 month to 3 months, earning interest from 4.2% to 5.5% per annum (as at 31 March 2018: from 4.8% to 6.7% per annum).

5. HELD-TO-MATURITY INVESTMENTS

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>Cost</i>	<i>Carrying value</i>	<i>Cost</i>	<i>Carrying value</i>
Short-term				
Term deposits (*)	223,273,612,595	223,273,612,595	193,092,020,501	193,092,020,501
	<u>223,273,612,595</u>	<u>223,273,612,595</u>	<u>193,092,020,501</u>	<u>193,092,020,501</u>
Long-term				
Bonds (**)	8,380,000,000	8,380,000,000	-	-
Term deposits	-	-	27,000,000	27,000,000
TOTAL	<u>8,380,000,000</u>	<u>8,380,000,000</u>	<u>27,000,000</u>	<u>27,000,000</u>

(*) These represent bank deposits in VND with term from 4 months to 12 months and earn interest from 4.3% to 7% per annum (as at 31 March 2018: from 5.5% to 7% per annum).

(**) This represents an unsecured investment in bonds issued by Joint Stock Commercial Bank for Investment and Development of Vietnam with term of 7 years and earns floating interest rate equal to reference interest rate + 0.8% per annum and matures on 19 December 2025. The bond interest will be paid on an annual basis and principal will be paid on maturity date.

The Group also used these above bank deposits and bond as collaterals for bank overdrafts at Joint Stock Commercial Bank for Investment and Development of Vietnam (Note 23.1).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

6. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Short-term trade receivables

	Currency: VND	
	Ending balance	Beginning balance
Trade receivables from customers	1,174,658,249,302	986,717,941,377
Trade receivables from related parties (Note 36)	<u>2,779,000,000</u>	<u>7,195,430,454</u>
TOTAL	<u>1,177,437,249,302</u>	<u>993,913,371,831</u>
<i>Provision</i>	<i>(86,512,941,368)</i>	<i>(84,318,359,445)</i>

6.2 Short-term advances to suppliers

	Currency: VND	
	Ending balance	Beginning balance
IBM Vietnam Company Limited	15,659,805,480	-
Vietnam Diebold Nixdorf Company Limited	-	11,481,701,440
Advances to other suppliers	<u>37,803,809,079</u>	<u>21,135,753,152</u>
TOTAL	<u>53,463,614,559</u>	<u>32,617,454,592</u>
<i>Provision</i>	<i>(164,759,188)</i>	<i>(164,759,188)</i>

6.3 Provision for doubtful debts

	Currency: VND	
	Current year	Previous year
Opening balance	117,575,401,937	81,886,412,377
Provision created during the year	2,194,581,923	35,688,989,560
Reversal of provision during the year	<u>(28,266,015,785)</u>	<u>-</u>
Ending balance	<u>91,503,968,075</u>	<u>117,575,401,937</u>

In which:

<i>Provision for short-term trade receivables (Note 6.1)</i>	<i>(86,512,941,368)</i>	<i>(84,318,359,445)</i>
<i>Provision for advances to suppliers (Note 6.2)</i>	<i>(164,759,188)</i>	<i>(164,759,188)</i>
<i>Provision for other receivables (Note 8)</i>	<i>(4,826,267,519)</i>	<i>(4,826,267,519)</i>
<i>Provision for input value-added tax which has not been refunded (Note 11)</i>	<i>-</i>	<i>(28,266,015,785)</i>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

7. SHORT-TERM LOAN RECEIVABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Loans to individuals (*)	2,170,000,000	14,173,582,080
Others	450,000,000	450,000,000
TOTAL	<u>2,620,000,000</u>	<u>14,623,582,080</u>

(*) Mainly represent a VND loan of VND 2 billion provided to an individual with term of 12 months and earns interest at the rate of 11% per annum. This loan is secured by IT solutions and software which were/are/shall be registered at the government authorities by this individual.

8. OTHER RECEIVABLES

	<i>Currency: VND</i>			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Balance</i>	<i>Provision</i>	<i>Balance</i>	<i>Provision</i>
Short-term				
Advances for projects' implementation activities	33,316,640,931	-	52,808,097,265	-
Receivables from revenue not yet invoiced	10,213,369,206	-	-	-
Interest receivable	9,067,566,431	-	7,779,048,108	-
Deposits and mortgages	4,050,011,403	-	2,784,689,245	-
Receivables from the transfer of shares	3,500,000,000	(3,500,000,000)	3,500,000,000	(3,500,000,000)
Others	7,487,673,313	(1,326,267,519)	4,465,218,929	(1,326,267,519)
TOTAL	<u>67,635,261,284</u>	<u>(4,826,267,519)</u>	<u>71,337,053,547</u>	<u>(4,826,267,519)</u>
Long-term				
Deposits and mortgages	12,463,472,294	-	7,640,220,204	-
TOTAL	<u>12,463,472,294</u>	<u>-</u>	<u>7,640,220,204</u>	<u>-</u>
<i>In which:</i>				
<i>Other short-term receivables from related parties (Note 36)</i>	2,413,418,241	-	3,442,661,078	-
<i>Other receivables from third parties</i>	77,685,315,337	(4,826,267,519)	75,534,612,673	(4,826,267,519)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

9. BAD DEBTS

Currency: VND

	Ending balance		Beginning balance	
	Cost	Recoverable amount	Cost	Recoverable amount
Overdue subscription charges from individual customers	33,648,915,667	-	32,491,787,436	-
Other overdue receivables	58,441,547,871	586,495,463	56,817,598,716	-
Input value-added tax (Note 11)	-	-	103,677,266,836	75,411,251,051
TOTAL	92,090,463,538	586,495,463	192,986,652,988	75,411,251,051

10. INVENTORIES

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Goods in transit	4,256,796,063	-	23,207,452,423	-
Raw materials	63,388,186,568	-	39,551,800,973	(843,305,415)
Tools and supplies	934,901,708	-	708,818,222	-
Finished goods	18,345,753,006	-	6,588,615,258	-
Merchandise	71,633,510,317	(2,846,600,086)	90,655,443,060	(1,147,108,550)
Work in process	44,525,059,391	-	33,962,381,046	-
Goods on consignment	183,638,517	(183,638,517)	183,638,517	(183,638,517)
TOTAL	203,267,845,570	(3,030,238,603)	194,858,149,499	(2,174,052,482)

Movements of provision for obsolete inventories:

Currency: VND

	Current year	Previous year
Beginning balance	2,174,052,482	2,369,067,689
Provision created during the year	1,699,491,536	168,425,670
Reversal of provision during the year	(843,305,415)	(363,440,877)
Ending balance	3,030,238,603	2,174,052,482

11. DEDUCTIBLE VALUE ADDED TAX

This mainly represents deductible value added tax ("VAT") of VND 101.9 billion arising from the export of goods at CMC Production and Trading Company Limited, a subsidiary of the Company. These input VAT amounts were declared in previous years and the current year, but have not been approved for refund by the local tax authorities as of 31 March 2019. As at the date of these consolidated financial statements, the Group's management has assessed that these input VAT will be refunded by the local tax authorities (or will be fully deducted).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

12. TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery and equipment	Means of transportation	Office equipment	Other assets	Total
<i>Currency: VND</i>						
Cost:						
Beginning balance	207,341,313,652	570,036,067,732	559,481,948,855	37,999,533,684	5,487,703,447	1,380,346,567,370
- New purchase	-	79,314,134,663	11,087,160,337	8,795,981,971	39,805,786	99,237,082,757
- Transfer from construction in progress	3,385,006,187	64,373,207,778	37,586,330,173	-	1,064,062,363	106,408,606,501
- Disposal	-	(618,395,978)	-	(3,449,517,177)	-	(4,067,913,155)
- Reclassification to prepaid expenses	-	-	(313,500,000)	-	-	(313,500,000)
Ending balance	210,726,319,839	713,105,014,195	607,841,939,365	43,345,998,478	6,591,571,596	1,581,610,843,473
<i>In which:</i>						
Fully depreciated	772,426,300	75,855,797,075	52,649,054,384	13,636,871,491	2,874,914,106	145,789,063,356
Accumulated depreciation:						
Beginning balance	32,079,412,999	263,655,720,450	155,531,668,690	22,166,141,617	2,877,869,440	476,310,813,196
- Depreciation for the year	4,710,485,187	73,457,384,507	49,791,777,926	10,353,317,709	139,216,326	138,452,181,655
- Disposal	-	(313,715,023)	-	(3,333,689,052)	-	(3,647,404,075)
- Reclassification to prepaid expenses	-	-	(13,275,602)	-	-	(13,275,602)
Ending balance	36,789,898,186	336,799,389,934	205,310,171,014	29,185,770,274	3,017,085,766	611,102,315,174
Net carrying amount:						
Beginning balance	175,261,900,653	306,380,347,282	403,950,280,165	15,833,392,067	2,609,834,007	904,035,754,174
Ending balance	173,936,421,653	376,305,624,261	402,531,768,351	14,160,228,204	3,574,485,830	970,508,528,299
<i>In which:</i>						
Pledged/mortgaged as loan security	158,592,775,681	104,632,604,714	193,705,691,120	-	-	456,931,071,515

The Group used certain floor areas at CMC building, No. 11 Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi as office for lease to other parties.

The Group also used certain tangible fixed assets of CMC Telecommunication Infrastructure Corporation - a subsidiary of the Group as collaterals for bank loans as presented in Note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

13. INTANGIBLE FIXED ASSETS

	Copy right, patent, exploitation right (*)	Trademark	Computer software	Others	Total
Cost:					
Beginning balance	168,779,240,233	551,086,545	46,116,468,317	8,132,690,458	223,579,485,553
- New purchase	5,693,971,923	-	554,494,416	956,578,181	7,205,044,520
- Transfer from construction in progress	1,847,494,225	-	1,096,016,800	-	2,943,511,025
Ending balance	176,320,706,381	551,086,545	47,766,979,533	9,089,268,639	233,728,041,098
<i>In which:</i>					
Fully amortised	3,801,588,896	551,086,545	4,452,278,873	605,373,952	9,410,328,266
Accumulated amortisation:					
Beginning balance	34,090,678,792	533,528,001	22,198,901,777	2,954,755,644	59,777,864,214
- Amortization for the year	13,662,514,510	17,558,544	6,890,396,849	1,327,769,679	21,898,239,582
Ending balance	47,753,193,302	551,086,545	29,089,298,626	4,282,525,323	81,676,103,796
Net carrying amount:					
Beginning balance	134,688,561,441	17,558,544	23,917,566,540	5,177,934,814	163,801,621,339
Ending balance	128,567,513,079	-	18,677,680,907	4,806,743,316	152,051,937,302
<i>In which:</i>					
Pledged/mortgaged as loan security	120,759,934,295	-	-	-	120,759,934,295

(*) This includes the exploitation right of the APG cable network, which arises from the business co-operation contract between CMC Telecommunication Infrastructure Corporation, Viettel Group and FPT Telecom Joint Stock Company. This asset was used as collateral for the long-term loan from Joint Stock Commercial Bank for Investment and Development of Vietnam – BIDV (Note 23).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

14. CONSTRUCTION IN PROGRESS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
"CMC creative space" Project – CMC Saigon Tower (*)	81,927,199,279	37,894,585,438
Optical fibre transmission project	25,883,401,086	14,008,623,084
Repair costs for office and data center	19,447,338,533	-
Customer data storage project	11,060,951,557	-
Cable transmission project	8,570,682,332	15,114,584,276
Edocman product development project	6,995,040,000	1,741,200,000
Materials for construction of cable networks	5,041,525,873	12,049,105,060
"Development of registration management of land and assets on lands system" project	4,984,944,407	831,600,000
Others	16,476,756,346	15,705,821,450
TOTAL	<u>180,387,839,413</u>	<u>97,345,519,308</u>

(*) The Company used all assets being formed in future from this project as collaterals for the long-term loans at the commercial bank as disclosed in Note 23.

15. INVESTMENTS IN ASSOCIATES

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Ownership (%)</i>	<i>Voting rights (%)</i>	<i>Ownership (%)</i>	<i>Voting rights (%)</i>
Netnam Joint Stock Company	41.1%	41.1%	41.1%	41.1%

Netnam Joint Stock Company is a joint stock company established in pursuant to the Business License No. 0100896284 issued by Hanoi Department of Planning and Investment for the first time on 2 June 2010. This company's headquarter is at 18 Hoang Quoc Viet street, Nghia Do ward, Cau Giay district, Hanoi. The Company's principal activities are to provide internet services. As at 31 March 2019, the Company holds 41.1% equity interest in this associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

15. INVESTMENTS IN ASSOCIATES (continued)

Details of investments in associates are as follows:

	<i>Currency: VND</i>
	<i>Netnam Joint Stock Company</i>
Investment costs:	
Beginning balance and ending balance	<u>7,258,356,000</u>
Accumulated profit in associates:	
Beginning balance	20,042,674,413
Profit from associate	20,733,263,357
Dividends received	(8,145,760,200)
Reserve appropriation at associate	<u>(1,313,725,483)</u>
Ending balance	<u>31,316,452,087</u>
Ending value:	
Beginning balance	<u>27,301,030,413</u>
Ending balance	<u>38,574,808,087</u>

16. PREPAID EXPENSES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Prepaid rental for office and infrastructure	9,191,168,100	6,226,190,124
Tools and supplies	2,416,649,070	1,770,611,146
Repairs and maintenance	1,102,991,577	2,063,896,483
Others	<u>7,782,468,066</u>	<u>7,858,899,537</u>
TOTAL	<u>20,493,276,813</u>	<u>17,919,597,290</u>
Long-term		
Tools and supplies	79,986,146,861	86,850,562,876
Channel and server rental fees	39,845,176,401	12,127,276,251
Prepaid land rental	7,777,916,412	8,047,759,383
CMC Internet Security Enterprise anti-virus software development costs	3,214,153,257	4,017,691,569
Incident response and repair costs	3,188,660,430	4,536,326,327
Project implementation expenses	2,518,346,265	4,373,412,365
Agent fees for office lease contracts	517,317,474	977,592,157
Others	<u>7,873,643,402</u>	<u>7,862,114,777</u>
TOTAL	<u>144,921,360,502</u>	<u>128,792,735,705</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

17. GOODWILL

Currency: VND

	<i>Goodwill from acquisition of CMC Telecommunication Infrastructure Joint Stock Company</i>	<i>Goodwill from acquisition of CMC Information Security Joint Stock Company</i>	<i>Total</i>
Historical costs:			
Beginning balance and ending balance	3,328,783,614	2,807,478,449	6,136,262,063
Accumulated allocation:			
Beginning balance	1,997,270,166	1,122,991,380	3,120,261,546
- Allocation for the year	332,878,361	280,747,845	613,626,206
Ending balance	2,330,148,527	1,403,739,225	3,733,887,752
Carrying value:			
Beginning balance	1,331,513,448	1,684,487,069	3,016,000,517
Ending balance	998,635,087	1,403,739,224	2,402,374,311

18. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

18.1 Short-term trade payables

Currency: VND

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Balance</i>	<i>Payable amount</i>	<i>Balance</i>	<i>Payable amount</i>
Trade payables to suppliers	585,414,718,147	585,414,718,147	531,679,306,802	531,679,306,802
Trade payables to related parties (Note 36)	89,100,000	89,100,000	436,448,069	436,448,069
TOTAL	585,503,818,147	585,503,818,147	532,115,754,871	532,115,754,871

18.2 Advances from customers

Currency: VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Advances from customers	67.366.085.045	103.694.757.256
TOTAL	67.366.085.045	103.694.757.256

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

19. STATUTORY OBLIGATIONS

Currency: VND

	<i>Beginning balance</i>	<i>Payable for the year</i>	<i>Payment made in the year</i>	<i>Ending balance</i>
Corporate income tax (Note 35.2)	24,433,554,967	47,549,485,720	(41,934,058,926)	30,048,981,761
Personal income tax	2,240,112,807	21,870,514,699	(20,832,823,263)	3,277,804,243
Import, export tax	120,121,705	1,188,106,059	(1,145,458,911)	162,768,853
Value added tax	1,252,564,493	100,760,200,655	(100,407,272,299)	1,605,492,849
Value added tax from imported goods	-	32,756,657,274	(32,662,757,971)	93,899,303
Foreign Contractor Tax	4,731,100,053	40,329,323,695	(38,937,507,798)	6,122,915,950
Other taxes	248,968,086	6,014,169,305	(5,522,919,924)	740,217,467
TOTAL	33,026,422,111	250,468,457,407	(241,442,799,092)	42,052,080,426
<i>In which:</i>				
<i>Receivables</i>	(643,245,458)			(488,280,975)
<i>Payables</i>	33,669,667,569			42,540,361,401

20. SHORT-TERM ACCRUED EXPENSES

Currency: VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Expenses for external services	156,806,368,562	116,365,393,337
Expenses for integrated projects	87,090,613,765	55,105,893,188
Accruals for cost of completed assets	12,495,771,309	42,527,159,165
Payables for BCC contracts	8,963,287,280	15,488,013,498
VMS5 project expenses	9,920,665,802	8,642,297,981
Others	7,303,550,766	8,013,884,557
TOTAL	282,580,257,484	246,142,641,726

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

21. OTHER PAYABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Dividend payable	27,600,301,560	5,842,298,770
Interest-free loan payable	21,860,815,658	14,775,384,633
Payable to a joint venture partner	5,480,866,749	5,050,787,270
Discount, support costs collected on behalf of customers	4,484,859,565	3,324,858,930
Social, health, unemployment insurance	2,992,763,797	2,767,517,818
Deposits, mortgages received	2,968,828,278	1,213,049,306
Trade union fee	2,789,211,068	2,636,568,242
Payable to Public-utility Telecommunication Service Fund	1,904,258,892	3,727,110,027
Interest payable	818,410,714	587,710,554
Others	7,642,097,195	5,271,903,326
TOTAL	<u>78,542,413,476</u>	<u>45,197,188,876</u>
Long-term		
Deposits, mortgages received	9,161,886,549	11,739,391,022
Dividend payable	-	24,441,055,000
TOTAL	<u>9,161,886,549</u>	<u>36,180,446,022</u>
<i>In which:</i>		
<i>Other short-term payables to related parties (Note 36)</i>	21,860,815,658	14,775,384,633
<i>Other payables to third parties</i>	65,843,484,367	66,602,250,265

22. UNEARNED REVENUE

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Unearned revenue from provision of telecommunication services	71,077,965,871	69,560,307,503
Unearned revenue from office rental	7,047,133,893	7,262,673,801
Unearned revenue from system integration services	2,873,378,080	1,969,941,327
TOTAL	<u>80,998,477,844</u>	<u>78,792,922,631</u>
Long-term		
Unearned revenue from provision of telecommunication services	19,127,495,202	19,956,611,796
TOTAL	<u>19,127,495,202</u>	<u>19,956,611,796</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

23. LOANS AND FINANCE LEASES

Currency: VND

	Beginning balance		Movement during the year		Ending balance	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
Short-term loans						
Bank overdrafts (Note 23.1)	74,063,188,746	74,063,188,746	1,367,941,620,300	(1,333,934,107,730)	108,070,701,316	108,070,701,316
Loans from banks (Note 23.2)	108,079,497,537	108,079,497,537	969,704,321,863	(845,784,125,579)	231,999,693,821	231,999,693,821
Loans from others (Note 23.3)	38,889,145,550	38,889,145,550	42,641,328,579	(38,224,874,736)	43,305,599,393	43,305,599,393
Current portion of long-term loans from banks (Note 23.4)	19,000,000,000	19,000,000,000	91,719,217,983	(81,779,467,983)	28,939,750,000	28,939,750,000
TOTAL	240,031,831,833	240,031,831,833	2,472,006,488,725	(2,299,722,576,028)	412,315,744,530	412,315,744,530
Long-term loans						
Loans from banks (Note 23.4)	261,077,425,415	261,077,425,415	121,935,822,570	(91,719,217,983)	291,294,030,002	291,294,030,002
Bonds (Note 23.5)	-	-	296,800,000,000	-	296,800,000,000	296,800,000,000
TOTAL	261,077,425,415	261,077,425,415	418,735,822,570	(91,719,217,983)	588,094,030,002	588,094,030,002

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

23. LOANS (continued)

23.1 Bank overdrafts

These represent bank overdrafts from Joint Stock Commercial Bank for Investment and Development of Vietnam and Vietnam Maritime Commercial Joint Stock Bank, bearing interest from 6% to 7.4% per annum. The Group used certain bank deposits and a portion of its tangible fixed assets (Note 12) as collaterals for these overdrafts.

23.2 Short-term loans from banks

Details of short-term loans from banks are as follows:

<i>Bank</i>	<i>Ending balance (VND)</i>	<i>Principal and interest repayment term</i>	<i>Interest rate per annum</i>	<i>Description of collateral</i>
Military Commercial Joint Stock Bank	122,963,541,003	Term of each withdrawal within 6 months with the final withdrawal being repayable on 14 September 2019. Interest is payable on a monthly basis.	6% - 6.5%	Unsecured
Joint Stock Commercial Bank for Investment and Development of Vietnam	51,295,046,618	Term of each withdrawal within 6 months with the final withdrawal being repayable on 5 July 2019. Interest is payable on a monthly basis.	6.8% - 7.2%	A part of tangible fixed assets (Note 12) and the exploitation right of APG cable network of CMC Telecommunication Infrastructure Joint Stock Company (Note 13).
Vietnam Joint Stock Commercial Bank for Industry and Trade	30,135,737,124	Term of each withdrawal within 6 months with the final withdrawal being repayable on 15 July 2019. Interest is payable on a monthly basis.	5.8% - 7.2%	Unsecured
Vietnam Prosperity Joint Stock Commercial Bank	14,625,169,430	Term of each withdrawal within 6 months with the final withdrawal being repayable on 14 August 2019. Interest is payable on a monthly basis	7%	Unsecured
Vietnam Technology and Commercial Joint Stock Bank	6,299,074,437	Term of each withdrawal within 6 months with the final withdrawal being repayable on 21 September 2019. Interest is payable on a monthly basis	7.8%	Unsecured
Joint Stock Commercial Bank for Foreign Trade of Vietnam	6,681,125,209	Term of each withdrawal within 6 months with the final withdrawal being repayable on 2 September 2019. Interest is payable on a monthly basis.	5.7% - 6%	Unsecured
TOTAL	231,999,693,821			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

23. LOANS AND FINANCE LEASES (continued)

23.3 Other short-term loans

These represent unsecured loans from individuals with terms from 3 months to less than 1 year, with the final withdrawal being repayable on 15 October 2019. These loans bear interest at rates from 5% - 8.4% per annum and interest is payable on a monthly basis.

23.4 Long-term loans from banks

Details of long-term loans from banks are as follows:

Bank	Ending balance (VND)	Principal and interest repayment term	Interest rate per annum	Description of collateral
Joint Stock Commercial Bank for Foreign Trade of Vietnam	264,482,002,459	Loan principal and interest is payable on a quarterly basis up to 29 March 2023	8.4%	A part of tangible fixed assets of CMC Telecommunication Infrastructure Joint Stock Company.
	29,874,883,982	Loan principal and interest are payable on a semi-annual basis in accordance with the repayment schedule notified by the Bank.	8%	All machineries, equipment, land use right and assets on the land being formed in future from the "CMC creative space" project - CMC Sai Gon Tower of the Company.
	15,288,573,561	Loan principal and interest is payable on a quarterly basis up to 21 March 2025	8%	A part of tangible fixed assets of CMC Telecommunication Infrastructure Joint Stock Company.
Joint Stock Commercial Bank for Investment and Development of Vietnam	10,588,320,000	Loan principal and interest is payable on a quarterly basis up to 25 April 2019	8.5%	A part of tangible fixed assets (Note 12) and the exploitation right of APG cable network of CMC Telecommunication Infrastructure Joint Stock Company (Note 13).

TOTAL

320,233,780,002

In which:

- Current portion of long-term loans 28,939,750,000

- Long-term loans 291,294,030,002

23.5 Bonds

This represents bonds issued by the Company on 29 March 2019 to Joint Stock Commercial Bank for Investment and Development of Vietnam with term of 5 years and bear fixed interest rate of 8.8% per annum, being applicable for the first 2 interest calculation periods and floating interest rate for the following periods. The Company used all assets on the land of CMC Tower Building and share ownership, benefits arising from the investment in CMC Global Company Limited, CMC Software Solutions Company Limited and CMC Technology and Solution Company Limited as collaterals for this bond. The bond principal is fully repayable at the maturity date and interest is payable semi-annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

24. SHORT-TERM PROVISIONS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Provisions for warranty costs	10,065,211,922	8,276,507,185
TOTAL	<u>10,065,211,922</u>	<u>8,276,507,185</u>

25. BONUS AND WELFARE FUND

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	13,660,819,430	6,782,213,033
Created during the year (Note 27.1)	10,064,478,448	10,024,977,612
Utilized during the year	(10,121,502,840)	(3,146,371,215)
Ending balance	<u>13,603,795,038</u>	<u>13,660,819,430</u>

26. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	14,201,080,515	9,444,392,636
Created during the year (Note 27.1)	11,721,122,571	6,954,174,536
Utilized during the year	(6,591,906,676)	(2,197,486,657)
Ending balance	<u>19,330,296,410</u>	<u>14,201,080,515</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

27. OWNERS' EQUITY

27.1 Increase and decrease in owners' equity

Currency: VND

	Share capital	Share premium	Other capital	Treasury shares	Foreign exchange differences reserve	Undistributed earnings	Non-controlling interests	Total
Previous year:								
Beginning balance	673,419,530,000	14,895,512,634	-	(6,840,260,634)	431,435,000	224,324,078,760	262,911,207,499	1,169,141,504,259
- Re-issuance of treasury shares	-	19,548,827,766	-	6,840,260,634	-	-	-	26,389,088,400
- Increase due to business combination	-	-	-	-	-	-	10,986,506,116	10,986,506,116
- Profit for the year	-	-	-	-	-	133,844,458,173	46,142,214,633	179,986,672,806
- Dividend declared	-	-	-	-	-	(56,242,694,000)	(44,540,715,888)	(110,783,409,888)
- Appropriation of bonus and welfare fund	-	-	-	-	-	(8,345,009,444)	-	(8,345,009,444)
- Bonus for the Board of Directors and Supervisory Board	-	-	-	-	-	(6,954,174,536)	-	(6,954,174,536)
- Appropriation of scientific and technological development fund	-	-	-	-	-	(1,679,968,168)	-	(1,679,968,168)
- Changes due to the bonus issuance in subsidiary	-	-	111,266,061,120	-	-	(111,266,061,120)	-	-
- Other decrease	-	-	-	-	39,878,384	(7,496,906,686)	(2,740,844,769)	(10,197,873,071)
Ending balance	673,419,530,000	34,444,340,400	111,266,061,120	-	471,314,384	156,183,722,979	272,758,367,591	1,248,543,336,474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

27. OWNERS' EQUITY (continued)

27.1 Increase and decrease in owners' equity (continued)

	Share capital	Share premium	Other capital	Foreign exchange differences reserve	Undistributed earnings	Non-controlling interests	Total
Current year:							
Beginning balance	673,419,530,000	34,444,340,400	111,266,061,120	471,314,384	156,183,722,979	272,758,367,591	1,248,543,336,474
- Increase in capital during the year	-	-	-	-	-	4,900,000,000	4,900,000,000
- Profit for the year	-	-	-	-	159,483,306,813	54,769,176,521	214,252,483,334
- Stock dividends declared (i)	47,132,570,000	-	-	-	(47,132,570,000)	-	-
- Cash dividends declared (ii)	-	-	-	-	(53,873,562,401)	(27,046,337,917)	(80,919,900,318)
- Appropriation of bonus and welfare fund (iii)	-	-	-	-	(8,008,223,673)	(461,421,707)	(8,469,645,380)
- Bonus for the Board of Directors and Supervisory Board (iii)	-	-	-	-	(1,594,833,068)	-	(1,594,833,068)
- Appropriation of scientific and technological development fund (iii)	-	-	-	-	(11,721,122,571)	-	(11,721,122,571)
- Changes due to the bonus issuance in subsidiary (iv)	-	-	23,541,539,701	-	(23,541,539,701)	-	-
- Other decreases	-	-	-	(98,904,384)	(2,335,907,489)	-	(2,434,811,873)
Ending balance	720,552,100,000	34,444,340,400	134,807,600,821	372,410,000	167,459,270,889	304,919,784,488	1,362,555,506,598

(i) The Company declared dividends from undistributed earnings for the year ended 31 March 2018 in accordance with the Resolution No. 02/2018 NQ-DHDCĐ of the Annual General Meeting of shareholders for the year 2018 dated 4 July 2018 ("Resolution for the year 2018"). Accordingly, the Company has announced and paid stock dividends and cash dividends at the rate of 7% and 8%, respectively.

(ii) CMC Telecommunication Infrastructure Corporation, a subsidiary of the Group, declared dividends to shareholders in accordance with the Resolution of the Board of Directors No.09/2019/NQ-HĐQT dated 30 March 2019.

(iii) The Group also provisionally appropriated funds from profit after tax for the year ended 31 March 2019 in accordance with the approved profit appropriation plan as set out in the Resolution for the year 2018.

(iv) During the year, CMC Telecommunication Infrastructure Corporation, a subsidiary of the Group, had issued additional 4,309,437 bonus shares according to the Resolution No. 21/2018/NQ-DHDCĐ dated 16 August 2018 of the Annual General Meeting of this subsidiary. The Group has recognised the value of the bonus shares attributable to the Group to other capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

27. OWNERS' EQUITY (continued)

27.2 Details of owners' shares capital

	Ending balance			Beginning balance		
	Total	Ordinary shares	Preferred shares	Total	Ordinary shares	Preferred shares
MVI Investment Limited Company Hanoi General Import Export Joint Stock Company	13,942,849	13,942,849	-	13,030,700	13,030,700	-
PYV Elite Fund	4,396,555	4,396,555	-	4,053,810	4,053,810	-
My Linh Investment Limited Company	3,970,584	3,970,584	-	8,151,210	8,151,210	-
Vietnam Bank for Agriculture and Rural Development	3,629,440	3,629,440	-	3,392,000	3,392,000	-
Bao Viet Group	3,629,440	3,629,440	-	3,392,000	3,392,000	-
Other shareholders	32,435,195	32,435,195	-	25,928,637	25,928,637	-
TOTAL	72,055,210	72,055,210	-	67,341,953	67,341,953	-

27.3 Capital transactions with owners and distribution of dividends, profits

	Currency: VND	
	Current year	Previous year
Contributed capital		
Beginning balance	673,419,530,000	673,419,530,000
Increase during the year	47,132,570,000	-
Ending balance	<u>720,552,100,000</u>	<u>673,419,530,000</u>
Dividends/ profit declared	101,006,132,400	66,242,694,000
Dividends/ profit paid	100,744,466,610	65,930,522,710

27.4 Shares

	Ending balance	Beginning balance
Issued shares	72,055,210	67,341,953
Ordinary shares	72,055,210	67,341,953
Treasury shares	-	-
Ordinary shares	-	-
Shares in circulation	72,055,210	67,341,953
Ordinary shares	72,055,210	67,341,953

Par value of outstanding share: VND 10,000/share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

28. OFF BALANCE SHEET ITEMS

	<i>Ending balance</i>	<i>Beginning balance</i>
Foreign Currency		
- US Dollar (USD)	825,352	902,934

29. REVENUE

29.1 Revenue from sale of goods and rendering of services

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Gross revenue	5,186,931,126,613	4,872,015,704,030
<i>In which:</i>		
<i>Sale of goods</i>	2,993,157,467,446	2,902,007,155,753
<i>Rendering of services</i>	2,030,996,038,399	1,848,589,678,217
<i>Sale of finished goods</i>	162,777,620,768	121,418,870,060
Less	(1,215,750,948)	(2,173,679,639)
<i>Trade discounts</i>	(577,316,713)	(881,398,619)
<i>Sales returns</i>	-	(489,155,020)
<i>Sales allowances</i>	(638,434,235)	(803,126,000)
Net revenue	5,185,715,375,665	4,869,842,024,391
<i>In which:</i>		
<i>Sales to others</i>	5,183,300,772,438	4,858,706,052,984
<i>Sales to related parties (Note 36)</i>	2,414,603,227	11,135,971,407

29.2 Finance income

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest income	18,011,639,715	18,087,974,034
Foreign exchange gains	7,320,607,936	797,697,109
Other finance incomes	-	2,093,734
TOTAL	25,332,247,651	18,887,764,877

30. COST OF GOODS SOLD AND SERVICES RENDERED

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Cost of goods sold	2,686,730,105,354	2,653,816,546,729
Cost of services rendered	1,510,727,145,746	1,354,625,873,692
Cost of finished goods sold	147,146,682,088	107,980,219,791
TOTAL	4,344,603,933,188	4,116,422,640,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

31. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest expenses	47,649,698,941	28,218,630,957
Foreign exchange losses	1,885,756,910	83,791,835
Other finance expenses	893,422,006	389,627,391
TOTAL	<u>50,428,877,857</u>	<u>28,692,050,183</u>

32. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Selling expenses incurred during the year	319,716,926,552	288,578,126,415
Labour costs	189,626,039,403	173,799,636,351
Raw materials	9,359,082,208	7,762,689,558
Tools and supplies expenses	2,534,468,375	590,361,854
Depreciation expenses	3,677,541,029	4,354,369,344
Warranty costs of products, goods and services	3,156,479,914	5,293,729,451
Expenses for external services	71,692,621,140	58,737,047,333
Others	39,670,694,483	38,040,292,524
General and administrative expenses incurred during the year	269,835,733,846	269,855,905,234
Labour costs	173,006,578,034	136,680,328,537
Raw materials	5,030,046,511	3,328,016,894
Depreciation and amortisation expenses	9,005,329,893	9,926,730,993
Provisions	(26,071,433,862)	35,688,989,560
Expenses for external services	66,893,622,592	42,918,771,246
Others	41,971,590,678	41,313,068,004
TOTAL	<u>589,552,660,398</u>	<u>558,434,031,649</u>

33. OTHER INCOME AND EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Other income	18,760,574,293	18,406,144,597
Support fees for marketing activities	15,968,365,987	13,527,094,416
Others	2,792,208,306	4,879,050,181
Other expenses	4,104,367,229	2,856,254,438
Others	4,104,367,229	2,856,254,438
OTHER NET INCOME	<u>14,656,207,064</u>	<u>15,549,890,159</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

34. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Raw materials	185,157,017,342	179,495,294,899
Labour costs	513,507,064,412	412,896,088,032
Depreciation and amortisation	160,350,421,235	130,564,091,102
Expenses for external services	1,271,564,669,913	1,165,540,567,986
Others	139,167,131,424	126,980,137,271
TOTAL	<u>2,269,746,304,326</u>	<u>2,015,476,179,290</u>

35. CORPORATE INCOME TAX

The corporate income tax ("CIT") rate applicable to the Company and subsidiaries is 20% of taxable profits, except for the following entities:

- ▶ CMC Software Solution Company Limited: CIT rate is 10% for software production income within 15 years from the establishment year (2006). This subsidiary is also entitled to CIT exemption for 4 years starting from 2006 to 2009, and 50% reduction of CIT for 9 years from 2010 to 2018;
- ▶ CMC Information Security Joint Stock Company: CIT rate is 10% for software production income within 15 years from the establishment year (2008). This subsidiary is also entitled to CIT exemption for 4 years from 2011 to 2014, and 50% reduction of CIT for 9 years from 2015 to 2023; and
- ▶ Ciber-CMC Joint Venture Company: CIT rate is 10% for software production income within 15 years from the establishment year (2008). This subsidiary is also entitled to CIT exemption for 4 years starting from 2008 to 2011, and 50% reduction of CIT for 9 years from 2012 to 2020.

The tax returns filed by the Group are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

35.1 CIT expenses

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Current tax expenses	47,549,485,720	39,139,402,938
Deferred tax expense/(income)	49,653,240	(442,983,805)
TOTAL	<u>47,599,138,960</u>	<u>38,696,419,133</u>

35.2 Current tax expenses

The current CIT payable is based on taxable profit for the current year. The taxable profit of the Group for the year differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the consolidated balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

35. CORPORATE INCOME TAX (continued)

35.2 Current tax expenses (continued)

The reconciliation between taxable profit and accounting profit multiplied by CIT rate is presented below:

	Currency: VND	
	Current year	Previous year
Accounting profit before tax	261,851,622,294	218,683,091,939
Adjustments to increase/(decrease) accounting profit		
<i>Adjustments to increase:</i>		
Non-deductible expenses	7,277,188,627	11,911,756,888
Allowance for non-executive members of the Board of Directors and Supervisory Board	580,500,000	814,800,000
Impact of consolidation entries	3,230,311,769	9,615,720,161
<i>Adjustments to decrease:</i>		
Other decrease	(389,728,507)	(1,206,836,693)
Adjusted profit before tax losses carried forward	272,549,894,183	239,818,532,295
Carried forward tax losses	(48,514,263,078)	(59,547,367,467)
Estimated current taxable profit	224,035,631,105	180,271,164,828
Losses of subsidiaries	(22,507,223,161)	(19,932,011,955)
Taxable profit	246,542,854,266	200,203,176,783
<i>In which:</i>		
Taxable income at the tax rate of 20%	234,815,620,046	191,951,037,786
Taxable income at the tax rate of 10%	11,727,234,220	8,252,138,997
Estimated current CIT	48,135,847,431	39,215,421,456
Adjustment for CIT reduction	(586,361,711)	(412,606,950)
Adjustment of CIT payable in prior year	-	336,588,432
Current CIT after reduction	47,549,485,720	39,139,402,938
CIT payable at beginning of year	24,433,554,967	18,387,663,847
Increase due to business combination	-	281,158,863
CIT paid during the year	(41,934,058,926)	(33,374,670,681)
CIT payable at the end of year	30,048,981,761	24,433,554,967
<i>In which:</i>		
CIT payable at the end of year (Note 19)	30,048,981,761	24,929,321,177
CIT prepaid at the end of year	-	(495,766,210)

35.3 Deferred tax

The following are the deferred tax assets and deferred tax liabilities recognised by the Group, and the movements thereon, during the current and previous year:

	Currency: VND			
	<u>Consolidated balance sheet</u>		<u>Consolidated income statement</u>	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Unrealised profit from intra-group transactions	666,848,377	774,497,957	(107,649,580)	384,987,465
Deferred tax liabilities				
Temporary differences from depreciable lives of fixed assets	(1,589,251,625)	(1,647,247,965)	57,996,340	57,996,340
Net deferred tax credit/(charge) to consolidated income statement			(49,653,240)	442,983,805

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

35. CORPORATE INCOME TAX (continued)

35.4 Unrecognised deferred tax assets

Tax losses carried forward

The Company and its subsidiaries have tax losses carried forward from previous years and these tax losses are to be carried forward to the subsequent years to offset against taxable profits arising within 5 years subsequent to the year in which the loss was incurred. During the year ended 31 March 2019, the subsidiaries which incurred tax losses are CMC Institute of Science and Technology, CMC Information Security Joint Stock Company and CMC Global Company Limited. These are the estimated tax losses which have not been finalized by the local tax authorities as of the date of these consolidated financial statements.

The Company and its subsidiaries have not yet recognized deferred tax assets in respect of these carried forward tax losses due to uncertainty of future taxable profits.

36. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties for current and previous year were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Currency: VND</i>	
			<i>Current year</i>	<i>Previous year</i>
Netnam Joint Stock Company	Associate	Sales of goods and services	2,414,603,227	11,135,971,407
		Purchase of goods and services	3,622,550,000	8,381,470,972
		Dividend received	8,145,760,200	6,973,264,500
Ciber-CMC Joint Venture Company	Associate (up to 30 March 2018)	Dividend received	-	5,100,000,000
My Linh Investment Limited Company	Major shareholder	Consultant costs	-	3,686,671,393

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made based on contract negotiation.

Outstanding balances at 31 March 2019 are unsecured, interest free and will be settled in cash. For the year ended 31 March 2019, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (as at 31 March 2018: 0 VND). This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

36. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at consolidated balance sheet dates were as follows:

			<i>Currency: VND</i>	
<i>Related parties</i>	<i>Relationships</i>	<i>Transactions</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term trade receivables (Note 6.1)				
Netnam Joint Stock Company	Associate	Receivables from providing services	2,779,000,000	7,195,430,454
TOTAL			<u>2,779,000,000</u>	<u>7,195,430,454</u>
Other short-term receivables (Note 8)				
Other related parties	Other related parties	Advances	2,413,418,241	3,442,661,078
TOTAL			<u>2,413,418,241</u>	<u>3,442,661,078</u>
Short-term trade payables (Note 18.1)				
Netnam Joint Stock Company	Associate	Purchases of services and other payables	89,100,000	436,448,069
TOTAL			<u>89,100,000</u>	<u>436,448,069</u>
Other short-term payables (Note 21)				
Other related parties	Other related parties	Interest-free loans	21,860,815,658	14,775,384,633
TOTAL			<u>21,860,815,658</u>	<u>14,775,384,633</u>

Transactions with other related parties

Remuneration to members of the Board of Directors and Management:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Salaries and bonus for Board of Management	4,332,000,000	3,781,000,000
Remuneration to Board of Directors	989,300,000	1,072,800,000
TOTAL	<u>5,321,300,000</u>	<u>4,853,800,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

37. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year (Restated)</i>
Net profit after tax attributable to ordinary shareholders	159,483,306,813	133,844,458,173
Appropriation of Bonus and Welfare fund	(8,008,223,673)	(8,345,009,444)
Bonus for Board of Directors, Supervisory and Executive	(1,594,833,068)	(1,521,792,529)
Appropriation of scientific and technological development fund	<u>(11,721,122,571)</u>	<u>(6,954,174,536)</u>
Net profit attributable to ordinary equity holders for basic earnings	<u>138,159,127,501</u>	<u>117,023,481,664</u>
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	<u>72,055,210</u>	<u>72,055,210</u>
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	<u>72,055,210</u>	<u>72,055,210</u>
Earnings per share		
Basic earnings per share	1,917	1,624
Diluted earnings per share	1,917	1,624

Net profit used to compute earnings per share for the year ended 31 March 2019 was adjusted for the allocation from retained earnings to Bonus and Welfare funds, bonus for Boards of Director, Supervisory and Executive and to scientific and technological development fund in accordance with the approved profit appropriation plan as set out in the Resolution of Annual General Shareholders Meeting of 2018.

The weighted average number of ordinary shares (excluding treasury shares) for computing basic earnings per share for the year ended 31 March 2018 has been also adjusted to reflect the effect of the stock dividends during the current year.

There were no ordinary share transactions or other potential transactions of ordinary shares occurring from the balance sheet date to the date of completion of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

38. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

38.1 Business segment

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment:

	Information technology and IT services	Telecommunication services	Other services	Consolidation adjustments	Total
<i>Currency: VND</i>					
As at 31 March 2019 and for the year then ended					
Revenue					
Sales to external customers	2,809,786,072,638	1,394,686,887,091	981,242,415,936	-	5,185,715,375,665
Inter-segment sales	87,113,521,139	7,167,370,251	123,639,184,921	(217,920,076,311)	-
Total revenue	2,896,899,593,777	1,401,854,257,342	1,104,881,600,857	(217,920,076,311)	5,185,715,375,665
Expenses					
Segment expenses	2,818,377,852,443	1,239,946,037,845	1,094,710,111,859	(218,877,408,560)	4,934,156,593,587
Results					
Segment net profit before tax	78,521,741,334	161,908,219,497	10,171,488,998	957,332,249	251,558,782,078
Net profit before corporate income tax	78,521,741,334	161,908,219,497	30,904,752,355	(9,483,090,892)	261,851,622,294
Assets and liabilities					
Segment assets	879,963,554,014	1,522,257,205,237	1,034,067,804,597	-	3,436,288,563,848
Unallocated assets					272,630,794,993
Total assets					3,708,919,358,841
Segment liabilities	740,194,861,337	977,265,499,797	609,573,194,699	-	2,327,033,555,833
Unallocated liabilities					19,330,296,410
Total liabilities					2,346,363,852,243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

38. SEGMENT INFORMATION (continued)

38.1 Business segment (continued)

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment: (continued)

	Currency: VND				
	Information technology and IT services	Telecommunication services	Other services	Consolidation adjustments	Total
As at 31 March 2018 and for the year then ended					
Revenue					
Sales to external customers	2,883,555,157,992	1,190,062,661,907	796,224,204,492	-	4,869,842,024,391
Inter-segment sales	146,765,263,436	6,075,159,315	57,257,054,890	(210,097,477,641)	-
Total revenue	3,030,320,421,428	1,196,137,821,222	853,481,259,382	(210,097,477,641)	4,869,842,024,391
Expenses					
Segment expenses	2,995,494,744,035	1,047,216,637,522	821,424,740,053	(189,279,449,749)	4,674,856,671,861
Results					
Segment net profit before tax	34,825,677,393	148,921,183,700	32,056,519,329	(20,818,027,892)	194,985,352,530
Net profit before corporate income tax	44,630,490,031	141,723,644,861	34,461,791,958	(2,132,834,911)	218,683,091,939
Assets and liabilities					
Segment assets	783,926,061,630	1,434,306,899,193	554,979,049,386	-	2,773,212,010,209
Unallocated assets					224,416,051,431
Total assets					2,997,628,061,640
Segment liabilities	542,778,250,450	900,912,328,131	291,193,066,070	-	1,734,883,644,651
Unallocated liabilities					14,201,080,515
Total liabilities					1,749,084,725,166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2019 and for the year then ended

39. COMMITMENTS AND CONTINGENCIES

Operating lease commitment as a lessor

The Group lets out certain floor areas under operating lease arrangements. The minimum rental commitment as at the balance sheet dates under these operating lease agreements are as follows:

	Currency: VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	27,458,030,388	36,898,534,250
From 1 - 5 years	19,465,163,656	48,083,210,099
TOTAL	46,923,194,044	84,981,744,349

Operating lease commitment as a lessee

The Group leases assets under operating lease arrangements. The minimum lease commitment as at the balance sheet dates under these operating lease agreements are as follows:

	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	1,052,595,000	1,899,147,000
From 1 - 5 years	4,210,380,000	5,237,919,000
More than 5 years	33,283,700,230	34,336,295,230
TOTAL	38,546,675,230	39,574,214,230

41. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the consolidated balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Group.

Chief Accountant
Nguyen Hong Phuong

Chief Financial Officer
Le Thanh Son

Chief Executive Officer
Nguyen Trung Chinh

17 June 2019