

# **CMC Corporation**

Interim consolidated financial statements

30 September 2018



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# CMC Corporation

## GENERAL INFORMATION

### THE CORPORATION

CMC Corporation ("the Company") is a joint stock company incorporated in pursuant to the Business Registration Certificate No. 0103015824 issued by the Department of Planning and Investment of Hanoi on 7 February 2007 and the subsequent amended Enterprise Registration Certificates, with the latest is the 9<sup>th</sup> amendment being granted on 18 October 2018.

The current principal activities of the Company and its subsidiaries (collectively referred to as "the Group") are:

- ▶ Provision of information technology services and other services relating to computers;
- ▶ Producing software and providing services and solutions relating to software and content;
- ▶ Manufacturing, trading, repairing machineries and electronic equipments, communications and information technology,;
- ▶ Trading of real estate and land use rights and provision of leasing services;
- ▶ Provision of telecommunication services; and
- ▶ Other activities as registered in the Enterprise Registration Certificate.

The Group's normal course of business cycle is 12 months.

The Group's head office is located at CMC Tower, No. 11 Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi, Vietnam. The Group has a branch located at 9<sup>th</sup> floor, TNA building, No. 111 – 112 Ngo Gia Tu street, district 10, Ho Chi Minh city, Vietnam.

### BOARD OF DIRECTORS

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

Ms. Vu Thi Phuong Thanh	Head	Member of Board of Supervision. Appointed as the Head on 6 August 2018
Ms. Nguyen Thi Thanh Huyen	Head	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 period 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 period and at the date of this report is Mr. Nguyen Trung Chinh, Chairman cum Chief Executive Officer.

### AUDITOR

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



# CMC Corporation

## REPORT OF MANAGEMENT

Management of CMC Corporation ("the Company") is pleased to present this report and the interim consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") for the six-month period ended 30 September 2018.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the interim consolidated financial statements of each financial period which give a true and fair view of the interim consolidated financial position of the Group and of the interim consolidated results of its operations and its interim consolidated cash flows for the period. In preparing those interim 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 interim consolidated financial statements; and
- ▶ prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim consolidated financial position of the Group and 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 interim consolidated financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Group as at 30 September 2018, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of interim consolidated financial statements.

For and on behalf of management:



Nguyễn Trung Chinh  
Chief Executive Officer

29 November 2018

Reference: 61376291/20160708-HN/LR

## REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: **The Shareholders of CMC Corporation**

We have reviewed the accompanying interim consolidated financial statements of CMC Corporation ("the Company") and its subsidiaries (collectively referred to as "the Group") as prepared on 29 November 2018 and set out on pages 6 to 51, which comprise the interim consolidated balance sheet as at 30 September 2018, and the interim consolidated income statement and interim consolidated cash flow statement for the six-month period then ended and the notes thereto.

### ***Management's responsibility***

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

### ***Auditors' responsibility***

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Group as at 30 September 2018, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of interim 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

Hanoi, Viet Nam

29 November 2018

INTERIM CONSOLIDATED BALANCE SHEET  
as at 30 September 2018

Currency: VND

Code	ASSETS	Notes	30 September 2018	31 March 2018
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,934,862,243,097</b>	<b>1,663,913,682,023</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>140,399,896,261</b>	<b>143,491,061,936</b>
111	1. Cash		128,959,896,261	109,591,061,936
112	2. Cash equivalents		11,440,000,000	33,900,000,000
<b>120</b>	<b>II. Short-term investments</b>	<b>5</b>	<b>208,320,777,537</b>	<b>193,092,020,501</b>
123	1. Held-to-maturity investments		208,320,777,537	193,092,020,501
<b>130</b>	<b>III. Current accounts receivable</b>		<b>1,174,560,045,930</b>	<b>994,916,060,113</b>
131	1. Short-term trade receivables	6.1	1,119,128,284,006	993,913,371,831
132	2. Short-term advances to suppliers	6.2	66,460,573,560	32,617,454,592
135	3. Short-term loan receivables	7	8,855,463,680	14,623,582,080
136	4. Other short-term receivables	8	70,427,958,184	71,337,053,547
137	5. Provision for doubtful short-term receivables	6.3	(90,312,233,500)	(117,575,401,937)
<b>140</b>	<b>IV. Inventories</b>	<b>10</b>	<b>263,997,390,486</b>	<b>192,684,097,017</b>
141	1. Inventories		266,222,369,297	194,858,149,499
149	2. Provision for obsolete inventories		(2,224,978,811)	(2,174,052,482)
<b>150</b>	<b>V. Other current assets</b>		<b>147,584,132,883</b>	<b>139,730,442,456</b>
151	1. Short-term prepaid expenses	16	28,086,042,970	17,919,597,290
152	2. Value-added tax deductible	11	118,720,227,299	121,167,599,708
153	3. Tax and other receivables from the State		777,862,614	643,245,458
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>1,368,859,572,447</b>	<b>1,333,714,379,617</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>9,625,704,325</b>	<b>7,640,220,204</b>
216	1. Other long-term receivables	8	9,625,704,325	7,640,220,204
<b>220</b>	<b>II. Fixed assets</b>		<b>1,052,587,011,601</b>	<b>1,067,837,375,513</b>
221	1. Tangible fixed assets	12	896,932,670,305	904,035,754,174
222	Cost		1,438,462,567,108	1,380,346,567,370
223	Accumulated depreciation		(541,529,896,803)	(476,310,813,196)
227	2. Intangible fixed assets	13	155,654,341,296	163,801,621,339
228	Cost		226,431,524,194	223,579,485,553
229	Accumulated amortisation		(70,777,182,898)	(59,777,864,214)
<b>240</b>	<b>III. Long-term assets in progress</b>		<b>159,600,975,152</b>	<b>97,345,519,308</b>
242	1. Construction in progress	14	159,600,975,152	97,345,519,308
<b>250</b>	<b>IV. Long-term investments</b>		<b>30,191,844,062</b>	<b>28,308,030,413</b>
252	1. Investments in associates	15	29,184,844,062	27,301,030,413
253	2. Investment in other entities		980,000,000	980,000,000
255	3. Held-to-maturity investments		27,000,000	27,000,000
<b>260</b>	<b>V. Other long-term assets</b>		<b>116,854,037,307</b>	<b>132,583,234,179</b>
261	1. Long-term prepaid expenses	16	113,424,176,726	128,792,735,705
262	2. Deferred tax assets	34.3	720,673,167	774,497,957
269	3. Goodwill	17	2,709,187,414	3,016,000,517
<b>270</b>	<b>TOTAL ASSETS</b>		<b>3,303,721,815,544</b>	<b>2,997,628,061,640</b>



INTERIM CONSOLIDATED BALANCE SHEET (continued)  
as at 30 September 2018

Currency: VND

Code	RESOURCES	Notes	30 September 2018	31 March 2018
<b>300</b>	<b>C. LIABILITIES</b>		<b>2,003,696,051,190</b>	<b>1,749,084,725,166</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>1,667,146,719,503</b>	<b>1,416,021,913,453</b>
311	1. Short-term trade payables	18.1	502,336,066,575	532,115,754,871
312	2. Short-term advances from customers	18.2	67,989,318,461	103,694,757,256
313	3. Statutory obligations	19	45,505,292,246	33,669,667,569
314	4. Payables to employees		107,657,560,433	114,439,822,076
315	5. Short-term accrued expenses	20	314,972,951,746	246,142,641,726
318	6. Short-term unearned revenue	22	99,067,890,010	78,792,922,631
319	7. Other short-term payables	21	61,427,054,219	45,197,188,876
320	8. Short-term loan and finance lease obligations	23	456,324,704,444	240,031,831,833
321	9. Short-term provisions	24	6,830,127,942	8,276,507,185
322	10. Bonus and welfare fund		5,035,753,427	13,660,819,430
<b>330</b>	<b>II. Non-current liabilities</b>		<b>336,549,331,687</b>	<b>333,062,811,713</b>
336	1. Long-term unearned revenue	22	21,179,740,794	19,956,611,796
337	2. Other long-term liabilities	21	9,535,848,653	36,180,446,022
338	3. Long-term loans and finance lease obligations	23	292,917,136,441	261,077,425,415
341	4. Deferred tax liabilities	34.3	1,618,249,795	1,647,247,965
343	5. Scientific and technological development fund	25	11,298,356,004	14,201,080,515
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>1,300,025,764,354</b>	<b>1,248,543,336,474</b>
<b>410</b>	<b>I. Capital</b>	<b>26</b>	<b>1,300,025,764,354</b>	<b>1,248,543,336,474</b>
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. Foreign exchange differences reserve		391,748,170	471,314,384
421	5. Undistributed earnings		109,310,787,398	156,183,722,979
421a	- Undistributed earnings by the end of prior year		30,970,233,979	39,160,241,315
421b	- Undistributed earnings of current period/year		78,340,553,419	117,023,481,664
429	6. Non-controlling interests		300,519,187,565	272,758,367,591
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>3,303,721,815,544</b>	<b>2,997,628,061,640</b>

Preparer  
Nguyen Hong Phuong

Chief Finance Officer  
Le Thanh Son

Chief Executive Officer  
Nguyen Trung Chinh

29 November 2018

INTERIM CONSOLIDATED INCOME STATEMENT  
for the six-month period ended 30 September 2018

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
01	1. Revenue from sale of goods and rendering of services	28.1	2,492,435,336,217	2,415,682,711,204
02	2. Deductions	28.1	9,317,358,521	7,533,931,957
10	3. Net revenue from sale of goods and rendering of services [10 = 01 - 02]	28.1	2,483,117,977,696	2,408,148,779,247
11	4. Cost of goods sold and services rendered	29	2,090,286,705,007	2,041,099,974,986
20	5. Gross profit from sale of goods and rendering of services [20 = 10 - 11]		392,831,272,689	367,048,804,261
21	6. Finance income	28.2	10,677,166,599	8,497,687,616
22	7. Finance expenses	30	22,539,774,318	14,363,572,146
23	In which: Interest expenses		21,480,059,947	14,124,860,090
24	8. Shares of profit of associates	15	10,230,034,577	9,751,625,814
25	9. Selling expenses	31	153,572,072,550	138,628,737,973
26	10. General and administrative expenses	31	123,689,731,687	105,080,118,796
30	11. Operating profit [30 = 20 + 21 - 22 + 24 - 25 - 26]		113,936,895,310	127,225,688,776
31	12. Other income	32	9,371,079,766	7,669,081,798
32	13. Other expenses	32	1,358,928,808	2,600,297,257
40	14. Other profit [40 = 31 - 32]	32	8,012,150,958	5,068,784,541
50	15. Accounting profit before tax [50 = 30 + 40]		121,949,046,268	132,294,473,317
51	16. Current corporate income tax expenses	34.2	20,261,424,548	20,148,886,689
52	17. Deferred tax expense/(income)	34.3	24,826,620	(346,904,034)





INTERIM CONSOLIDATED INCOME STATEMENT (continued)  
for the six-month period ended 30 September 2018

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
60	18. Net profit after tax [60 = 50 - 51 - 52]		101,662,795,100	112,492,490,662
61	19. Net profit after tax attributable to shareholders of the parent	26.1	78,340,553,419	89,198,399,318
62	20. Net profit after tax attributable to non-controlling interests	26.1	23,322,241,681	23,294,091,344
70	21. Basic earnings per share	36	1,087	1,081
71	22. Diluted earnings per share	36	1,087	1,081

  
Preparer  
Nguyen Hong Phuong

  
Chief Finance Officer  
Le Thanh Son

  
Chief Executive Officer  
Nguyen Trung Chinh



29 November 2018



INTERIM CONSOLIDATED CASH FLOW STATEMENT  
for the six-month period ended 30 September 2018


Currency: VND


Code	ITEMS	Notes	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Profit before tax</b>		<b>121,949,046,268</b>	<b>132,294,473,317</b>
	<i>Adjustments for:</i>			
02	Depreciation of tangible fixed assets and amortisation of intangible fixed assets (including amortisation of goodwill)	12,13,17	77,348,244,214	61,263,076,682
03	Reversal of provisions		(28,658,621,351)	(281,345,478)
04	Unrealised foreign exchange losses/(gains)		41,235,656	(70,330,757)
05	Profits from investing activities		(18,581,669,655)	(17,918,730,175)
06	Interest expenses	30	21,480,059,947	14,124,860,090
08	<b>Operating profit before changes in working capital</b>		<b>173,578,295,079</b>	<b>189,412,003,679</b>
09	Increase in receivables		(162,088,386,049)	(272,350,859,818)
10	(Increase)/decrease in inventories		(71,364,219,798)	28,846,970,446
11	Increase in payables		119,078,545,771	171,205,258,529
12	Decrease in prepaid expenses		5,502,337,698	774,235,291
14	Interest paid		(15,041,492,299)	(10,394,534,497)
15	Corporate income tax paid	19	(23,565,545,836)	(20,740,340,705)
17	Other cash outflows for operating activities		(12,544,762,351)	(4,226,835,064)
20	<b>Net cash flows from operating activities</b>		<b>13,554,772,215</b>	<b>82,525,897,861</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase, construction of fixed assets and other long-term assets		(214,924,820,490)	(167,523,814,805)
22	Proceeds from disposals of fixed assets and other long-term assets		362,784,150	2,142,222,750
23	Loans to other entities and payments for purchase of debt instruments of other entities		(102,500,000,000)	(157,650,000,000)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		93,039,361,364	230,726,327,700
26	Proceeds from sale of investments in other entities		-	627,044,400
27	Interest and dividends received		20,727,553,870	14,029,582,861
30	<b>Net cash flows used in investing activities</b>		<b>(203,295,121,106)</b>	<b>(77,648,637,094)</b>


INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the six-month period ended 30 September 2018

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Capital contribution		4,900,000,000	-
33	Drawdown of borrowings		1,344,308,866,321	1,678,064,678,659
34	Repayment of borrowings		(1,096,176,282,684)	(1,602,922,074,310)
36	Dividends paid		(66,353,879,170)	(80,850,925,350)
<b>40</b>	<b>Net cash flows from/(used in) financing activities</b>		<b>186,678,704,467</b>	<b>(5,708,321,001)</b>
<b>50</b>	<b>Net cash flow for the period</b>		<b>(3,061,644,424)</b>	<b>(831,060,234)</b>
<b>60</b>	<b>Cash and cash equivalents at the beginning of the period</b>		<b>143,491,061,936</b>	<b>125,069,823,641</b>
61	Impact of exchange rate fluctuation		(29,521,251)	55,978,775
<b>70</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>140,399,896,261</b>	<b>124,294,742,182</b>

  
Preparer  
Nguyen Hong Phuong

  
Chief Finance Officer  
Le Thanh Son

  
Chief Executive Officer  
Nguyen Trung Chinh



29 November 2018



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
as at 30 September 2018 and for the six-month period then ended

## 1. CORPORATE INFORMATION

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The number of employees of the Company and its subsidiaries (collectively referred to as "the Group") as at 30 September 2018 is 2,365 (31 March 2018: 2,237).

### **Corporate structure**

As at 30 September 2018, the Company has 12 subsidiaries. Details on these subsidiaries and the Company's ownership interest in these 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 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%
CMC Global Company Limited	Hanoi	Software services	100%	100%



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

**1. CORPORATE INFORMATION** (continued)

**Corporate structure** (continued)

<i>Name</i>	<i>Head office's address</i>	<i>Principal activities</i>	<i>Equity interest</i>	<i>Voting rights</i>
CMC Institute of Science and Technology	Hanoi	Research and application of high technology, new technologies in ICT fields	100%	100%
CMC Sai Gon System Integration Company Limited (**)	Ho Chi Minh City	Providing IT solutions	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 System Integration Company Limited, CMC Production and Trading Company Limited, and CMC Global Company Limited.

**2. BASIS OF PREPARATION**

**2.1 Accounting standards and system**

The interim consolidated financial statements of the Group, which are expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards 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).

Accordingly, the accompanying interim 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 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

**2. BASIS OF PREPARATION** (continued)

**2.3 Fiscal year**

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

**2.4 Accounting currency**

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

**2.5 Basis of consolidation**

The interim consolidated financial statements comprise the interim financial statements of the Company and its subsidiaries for the six-month period ended 30 September 2018.

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 Company and are presented separately in the interim consolidated income statement and within equity in the interim 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.

**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.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.2 Inventories (continued)**

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 interim consolidated income statement.

**3.3 Receivables**

Receivables are presented in the interim 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 interim 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 interim 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 interim consolidated income statement.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period 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 interim 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 interim consolidated balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the interim consolidated income statement as incurred.

Lease income is recognised in the interim 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 interim 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 interim 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, patents	5 years
Trademark	3 - 10 years
Computer softwares	3 - 8 years
Others	5 - 7 years

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period 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 period in which they are incurred, except the borrowing costs those 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 interim consolidated balance sheet and amortised over the period for which the amounts are paid or the period 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 the Management Board of Ho Chi Minh city's 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 interim 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 interim 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 an indicator that the impairment amount is higher than the annual amortisation, the excess of goodwill impairment over annual amortisation shall be expended in the period.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period 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 interim 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 interim 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 interim 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 interim financial statements of the associates are prepared for the same reporting period 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 acquisition cost.

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

Provision is made for any diminution in value of the held-for-trading securities and 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. Increases or decreases to the provision balance are recorded as finance expense in the interim 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 finance expense in the interim consolidated 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period 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 period, 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 period and arising from the revaluation of monetary accounts denominated in foreign currency at period-end are taken to the interim consolidated income statement.

**3.14 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's 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.

*Investment and development fund*

This fund is set aside for use in the Group's expansion of its operation 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 interim consolidated balance sheet.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.15 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.

*Rendering of information and technology services*

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

*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 interim 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 interim 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.

*Interest*

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



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.16 Taxation**

*Current income tax*

Current income tax assets and liabilities for the current and prior periods 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 interim consolidated balance sheet date.

Current income tax is charged or credited to the interim 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 interim consolidated balance sheet date between the tax base of assets and liabilities and their carrying amount for interim 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.

The carrying amount of deferred tax assets is reviewed at each interim 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 interim 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.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.16 Taxation (continued)**

*Deferred tax (continued)*

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 interim consolidated balance sheet date.

Deferred tax is charged or credited to the interim 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.

**3.17 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.

**3.18 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

**4. CASH AND CASH EQUIVALENTS**

	Currency: VND	
	30 September 2018	31 March 2018
Cash on hand	29,711,230,718	9,911,677,597
Cash at banks	99,248,665,543	99,679,384,339
Cash equivalents (*)	11,440,000,000	33,900,000,000
<b>TOTAL</b>	<b>140,399,896,261</b>	<b>143,491,061,936</b>

(\*) Cash equivalents as at 30 September 2018 comprised VND bank deposits with terms from 1 month to 3 months and earn interest rates ranging from 4.2% to 5.5% per annum (as at 31 March 2018: from 4.8% to 6.7% per annum).

**5. SHORT-TERM INVESTMENTS**

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

The Group used certain bank deposits as collateral for bank overdrafts at Joint Stock Commercial Bank for Investment and Development of Vietnam - BIDV (Note 23.1).

**6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS**

**6.1 Short-term trade receivables**

	Currency: VND	
	30 September 2018	31 March 2018
Trade receivables from customers	1,109,496,353,335	986,717,941,377
Trade receivables from related parties (Note 35)	9,631,930,671	7,195,430,454
<b>TOTAL</b>	<b>1,119,128,284,006</b>	<b>993,913,371,831</b>
Provision for doubtful debts	(85,321,206,793)	(84,318,359,445)

**6.2 Short-term advances to suppliers**

	Currency: VND	
	30 September 2018	31 March 2018
IBM Vietnam Company Limited	14,850,044,220	-
Diebold Nixdorf Vietnam Company Limited	-	11,481,701,440
Advances to other suppliers	51,610,529,340	21,135,753,152
<b>TOTAL</b>	<b>66,460,573,560</b>	<b>32,617,454,592</b>
Provision for doubtful debts	(164,759,188)	(164,759,188)



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

**6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)**

**6.3 Provision for doubtful debts**

	Currency: VND	
	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
Opening balance	117,575,401,937	81,886,412,377
Provision created during the period	1,002,847,348	728,983,940
Reversal of provision during the period	(28,266,015,785)	-
Ending balance	<b>90,312,233,500</b>	<b>82,615,396,317</b>
<i>In which:</i>		
Provision for short-term trade receivables (Note 6.1)	(85,321,206,793)	(80,456,936,473)
Provision for short-term advances to suppliers (Note 6.2)	(164,759,188)	(164,759,188)
Provision for other short-term receivables (Note 8)	(4,826,267,519)	(1,993,700,656)

**7. SHORT-TERM LOAN RECEIVABLES**

	Currency: VND	
	30 September 2018	31 March 2018
Loans to individuals (*)	7,473,582,080	14,173,582,080
Others	1,381,881,600	450,000,000
<b>TOTAL</b>	<b>8,855,463,680</b>	<b>14,623,582,080</b>

(\*) As at 30 September 2018, loans to individuals comprised un-secured loans provided to individuals amounting to BVND 5.4 with term of 12 months and earn interest at the rate of 8% per annum. The remaining balance represents a VND loan with term of 12 months and earns interest at the rate of 11% per annum and is secured by IT solutions and software which were/are/shall be registered with the government authorities.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

8. OTHER RECEIVABLES

Currency: VND

	30 September 2018		31 March 2018	
	Balance	Provision	Balance	Provision
<b>Short-term</b>				
Advances for projects' implementation	49,365,404,313	-	52,808,097,265	-
Receivables from revenue not yet invoiced	9,383,881,114	-	-	-
Receivables from the transfer of shares	3,500,000,000	(3,500,000,000)	3,500,000,000	(3,500,000,000)
Deposits and mortgages	2,320,947,720	-	2,784,689,245	-
Interest accruals	2,201,079,979	-	7,779,048,108	-
Other short-term receivables	3,656,645,058	(1,326,267,519)	4,465,218,929	(1,326,267,519)
<b>TOTAL</b>	<b>70,427,958,184</b>	<b>(4,826,267,519)</b>	<b>71,337,053,547</b>	<b>(4,826,267,519)</b>
<b>Long-term</b>				
Deposits and mortgages	9,625,704,325	-	7,640,220,204	-
<b>TOTAL</b>	<b>9,625,704,325</b>	<b>-</b>	<b>7,640,220,204</b>	<b>-</b>
<i>In which:</i>				
<i>Other short-term receivables from related parties (Note 35)</i>	2,132,145,267	-	3,442,661,078	-
<i>Other receivables from third parties</i>	77,921,517,242	-	75,534,612,673	-

9. BAD DEBTS

Currency: VND

	30 September 2018		31 March 2018	
	Cost	Recoverable amount	Cost	Recoverable amount
Overdue subscription charges from individual customers	32,491,787,436	-	32,491,787,436	-
Other overdue receivables	57,820,446,064	-	56,817,598,716	-
Input value-added tax	-	-	103,677,266,836	75,411,251,051
<b>TOTAL</b>	<b>90,312,233,500</b>	<b>-</b>	<b>192,986,652,988</b>	<b>75,411,251,051</b>



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

10. INVENTORIES

	30 September 2018		31 March 2018	
	Currency: VND			
	Cost	Provision	Cost	Provision
Goods in transit	21,655,274,919	-	23,207,452,423	-
Raw materials	47,069,604,446	(525,198,995)	39,551,800,973	(843,305,415)
Finished goods	15,979,192,177	-	6,588,615,258	-
Merchandise	144,846,992,231	(1,516,141,299)	90,655,443,060	(1,147,108,550)
Work in process	35,855,198,550	-	33,962,381,046	-
Goods on consignment	183,638,517	(183,638,517)	183,638,517	(183,638,517)
Tools and supplies	632,468,457	-	708,818,222	-
<b>TOTAL</b>	<b>266,222,369,297</b>	<b>(2,224,978,811)</b>	<b>194,858,149,499</b>	<b>(2,174,052,482)</b>

**Movements of provision for obsolete inventories**

	Currency: VND	
	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
Beginning balance	2,174,052,482	2,369,067,689
Provision created during the period	369,032,749	190,260,550
Reversal of provision during the period	(318,106,420)	(480,190,795)
<b>Ending balance</b>	<b>2,224,978,811</b>	<b>2,079,137,444</b>

11. DEDUCTIBLE VALUE ADDED TAX

This mainly represents deductible value added tax ("VAT") of VND 103.7 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 for off-set against VAT output in previous years and the current period, but have not been approved for refund by the local tax authorities as of 30 September 2018. As at the date of these interim consolidated financial statements, the Group's management assessed that these input VAT will be refunded by the local tax authorities (or will be fully deducted).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

**12. TANGIBLE FIXED ASSETS**

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Other tangible fixed assets	Currency: VND Total
<b>Cost:</b>						
As at 31 March 2018	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	-	4,053,073,971	724,306,980	5,093,767,446	39,805,786	9,910,954,183
- Transfer from construction in progress	740,956,080	46,430,312,466	2,282,790,841	-	-	49,454,059,387
- Disposal	-	(421,342,775)	-	(514,171,057)	-	(935,513,832)
- Reclassification to prepaid expenses	-	-	(313,500,000)	-	-	(313,500,000)
As at 30 September 2018	208,082,269,732	620,098,111,394	562,175,546,676	42,579,130,073	5,527,509,233	1,438,462,567,108
<b>In which:</b>						
Fully depreciated	772,426,300	75,943,222,033	52,649,054,384	11,752,269,930	2,874,914,106	143,991,886,753
<b>Accumulated depreciation:</b>						
As at 31 March 2018	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 period	2,362,807,598	34,892,135,480	24,172,006,890	4,598,784,352	16,378,108	66,042,112,428
- Disposal	-	(295,582,162)	-	(514,171,057)	-	(809,753,219)
- Reclassification to prepaid expenses	-	-	(13,275,602)	-	-	(13,275,602)
As at 30 September 2018	34,442,220,597	298,252,273,768	179,690,399,978	26,250,754,911	2,894,247,548	541,529,896,803
<b>Net carrying amount:</b>						
As at 31 March 2018	175,261,900,653	306,380,347,282	403,950,280,165	15,833,392,067	2,609,834,007	904,035,754,174
As at 30 September 2018	173,640,049,135	321,845,837,626	382,485,146,698	16,328,375,162	2,633,261,685	896,932,670,305
<b>In which:</b>						
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 rent to third parties.



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**13. INTANGIBLE FIXED ASSETS**

	Copy right, patent, exploitation right (*)	Trademark	Computer software	Others	Total
<b>Cost:</b>					
As at 31 March 2018	168,779,240,233	551,086,545	46,116,468,317	8,132,690,458	223,579,485,553
- New purchase	-	-	114,244,416	890,300,000	1,004,544,416
- Transfer from construction in progress	1,847,494,225	-	-	-	1,847,494,225
As at 30 September 2018	170,626,734,458	551,086,545	46,230,712,733	9,022,990,458	226,431,524,194
In which:					
Fully amortised	3,801,588,896	515,286,545	1,798,148,759	605,373,952	6,720,398,152
<b>Accumulated amortisation:</b>					
As at 31 March 2018	34,090,678,792	533,528,001	22,198,901,777	2,954,755,644	59,777,864,214
- Amortisation for the period	6,827,776,666	17,260,218	3,539,926,557	614,355,242	10,999,318,683
As at 30 September 2018	40,918,455,458	550,788,219	25,738,828,334	3,569,110,888	70,777,182,898
<b>Net carrying amount:</b>					
As at 31 March 2018	134,688,561,441	17,558,544	23,917,566,540	5,177,934,814	163,801,621,339
As at 30 September 2018	129,708,279,000	298,326	20,491,884,399	5,453,879,570	155,654,341,296
In which:					
Pledged/mortgaged as loan security	119,767,361,877	-	-	-	119,767,361,877

(\*) This includes the exploitation right of the APG cable network, which arises from the business co-operation contract between CMC Telecommunication Infrastructure Corporation and Viettel Group and FPT Telecom Joint Stock Company. This asset was used as collateral for the loan from Joint Stock Commercial Bank for Investment and Development of Vietnam (Note 23.2).

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**14. CONSTRUCTION IN PROGRESS**

	Currency: VND	
	30 September 2018	31 March 2018
"CMC creative space" Project – CMC Saigon Tower (*)	78,766,633,403	37,894,585,438
Cable transmission project	26,171,251,315	15,114,584,276
Materials for construction of cable networks	17,933,203,341	12,049,105,060
Optical fibre transmission project	17,543,229,285	14,008,623,084
Others	19,186,657,808	18,278,621,450
<b>TOTAL</b>	<b>159,600,975,152</b>	<b>97,345,519,308</b>

(\*) The Company used all assets being formed in future from this project as collaterals for long-term loan at the commercial bank as disclosed in Note 23.4.

**15. INVESTMENTS IN ASSOCIATES**

	30 September 2018		31 March 2018	
	Ownership (%)	Voting rights (%)	Ownership (%)	Voting rights (%)
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, and the latest amendment is the 8<sup>th</sup> amendment being granted on 14 October 2016. This company's headquarter is at No. 18 Hoang Quoc Viet street, Nghia Do ward, Cau Giay district, Hanoi. Its principal activities are to provide value added services, internet services, electronic parts production and trading and other software related services. As at 30 September 2018, the Group holds 41.1% equity interest in this associate.

Details of investment in an associate are as follows:

	Currency: VND
	Netnam Joint Stock Company
<b>Investment costs:</b>	
As at 31 March 2018	7,258,356,000
As at 30 September 2018	7,258,356,000
<b>Accumulated share in profit of associates:</b>	
As at 31 March 2018	20,042,674,413
Profit from associate	10,230,034,577
Dividends received	(7,034,974,200)
Reserve appropriation at associate	(1,311,246,728)
As at 30 September 2018	21,926,488,062
<b>Ending value:</b>	
As at 31 March 2018	27,301,030,413
As at 30 September 2018	29,184,844,062



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## 16. PREPAID EXPENSES

	Currency: VND	
	30 September 2018	31 March 2018
<b>Short-term</b>		
Expenses for projects not yet implemented	8,129,435,100	-
Prepaid rental for office and infrastructure	5,752,249,992	6,226,190,124
Tools and supplies	1,944,570,414	1,770,611,146
Repairs and maintenance	2,101,233,971	2,063,896,483
Software installation and usage fees	2,367,703,470	2,773,238,431
Others	7,790,850,023	5,085,661,106
<b>TOTAL</b>	<b>28,086,042,970</b>	<b>17,919,597,290</b>
<b>Long-term</b>		
Tools and supplies	75,532,026,718	86,850,562,876
Channel and server rental fees	10,518,933,344	12,127,276,251
Prepaid land rental	7,870,775,178	8,047,759,383
Project implementation expenses	4,149,447,846	4,373,412,365
Incident response and repair costs	2,632,931,883	4,536,326,327
CMC Internet Security Enterprise software development costs	3,615,922,413	4,017,691,569
Agent fees for office lease contracts	787,550,916	977,592,157
Others	8,316,588,428	7,862,114,777
<b>TOTAL</b>	<b>113,424,176,726</b>	<b>128,792,735,705</b>

## 17. GOODWILL

	Currency: VND		
	Goodwill from acquisition of CMC Telecommunication Infrastructure Joint Stock Company	Goodwill from acquisition of CMC Information Security Joint Stock Company	Total
<b>Costs:</b>			
As at 31 March 2018	3,328,783,614	2,807,478,449	6,136,262,063
As at 30 September 2018	3,328,783,614	2,807,478,449	6,136,262,063
<b>Accumulated allocation:</b>			
As at 31 March 2018	1,997,270,166	1,122,991,380	3,120,261,546
- Allocation in the period	166,439,181	140,373,922	306,813,103
As at 30 September 2018	2,163,709,347	1,263,365,302	3,427,074,649
<b>Carrying value:</b>			
As at 31 March 2018	1,331,513,448	1,684,487,069	3,016,000,517
As at 30 September 2018	1,165,074,267	1,544,113,147	2,709,187,414

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**18. SHORT-TERM TRADE PAYABLES AND ADVANCES FROM CUSTOMERS**

**18.1 Short-term trade payables**

Currency: VND

	30 September 2018		31 March 2018	
	Balance	Payable amount	Balance	Payable amount
Trade payables to suppliers	501,109,530,672	501,109,530,672	531,679,306,802	531,679,306,802
Trade payables to related parties (Note 35)	1,226,535,903	1,226,535,903	436,448,069	436,448,069
<b>TOTAL</b>	<b>502,336,066,575</b>	<b>502,336,066,575</b>	<b>532,115,754,871</b>	<b>532,115,754,871</b>

**18.2 Short-term advances from customers**

Currency: VND

	30 September 2018	31 March 2018
Asia Commercial Joint Stock Bank	6,435,177,400	14,221,436,640
Advances from other customers	61,554,141,061	89,473,320,616
<b>TOTAL</b>	<b>67,989,318,461</b>	<b>103,694,757,256</b>

**19. STATUTORY OBLIGATIONS**

Currency: VND

	31 March 2018	Payable for the period	Payments made in the period	30 September 2018
Corporate income tax (Note 34.2)	24,929,321,177	20,261,424,548	(23,565,545,836)	21,625,199,889
Personal income tax	2,240,112,808	11,197,556,155	(9,720,361,012)	3,717,307,951
Import, export tax	120,121,705	59,545,569	(76,569,187)	103,098,087
Value added tax	1,252,564,493	55,851,795,515	(51,717,908,883)	5,386,451,125
Value added tax for imported goods	-	147,488,365	-	147,488,365
Foreign Contractor tax	4,731,100,053	23,016,842,177	(14,044,084,335)	13,703,857,895
Other taxes	396,447,333	4,596,918,891	(4,171,477,290)	821,888,934
<b>TOTAL</b>	<b>33,669,667,569</b>	<b>115,131,571,220</b>	<b>(103,295,946,543)</b>	<b>45,505,292,246</b>



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**20. SHORT-TERM ACCRUED EXPENSES**

	<i>Currency: VND</i>	
	<i>30 September 2018</i>	<i>31 March 2018</i>
Expenses for external services	191,025,783,375	116,365,393,337
Expenses for integrated projects	70,747,538,110	55,105,893,188
Accruals for cost of completed assets	19,589,014,849	42,527,159,165
Sharing costs of internet and other services	13,381,748,768	15,488,013,498
Interest payable	6,550,342,921	111,775,273
VMS5 project expenses	5,340,320,128	8,642,297,981
Others	8,338,203,595	7,902,109,284
<b>TOTAL</b>	<b><u>314,972,951,746</u></b>	<b><u>246,142,641,726</u></b>

**21. OTHER PAYABLES**

	<i>Currency: VND</i>	
	<i>30 September 2018</i>	<i>31 March 2018</i>
<b>Short-term</b>		
Dividend payable	17,803,037,000	5,842,298,770
Interest-free loan payable	16,541,253,098	14,775,384,633
Payable to Public-utility Telecommunication Service Fund	4,668,581,775	3,727,110,027
Discount, support costs collected on behalf of customers	3,998,235,231	3,324,858,930
Deposits, mortgages received	3,062,083,525	1,213,049,306
Social, health, unemployment insurance	2,712,014,976	2,767,517,818
Trade union fee	2,770,166,088	2,636,568,242
Payable to a joint venture partner	1,328,293,998	5,050,787,270
Interest payable	1,195,045,228	587,710,554
Others	7,348,343,300	5,271,903,326
<b>TOTAL</b>	<b><u>61,427,054,219</u></b>	<b><u>45,197,188,876</u></b>
<b>Long-term</b>		
Deposits, mortgages received	9,535,848,653	11,739,391,022
Dividend payable	-	24,441,055,000
<b>TOTAL</b>	<b><u>9,535,848,653</u></b>	<b><u>36,180,446,022</u></b>
<i>In which:</i>		
<i>Other short-term payables to related parties (Note 35)</i>	<i>16,541,253,098</i>	<i>14,775,384,633</i>
<i>Other payables to third parties</i>	<i>54,421,649,774</i>	<i>66,602,250,265</i>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**22. UNEARNED REVENUE**

	30 September 2018	Currency: VND 31 March 2018
<b>Short-term</b>		
Unearned revenue from provision of telecommunication services	82,460,099,333	69,560,307,503
Unearned revenue from office rental	7,406,007,593	7,262,673,801
Unearned revenue from system integration services	9,201,783,084	1,969,941,327
<b>TOTAL</b>	<b>99,067,890,010</b>	<b>78,792,922,631</b>
<b>Long-term</b>		
Unearned revenue from provision of telecommunication services	21,179,740,794	19,956,611,796
<b>TOTAL</b>	<b>21,179,740,794</b>	<b>19,956,611,796</b>



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

23. LOANS AND FINANCE LEASES

	31 March 2018		Movement during the period		30 September 2018	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
<b>Short-term loans</b>						
Bank overdrafts (Note 23.1)	74,063,188,746	74,063,188,746	666,577,135,796	(646,078,296,363)	94,562,028,179	94,562,028,179
Loans from banks (Note 23.2)	108,079,497,537	108,079,497,537	563,301,547,879	(375,546,371,893)	295,834,673,523	295,834,673,523
Loans from others (Note 23.3)	38,889,145,550	38,889,145,550	18,371,253,637	(25,832,396,445)	31,428,002,742	31,428,002,742
Current portion of long-term loans from banks (Note 23.4)	19,000,000,000	19,000,000,000	28,500,000,000	(13,000,000,000)	34,500,000,000	34,500,000,000
<b>TOTAL</b>	<b>240,031,831,833</b>	<b>240,031,831,833</b>	<b>1,276,749,937,312</b>	<b>(1,060,457,064,701)</b>	<b>456,324,704,444</b>	<b>456,324,704,444</b>
<b>Long-term loans</b>						
Loans from banks (Note 23.4)	261,077,425,415	261,077,425,415	96,058,929,009	(64,219,217,983)	292,917,136,441	292,917,136,441
<b>TOTAL</b>	<b>261,077,425,415</b>	<b>261,077,425,415</b>	<b>96,058,929,009</b>	<b>(64,219,217,983)</b>	<b>292,917,136,441</b>	<b>292,917,136,441</b>

Currency: VND

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period 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 interests from 6% to 6.7% 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:

Bank	30 September 2018 (VND)	Principal and interest repayment term	Interest rate per annum	Description of collateral
Vietnam Joint Stock Commercial Bank for Industry and Trade	108,437,308,862	Term of each withdrawal is within 6 months, with the final withdrawal being repayable on 28 February 2019. Interest is payable on a monthly basis.	5.8%-6%	Unsecured
Military Commercial Joint Stock Bank	82,302,904,646	Term of each withdrawal is within 6 months, with the final withdrawal being repayable on 4 February 2019. Interest is payable on a monthly basis.	6.1%-6.5%	Unsecured
Joint Stock Commercial Bank for Investment and Development of Vietnam	79,130,979,831	Term of each withdrawal is from 6 to 12 months, with the final withdrawal being repayable on 20 August 2019. Interest is payable on a monthly basis.	4.8%-7.2%	A part of tangible fixed assets (Note 12) and the value of the right to exploit APG's marine APG cable line (Note 13) of CMC Telecommunication Infrastructure Corporation
Vietnam Prosperity Joint Stock Commercial Bank	18,302,698,980	Term of each withdrawal is within 6 months with the final withdrawal being repayable on 24 March 2019. Interest is payable on a monthly basis.	7%	Unsecured
Joint Stock Commercial Bank for Foreign Trade of Vietnam	6,681,125,209	Term of each withdrawal is within 6 months, with the final withdrawal being repayable on 15 March 2019. Interest is payable on a monthly basis.	6.2%-6.4%	Unsecured
Vietnam Technological and Commercial Joint Stock Bank	979,655,995	Term of each withdrawal is from 3 to 6 months, with the final withdrawal being repayable on 28 March 2019. Interest is payable on a monthly basis.	7.8%	Unsecured
<b>TOTAL</b>	<b>295,834,673,523</b>			



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**23. LOANS** (continued)

**23.3 Short-term loans from others**

These represent unsecured loans from individuals with terms from 3 months to less than 1 year, with the final withdrawal falling due on 19 July 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	30 September 2018 (VND)	Principal and interest repayment term	Interest rate per annum	Description of collateral
Joint Stock Commercial Bank for Foreign Trade of Vietnam	297,542,252,459	Loan principal and interest are payable on a quarterly basis up to 29 March 2023	8.4%	A part of tangible fixed assets of CMC Telecommunication Infrastructure Corporation.
	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.
<b>TOTAL</b>	<b>327,417,136,441</b>			
<i>In which:</i>				
- Current portion of long-term loans	34,500,000,000			
- Long-term loans	292,917,136,441			

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**24. SHORT-TERM PROVISIONS**

	<i>Currency: VND</i>	
	<i>30 September 2018</i>	<i>31 March 2018</i>
Provisions for warranty costs	6,830,127,942	8,276,507,185
<b>TOTAL</b>	<b>6,830,127,942</b>	<b>8,276,507,185</b>

**25. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND**

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 September 2018</i>	<i>For the six-month period ended 30 September 2017</i>
Beginning balance	14,201,080,515	9,444,392,636
Utilized during the period	(2,902,724,511)	(441,293,782)
<b>Ending balance</b>	<b>11,298,356,004</b>	<b>9,003,098,854</b>



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**26. OWNERS' EQUITY**

**26.1 Increase and decrease in owners' equity**

		Currency: VND					
		Share capital	Share premium	Other owners' capital	Treasury shares	Foreign exchange differences reserve	Undistributed earnings
							Non-controlling interests
							Total
<b>For the six-month period ended 30 September 2017</b>							
As at 31 March 2017	673,419,530,000	14,895,512,634	-	(6,840,260,634)	431,436,000	224,324,078,760	262,911,207,499
- Profit for the period	-	-	-	-	-	89,198,399,318	23,294,091,344
- Dividend declared	-	-	-	-	-	(66,242,694,000)	(15,199,661,000)
- Changes due to bonus issue in a subsidiary	-	-	-	-	-	(111,266,061,120)	-
- Other decrease	-	-	-	-	-	(6,549,657,871)	(336,122,282)
<b>As at 30 September 2017</b>	<b>673,419,530,000</b>	<b>14,895,512,634</b>	<b>111,266,061,120</b>	<b>(6,840,260,634)</b>	<b>431,436,000</b>	<b>129,464,065,087</b>	<b>270,669,515,561</b>
							<b>1,193,305,859,768</b>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**26. OWNERS' EQUITY (continued)**

**26.1 Increase and decrease in owners' equity (continued)**

Currency: VND

	Share capital	Share premium	Other owners' capital	Foreign exchange differences reserve	Undistributed earnings	Non-controlling interests	Total
<b>For the six-month period ended 30 September 2018</b>							
As at 31 March 2018	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 during the period	-	-	-	-	-	4,900,000,000	4,900,000,000
- Profit for the period	-	-	-	-	78,340,553,419	23,322,241,681	101,662,795,100
- Dividend declared (*)	47,132,570,000	-	-	-	(101,006,132,400)	-	(53,873,562,400)
- Appropriation of bonus and welfare fund	-	-	-	-	(555,550,130)	(461,421,707)	(1,016,971,837)
- Changes due to the bonus issue in a subsidiary (**)	-	-	23,541,539,701	-	(23,541,539,701)	-	-
- Other decrease	-	-	-	(79,566,214)	(110,266,769)	-	(189,832,983)
As at 30 September 2018	720,552,100,000	34,444,340,400	134,807,600,821	391,748,170	109,310,787,398	300,519,187,565	1,300,025,764,354

(\*) The Company declared dividends from undistributed earnings for the year ended 31 March 2018 in accordance with the Resolution No. 201/20 NQ-DHDCD of the Annual General Meeting of shareholders for the year 2018 dated 4 July 2018. Accordingly, the Company has announced and paid stock dividends and cash dividend at the rate of 7% and 8%, respectively.

(\*\*) During the period, CMC Telecommunication Infrastructure Joint Stock Company, a subsidiary of the Company, has issued additional 4,309,437 bonus shares from undistributed earnings according to the Resolution No. 21/2018/NQ-DHDCD 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.



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**26. OWNERS' EQUITY (continued)**

**26.2 Details of owners' shares capital**

	30 September 2018			31 March 2018		
	Total	Ordinary shares	Preferred shares	Total	Ordinary shares	Preferred shares
My Linh Investment Limited Company	8,625,912	8,625,912	-	8,151,210	8,151,210	-
MVI Investment Limited Company	13,942,849	13,942,849	-	13,030,700	13,030,700	-
Hanoi General Import Export Joint Stock Company	10,051,147	10,051,147	-	9,393,596	9,393,596	-
PYV Elite Fund	4,396,555	4,396,555	-	4,053,810	4,053,810	-
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	27,779,867	27,779,867	-	25,928,637	25,928,637	-
<b>TOTAL</b>	<b>72,055,210</b>	<b>72,055,210</b>	<b>-</b>	<b>67,341,953</b>	<b>67,341,953</b>	<b>-</b>

**26.3 Capital transactions with owners and distribution of dividends, profits**

	Currency: VND	
	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
<b>Contributed capital</b>		
Beginning balance	673,419,530,000	673,419,530,000
Increase during the period	47,132,570,000	-
Ending balance	<b>720,552,100,000</b>	<b>673,419,530,000</b>
<b>Dividends/ profit declared</b>	101,006,132,400	66,242,694,000
<b>Dividends/ profit paid</b>	84,708,894,170	65,930,522,710

**26.4 Shares**

	30 September 2018	31 March 2018
<b>Issued shares</b>	<b>72,055,210</b>	<b>67,341,953</b>
Ordinary shares	72,055,210	67,341,953
<b>Treasury shares</b>	-	-
Ordinary shares	-	-
<b>Shares in circulation</b>	<b>72,055,210</b>	<b>67,341,953</b>
Ordinary shares	72,055,210	67,341,953

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

**27. OFF BALANCE SHEET ITEMS**

ITEMS	30 September 2018	31 March 2018
Foreign Currency		
- US Dollar (USD)	904,365	902,934

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 March 2018 and for the year then ended

**28. REVENUE**

**28.1 Revenue from sale of goods and rendering of services**

	Currency: VND	
	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
<b>Gross revenue</b>	<b>2,492,435,336,217</b>	<b>2,415,682,711,204</b>
<i>In which:</i>		
Sale of goods	1,533,775,056,369	1,658,698,678,132
Rendering of services	958,660,279,848	756,984,033,072
<b>Less</b>	<b>9,317,358,521</b>	<b>7,533,931,957</b>
Trade discounts	320,540,845	833,494,580
Sales returns	8,996,817,676	6,700,437,377
<b>Net revenue</b>	<b>2,483,117,977,696</b>	<b>2,408,148,779,247</b>
<i>In which:</i>		
Sales to others	2,480,732,959,317	2,402,481,313,978
Sales to related parties (Note 35)	2,385,018,379	5,667,465,269

**28.2 Finance income**

	Currency: VND	
	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
Interest income	8,114,611,541	8,167,104,361
Foreign exchange gains	2,562,555,058	326,955,793
Other finance income	-	3,627,462
<b>TOTAL</b>	<b>10,677,166,599</b>	<b>8,497,687,616</b>

**29. COST OF GOODS SOLD AND SERVICES RENDERED**

	Currency: VND	
	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
Cost of goods sold	1,324,062,305,364	1,448,957,960,285
Cost of services rendered	766,224,399,643	592,142,014,701
<b>TOTAL</b>	<b>2,090,286,705,007</b>	<b>2,041,099,974,986</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 March 2018 and for the year then ended

30. FINANCE EXPENSES

	Currency: VND	
	<i>For the six-month period ended 30 September 2018</i>	<i>For the six-month period ended 30 September 2017</i>
Interest expenses	21,480,059,947	14,124,860,090
Realized foreign exchange losses	934,267,602	865,756,456
Payment discount	125,446,769	-
Reversal of allowance for diminution in value of financial investments	-	(627,044,400)
<b>TOTAL</b>	<b>22,539,774,318</b>	<b>14,363,572,146</b>

31. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	Currency: VND	
	<i>For the six-month period ended 30 September 2018</i>	<i>For the six-month period ended 30 September 2017</i>
<b>Selling expenses incurred during the period</b>	<b>153,572,072,550</b>	<b>138,628,737,973</b>
Labour costs	93,072,044,995	90,590,881,627
Raw materials expenses	4,048,979,553	4,431,709,987
Tools and supplies expenses	772,082,614	615,166,229
Depreciation and amortisation expenses	2,532,617,462	1,660,392,017
Warranty costs of products, goods and services	34,767,819	3,572,596,229
Expenses for external services	34,332,765,158	21,264,210,829
Others	18,778,814,949	16,493,781,055
<b>General and administrative expenses incurred during the period</b>	<b>123,689,731,687</b>	<b>105,080,118,796</b>
Labour costs	87,076,404,408	57,581,313,398
Raw materials expenses	3,478,843,803	3,155,513,494
Depreciation and amortisation expenses	4,170,867,859	3,480,948,514
(Reversal)/provisions made	(27,263,168,437)	728,983,940
Expenses for external services	36,916,049,655	23,725,502,972
Others	19,310,734,399	16,407,856,478
<b>TOTAL</b>	<b>277,261,804,237</b>	<b>243,708,856,769</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 March 2018 and for the year then ended

32. OTHER INCOME AND EXPENSES

	Currency: VND	
	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
<b>Other income</b>	<b>9,371,079,766</b>	<b>7,669,081,798</b>
Support fees for marketing activities	8,188,727,814	6,685,978,766
Other income	1,182,351,952	983,103,032
<b>Other expenses</b>	<b>1,358,928,808</b>	<b>2,600,297,257</b>
Other expenses	1,358,928,808	2,600,297,257
<b>OTHER NET INCOME</b>	<b>8,012,150,958</b>	<b>5,068,784,541</b>

33. PRODUCTION AND OPERATING COSTS

	Currency: VND	
	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
Raw materials	44,477,038,184	41,878,532,379
Labour costs	239,017,872,433	206,467,016,365
Depreciation and amortisation	77,041,431,111	60,956,263,580
Expenses for external services	496,678,040,307	460,861,431,291
Others	67,408,885,671	65,687,627,855
<b>TOTAL</b>	<b>924,623,267,707</b>	<b>835,850,871,470</b>

34. 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 Company and its subsidiaries 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 interim consolidated financial statements could change at a later date upon final determination by the tax authorities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 March 2018 and for the year then ended

**34. CORPORATE INCOME TAX (continued)**

**34.1 CIT expenses**

	Currency: VND	
	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
Current tax expenses	20,261,424,548	20,148,886,689
Deferred tax expense/(income)	24,826,620	(346,904,034)
<b>TOTAL</b>	<b>20,286,251,168</b>	<b>19,801,982,655</b>

**34.2 Current tax expenses**

The current CIT payable is based on taxable profit for the current period. The taxable profit of the Group for the period differs from the profit as reported in the interim 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 interim consolidated balance sheet date.

The reconciliation between the accounting profit before tax and the taxable income is presented below:

	Currency: VND	
	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
Accounting profit before tax	121,949,046,268	132,294,473,317
Adjustments to increase/(decrease) accounting profit	2,185,214,545	21,188,298,437
Adjustments to increase:		
Non-deductible expenses	999,905,802	651,887,275
Allowance for non-executive members of the Board of Directors and Supervisory Board	407,400,000	521,900,000
Impact of consolidation entries	757,929,146	20,140,003,913
Other increase adjustments	202,509,235	144,990,852
Adjustments to decrease:		
Other decrease	(182,529,638)	(270,483,603)
Adjusted profit before tax losses carried forward	124,134,260,813	153,482,771,754
Carried forward tax losses	(47,986,330,406)	(71,218,889,497)
<b>Taxable profit</b>	<b>76,147,930,407</b>	<b>82,263,882,257</b>
In which:		
Taxable income at the tax rate of 20%	100,829,308,077	100,744,433,446
Taxable income at the tax rate of 10%	1,911,258,654	-
Losses of subsidiaries	(26,592,636,324)	(18,480,551,189)
Estimated current CIT	20,356,987,481	20,148,886,689
Adjustment of CIT reduction	(95,562,933)	-
Current CIT after reduction	20,261,424,548	20,148,886,689
CIT payable at beginning of period	24,929,321,177	18,937,744,484
CIT paid during the period	(23,565,545,836)	(20,740,340,705)
<b>CIT payable at end of period</b>	<b>21,625,199,889</b>	<b>18,346,290,468</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 March 2018 and for the year then ended

**34. CORPORATE INCOME TAX (continued)**

**34.3 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 period:

			Currency: VND	
	<i>Interim consolidated balance sheet</i>		<i>Interim consolidated income statement</i>	
	<i>30 September 2018</i>	<i>31 March 2018</i>	<i>Current period</i>	<i>Previous period</i>
<b>Deferred tax assets</b>				
Unrealised profit from intra-group transactions	720,673,167	774,497,957	(53,824,790)	317,905,864
<b>Deferred tax liabilities</b>				
Temporary difference due to depreciable life of fixed assets	(1,618,249,795)	(1,647,247,965)	28,998,170	28,998,170
<b>Net deferred tax (charge)/credit to consolidated income statement</b>			<b>(24,826,620)</b>	<b>346,904,034</b>

**34.4 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 six-month period ended 30 September 2018, the subsidiaries which incurred tax losses are CMC Information Security Joint Stock Company, CMC Software Solution Company Limited and CMC Global Company Limited. These are the temporary tax losses and have not been finalized by the local tax authorities as of the date of these interim 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 March 2018 and for the year then ended

**35. TRANSACTIONS WITH RELATED PARTIES**

Significant transactions with related parties for the six-month periods ended 30 September 2018 and 30 September 2017 were as follows:

			Currency: VND	
<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>For the six-month period ended 30 September 2018</i>	<i>For the six-month period ended 30 September 2017</i>
Netnam Joint Stock Company	Associate	Sales of goods and services	2,385,018,379	2,978,086,418
		Purchase of goods and services	722,200,000	-
		Dividend received	7,034,974,200	5,862,478,500
Ciber-CMC Joint Venture Company	Associate (up to 31 March 2018)	Sales of goods and services	-	2,689,378,851
My Linh Investment Limited Company	Major shareholder	Consultant costs	-	2,724,698,256

*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 30 September 2018 are unsecured, interest free and will be settled in cash. For the six-month period ended 30 September 2018, 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 2018 and for the year then ended

35. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Currency: VND

Related parties	Relationships	Transactions	30 September 2018	31 March 2018
<b>Short-term trade receivables</b> (Note 6.1)				
Netnam Joint Stock Company	Associate	Receivables from providing services	9,631,930,671	7,195,430,454
<b>TOTAL</b>			<b>9,631,930,671</b>	<b>7,195,430,454</b>
<b>Other short-term receivables</b> (Note 8)				
Other related parties	Other related parties	Advances	2,132,145,267	3,442,661,078
<b>TOTAL</b>			<b>2,132,145,267</b>	<b>3,442,661,078</b>
<b>Short-term trade payables</b> (Note 18.1)				
Netnam Joint Stock Company	Associate	Purchases of services and other payables	1,226,535,903	436,448,069
<b>TOTAL</b>			<b>1,226,535,903</b>	<b>436,448,069</b>
<b>Other short-term payables</b> (Note 21)				
Other related parties	Other related parties	Interest-free loans	16,541,253,098	14,775,384,633
<b>TOTAL</b>			<b>16,541,253,098</b>	<b>14,775,384,633</b>

**Transactions with other related parties**

Remuneration to members of the Board of Directors and Management:

Currency: VND

	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017
Salaries and bonus of Board of Directors	2,166,000,000	1,615,000,000
Remuneration to Board of Management	486,600,000	536,400,000
<b>TOTAL</b>	<b>2,652,600,000</b>	<b>2,151,400,000</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 March 2018 and for the year then ended

**36. EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing net profit after tax for the period 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 period.

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 period 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:

	Currency: VND	
	For the six-month period ended 30 September 2018	For the six-month period ended 30 September 2017 (Restated)
Net profit after tax attributable to ordinary shareholders	<b>78,340,553,419</b>	<b>89,198,399,318</b>
Distribution to bonus and welfare fund	-	(5,561,391,894)
Bonus of Board of Management, Board of Directors and Board of Supervision	-	(1,119,586,672)
Appropriation of scientific and technological development fund	-	(4,634,493,244)
<b>Net profit attributable to ordinary equity holders for basic earnings</b>	<b>78,340,553,419</b>	<b>77,882,927,508</b>
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	72,055,210	72,055,210
<b>Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution</b>	<b>72,055,210</b>	<b>72,055,210</b>
<b>Earnings per share</b>		
- Basic earnings per share	1,087	1,081
- Diluted earnings per share	1,087	1,081

Net profit used to compute earnings per share for the six-month period ended 30 September 2017 was restated following the actual allocation to funds from retained earnings of the year ended 31 March 2018 in accordance with the Resolution of the Annual General Meeting of Shareholders of the Company dated 4 July 2018.

Net profit used to compute earnings per share for the six-month period ended 30 September 2018 has not been adjusted as the Company has not declared distributions to Bonus and welfare fund and other funds from profits of the current period.

The weighted average number of ordinary shares (excluding treasury shares) for computing basic earnings per share for the six-month period ended 30 September 2017 has been also adjusted to reflect the effect of the stock dividends during the current period.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

**37. 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. Secondary information is reported geographically. 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.

**37.1 Business segment**

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

Currency: VND

	Information technology and distribution and assembling and IT services	Telecommunication services	Other services	Consolidation adjustments	Total
<b>As at 31 September 2018 and for the six-month period then ended</b>					
<b>Revenue</b>					
Sales to external customers	1,777,966,131,021	666,311,519,554	38,840,327,121	-	2,483,117,977,696
Inter-segment sales	64,297,397,467	3,232,318,401	28,821,042,734	(96,350,758,602)	-
Total revenue	1,842,263,528,488	669,543,837,955	67,661,369,855	(96,350,758,602)	2,483,117,977,696
<b>Expense</b>					
Segment expenses	(1,793,025,325,788)	(600,610,110,346)	(70,274,122,682)	96,361,049,572	(2,367,548,509,244)
<b>Results</b>					
Segment net profit before tax	49,238,202,700	68,933,727,609	(2,612,752,827)	10,290,970	115,569,468,452
Net profit before corporate income tax	49,238,202,700	79,163,762,186	(2,612,752,827)	(3,840,165,791)	121,949,046,268
<b>Assets and liabilities</b>					
Segment assets	1,156,692,673,263	1,491,567,617,547	414,239,715,721	-	3,062,500,006,531
Unallocated assets					241,221,809,013
Total assets					3,303,721,815,544
Segment liabilities	867,744,305,369	967,480,352,490	157,173,037,327	-	1,992,397,695,186
Unallocated liabilities					11,298,356,004
Total liabilities					2,003,696,051,190



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

**37. SEGMENT INFORMATION** (continued)

**37.1 Business segment** (continued)

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

Currency: VND

	Information technology and distribution and assembling and IT services	Telecommunication services	Other services	Consolidation adjustments	Total
<b>As at 31 March 2018 and for the six-month period ended as at 30 September 2017 (Restated)</b>					
<b>Revenue</b>					
Sales to external customers	1,822,962,165,390	549,097,312,539	36,089,301,318	-	2,408,148,779,247
Inter-segment sales	60,216,159,046	3,106,307,862	21,723,872,547	(85,046,339,455)	-
Total revenue	1,883,178,324,436	552,203,620,401	57,813,173,865	(85,046,339,455)	2,408,148,779,247
<b>Expense</b>					
Segment expenses	(1,832,702,510,038)	(485,091,458,771)	(51,952,902,192)	84,938,039,246	(2,284,808,831,755)
<b>Results</b>					
Segment net profit/(loss) before tax	50,475,814,398	67,112,161,630	5,860,271,673	(108,300,209)	123,339,947,492
Net profit before corporate income tax	52,205,631,793	64,194,899,706	60,196,763,231	(44,302,821,413)	132,294,473,317
<b>Assets and liabilities</b>					
Segment assets	968,255,309,822	1,434,306,899,193	370,649,801,194	-	2,773,212,010,209
Unallocated assets					224,416,051,431
Total assets					2,997,628,061,640
Segment liabilities	671,218,736,266	900,912,328,131	162,752,580,254	-	1,734,883,644,651
Unallocated liabilities					14,201,080,515
Total liabilities					1,749,084,725,166

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 September 2018 and for the six-month period then ended

37. SEGMENT INFORMATION (continued)

37.2 Geographical segment

During the period, the Group had carried out certain contracts to exports goods to overseas customers. However, management has assessed that these contracts have been carried out on an ad-hoc basis and do not form a separate geographical segment and therefore, the Group does not present geographical segment information for this export activity.

38. COMMITMENTS AND CONTINGENCIES

*Operating lease commitment as a lessor*

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

	Currency: VND	
	30 September 2018	31 March 2018
Less than 1 year	32,747,912,838	36,898,534,250
From 1 - 5 years	31,217,239,736	48,083,210,099
<b>TOTAL</b>	<b>63,965,152,574</b>	<b>84,981,744,349</b>

*Operating lease commitment as a lessee*

The Group leases assets under operating lease arrangements. The future minimum rental payable as at the balance sheet dates under these operating lease agreements is as follows:

	Currency: VND	
	30 September 2018	31 March 2018
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	33,809,997,730	34,336,295,230
<b>TOTAL</b>	<b>39,072,972,730</b>	<b>41,473,361,230</b>

39. EVENTS AFTER THE INTERIM BALANCE SHEET DATE

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



Preparer  
Nguyen Hong Phuong



Chief Finance Officer  
Le Thanh Son




Chief Executive Officer  
Nguyen Trung Chinh

29 November 2018