

**CONSOLIDATED
FINANCIAL STATEMENTS**
FOR THE FISCAL YEAR ENDED 31 MARCH 2017

CMC CORPORATION



CONTENTS

	Page
1. Contents	1
2. Report of the Executive Officers	2 - 4
3. Independent Auditor's report	5 - 6
4. Consolidated balance sheet as of 31 March 2017	7 - 8
5. Consolidated income statement for the fiscal year ended 31 March 2017	9
6. Consolidated cash flow statement for fiscal year ended 31 March 2017	10 - 11
7. Notes to the consolidated financial statements for the fiscal year ended 31 March 2017	12 - 57

REPORT OF THE EXECUTIVE OFFICERS

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

Business highlights

CMC Corporation (transformed from CMC Computer Telecommunication Co., Ltd.) was incorporated in accordance with the Business Registration Certificate No. 0103015824 dated 7 February 2007 granted by Hanoi Authority for Planning and Investment.

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

Head office

- Address : CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi City, Vietnam
- Tel : 04.3 795 8668
- Fax : 04.3 795 8898

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

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

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

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

The Executive officers

The Executive Officers of the Corporation during the year include:

The Board of Management

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

The Board of Supervision

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

The Board of General Directors

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

Legal representative

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

Auditor

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

Responsibilities of the Executive Officers

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

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

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

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

Approval to the financial statements

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

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



Nguyen Trung Chinh

15 June 2017



**BAKER TILLY
A&C**

**CÔNG TY TNHH KIỂM TOÁN VÀ TƯ VẤN A&C
A&C AUDITING AND CONSULTING CO., LTD.**



Headquarters : 02 Truong Son St., Tan Binh Dist., Ho Chi Minh City
Tel: (84.8) 3 5472972 - Fax: (84.8) 3 5472970
Branch in Ha Noi : 40 Giang Vo St., Dong Da Dist., Ha Noi City
Branch in Nha Trang : 18 Tran Khanh Du St., Nha Trang City
Branch in Can Tho : 15-13 Vo Nguyen Giap St., Can Tho City
www.a-c.com.vn

No. 386/2017/BCTC-KTTV

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDERS, THE EXECUTIVE OFFICERS CMC CORPORATION

We have audited the accompanying consolidated financial statements of CMC Corporation (hereinafter called "the Corporation") and its subsidiaries (generally called "the Group"), which were prepared on 15 June 2017, from page 7 to page 57, including the consolidated balance sheet as of 31 March 2017, the consolidated income statement, the consolidated cash flow statement for the fiscal year then ended and the notes to the consolidated financial statements.

The Executive Officers' Responsibility

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

Auditor's Responsibility

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

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

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

Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the financial position of CMC Corporation as of 31 March 2017, its financial performance and its cash flows for the fiscal year then ended in accordance with Vietnamese accounting standards and system and the legal regulations related to the preparation and presentation of consolidated financial statements.

A&C Auditing and Consulting Co., Ltd.

Branch in Hanoi



Pham Quang Huy – Deputy Director
Audit Practice Registration Certificate:
No. 1409-2013-008-1

Tran Anh Tuan – Auditor
Audit Practice Registration Certificate:
No. 1708-2013-008-1

Hanoi, 16 June 2017



CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi City, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

CONSOLIDATED BALANCE SHEET

As of 31 March 2017

Unit: VND

ASSETS	Code	Note	As of 31 March 2017	As of 1 April 2016
A - CURRENT ASSETS	100		1,369,834,579,129	1,303,118,952,471
I. Cash and cash equivalents	110	V.1	125,069,823,641	87,680,257,918
1. Cash	111		63,865,046,141	82,650,257,918
2. Cash equivalents	112		61,204,777,500	5,030,000,000
II. Short-term financial investments	120		240,801,057,700	238,980,223,937
3. Investments held to maturity date	123	V.2a	240,801,057,700	238,980,223,937
III. Short-term accounts receivable	130		710,502,382,912	716,529,219,782
1. Short-term receivable from customers	131	V.3	687,830,624,697	649,537,457,371
2. Short-term prepayments to suppliers	132	V.4	28,784,636,556	40,371,186,168
5. Receivable on short-term loans	135	V.5	-	3,900,000,000
6. Other short-term receivable	136	V.6a	75,773,534,036	101,500,873,156
7. Provision for short-term bad debts	137	V.7	(81,886,412,377)	(78,780,296,913)
IV. Inventories	140	V.8	209,148,554,633	198,201,591,456
1. Inventories	141		211,517,622,322	201,587,034,367
2. Provision for devaluation of inventories	149		(2,369,067,689)	(3,385,442,911)
V. Other current assets	150		84,312,760,243	61,727,659,378
1. Short-term prepaid expenses	151	V.9a	27,071,245,952	23,971,301,685
2. VAT deductible	152		56,268,961,939	34,450,852,993
3. Taxes and accounts receivable from the State budget	153	V.16	972,552,352	3,305,504,700
B - LONG-TERM ASSETS	200		1,049,004,759,182	892,550,508,826
I. Long-term accounts receivable	210		7,912,585,366	3,744,317,514
6. Other long-term receivable	216	V.6b	7,912,585,366	3,744,317,514
II. Fixed assets	220		788,617,102,999	571,360,503,670
1. Tangible assets	221	V.10	618,925,049,185	532,482,358,768
Historical costs	222		984,054,623,940	805,725,117,076
Accumulated depreciation	223		(365,129,574,755)	(273,242,758,308)
3. Intangible assets	227	V.11	169,692,053,814	38,878,144,902
Historical costs	228		210,308,356,361	68,102,437,249
Accumulated depreciation	229		(40,616,302,547)	(29,224,292,347)
III. Investment property	230		-	-
IV. Long-term assets in progress	240		81,237,350,418	151,700,808,422
2. Construction in progress	242	V.12	81,237,350,418	151,700,808,422
V. Long-term financial investments	250		30,540,987,817	24,817,732,234
2. Investments in associates and joint ventures	252	V.2b	29,437,750,312	23,837,732,234
3. Investments, capital contribution in other entities	253	V.2c	1,666,417,400	1,666,417,400
4. Provision for long-term financial investments	254	V.2c	(686,417,400)	(686,417,400)
5. Investments held to maturity date	255	V.2a	123,237,505	-
VI. Other long-term assets	260		140,696,732,582	140,927,146,986
1. Long-term prepaid expenses	261	V.9b	136,677,595,367	136,233,644,225
2. Deferred income tax assets	262	V.22b	389,510,492	450,249,832
5. Trade advantage	269	V.13	3,629,626,723	4,243,252,929
TOTAL ASSETS	270		2,418,839,338,311	2,195,669,461,297

This statement should be read in conjunction with the notes to the consolidated financial statements

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi City, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017


Consolidated balance sheet (Cont.)

CAPITAL SOURCES		Code	Note	As of 31 March 2017	As of 1 April 2016
C - LIABILITIES		300		1,249,697,834,052	1,098,170,069,890
I. Current liabilities		310		1,161,233,431,986	938,146,865,715
1. Short-term payable to suppliers		311	V.14	396,555,674,639	315,110,390,205
2. Short-term prepayments from customers		312	V.15	60,580,210,150	54,512,039,866
3. Taxes and other obligations to the State Budget		313	V.16	26,635,773,592	31,208,612,230
4. Payable to employees		314		78,145,894,307	62,035,344,557
5. Short-term accrued expenses		315	V.17	104,556,998,450	70,067,833,171
8. Short-term unrealized revenue		318	V.18a	128,338,818,935	48,267,456,530
9. Other payable		319	V.19a	44,242,169,618	41,832,036,185
10. Short-term loans and financial lease debts		320	V.20a	309,290,894,478	300,858,966,483
11. Provision for current liabilities		321	V.21	6,104,784,784	6,627,712,387
12. Bonus and welfare funds		322		6,782,213,033	7,626,474,101
II. Long-term liabilities		330		88,464,402,066	160,023,204,175
6. Long-term unrealized revenue		336	V.18b	25,247,342,200	41,178,132,848
7. Other long-term payable		337	V.19b	9,835,237,742	14,858,414,063
8. Long-term loans and financial lease debts		338	V.20b	42,197,185,183	100,835,467,983
11. Deferred income tax payable		341	V.22b	1,705,244,305	1,763,240,645
12. Provision for long-term liabilities		342		35,000,000	-
13. Scientific and technological development fund		343	V.23	9,444,392,636	1,387,948,636
D - OWNER'S EQUITY		400		1,169,141,504,259	1,097,499,391,407
I. Owner's equity		410	V.24	1,169,141,504,259	1,097,499,391,407
1. Owner's contribution capital		411		673,419,530,000	673,419,530,000
- Common shares with voting right		411a		673,419,530,000	673,419,530,000
2. Share premiums		412		14,895,512,634	14,895,512,634
5. Treasury stocks		415		(6,840,260,634)	(6,840,260,634)
7. Foreign exchange rate differences		417		431,436,000	431,436,000
11. Retained profit after tax		421		224,324,078,760	176,375,861,039
- Retained profit after tax accumulated to the end of previous period		421a		117,326,511,958	176,375,861,039
- Retained profit after tax of the current period		421b		106,997,566,802	-
13. Interest of non-controlling shareholders		429		262,911,207,499	239,217,312,368
II. Other sources and funds		430		-	-
TOTAL CAPITAL SOURCES		440		2,418,839,338,311	2,195,669,461,297


Prepared on 15 June 2017

Prepared by/Chief Accountant

Chief Financial Officer

Board Chairman
General Director

 Nguyen Hong Phuong


 Le Thanh Son


 Nguyen Trung Chinh

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi City, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

CONSOLIDATED INCOME STATEMENT

(Complete form)

For the fiscal year ended 31 March 2017

Unit: VND

ITEMS	Code	Note	From 1 April 2016 to 31 March 2017	From 1 April 2015 to 31 March 2016
1. Sales	01	VI.1	4,390,797,143,568	3,704,396,584,216
2. Deductions	02	VI.2	6,434,099,006	10,583,369,477
3. Net sales	10		4,384,363,044,562	3,693,813,214,739
4. Costs of goods sold	11	VI.3	3,792,680,716,517	3,161,048,429,831
5. Gross profit	20		591,682,328,045	532,764,784,908
6. Financial income	21	VI.4	20,716,545,382	16,623,336,361
7. Financial expenses	22	VI.5	28,002,320,360	32,705,994,655
In which: Loan interest expenses	23		26,357,462,659	25,970,916,609
8. Gain/loss in joint ventures, associates	24		13,009,104,718	9,726,293,956
9. Selling expenses	25	VI.6	237,709,256,553	212,413,834,855
10. Administrative overheads	26	VI.7	183,625,193,593	163,660,774,472
11. Net operating profit	30		176,071,207,639	150,333,811,243
12. Other income	31	VI.8	14,624,152,545	15,946,822,110
13. Other expenses	32	VI.9	3,481,438,608	5,903,411,805
14. Other profit	40		11,142,713,937	10,043,410,305
15. Profit before tax	50		187,213,921,576	160,377,221,548
16. Current corporate income tax	51	V.16	30,504,449,948	23,553,516,206
17. Deferred corporate income tax	52	VI.10	2,743,000	96,214,076
18. Profit after tax	60		156,706,728,628	136,727,491,266
19. Profit after tax of the Holding Company	61		123,159,976,015	107,516,208,600
20. Profit after tax of non-controlling shareholders	62		33,546,752,613	29,211,282,666
21. Basic earnings per share	70	VI.11	1,625	1,518
22. Declined interest per share	71	VI.11	1,625	1,518

Prepared on 15 June 2017


Prepared by/Chief Accountant

Chief Financial Officer

Board Chairman
cum General Director

 Nguyen Hong Phuong


 Le Thanh Son


 Nguyen Trung Chinh


This statement should be read in conjunction with the notes to the consolidated financial statements

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi City, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

CONSOLIDATED CASH FLOW STATEMENT

(Complete form)

(Under indirect method)

For the fiscal year ended 31 March 2017

Unit: VND

ITEMS	Code	Note	From 1 April 2016 to 31 March 2017	From 1 April 2015 to 31 March 2016
I. Cash flows from operating activities				
1. Profit before tax	01		187,213,921,576	160,377,221,548
2. Adjustments				
- Depreciation of fixed assets and investment property	02		104,078,082,068	80,949,207,881
- Provisions	03		1,601,812,639	2,181,498,229
- Gain/ loss from exchange rate differences due to revaluation of monetary items in foreign currencies	04		362,684,335	661,961,884
- Gain/ loss from investing activities	05		(30,519,522,867)	(18,258,777,931)
- Loan interest expenses	06	VI.5	26,357,462,659	25,970,916,609
- Others	07		(256,414,542)	1,387,948,636
3. Operating profit before changes of working capital	08		288,838,025,868	253,269,976,856
- Increase/ decrease of accounts receivable	09		(44,190,882,395)	(25,227,616,494)
- Increase/ decrease of inventories	10		(9,930,587,955)	(66,211,546,865)
- Increase/ decrease of accounts payable	11		109,309,832,221	102,192,522,144
- Increase/ decrease of prepaid expenses	12		(3,543,895,409)	(27,188,160,006)
- Loan interests already paid	14		(25,181,604,266)	(25,233,139,156)
- Corporate income tax already paid	15	V.16	(31,248,457,907)	(12,621,498,213)
- Other gains	16		-	-
- Other disbursements	17		(12,994,094,836)	(10,232,289,954)
Net cash flows from operating activities	20		271,058,335,321	188,748,248,312
II. Cash flows from investing activities				
1. Purchases and construction of fixed assets and other long-term assets	21		(163,995,941,165)	(140,432,232,101)
2. Gains from disposal and liquidation of fixed assets and other long-term assets	22		18,670,000,000	9,568,472,553
3. Loans given and purchases of debt instruments of other entities	23		(162,338,013,568)	(252,359,670,937)
4. Recovery of loan given and disposal of debt instruments of other entities	24		164,293,942,300	13,427,447,000
5. Investments in other entities	25		(1,056,000,000)	(980,000,000)
6. Withdrawals of investments in other entities	26		-	-
7. Receipts of loans given, dividends and profit shared	27		26,627,234,264	3,364,316,371
Net cash flows from investing activities	30		(117,798,778,169)	(367,411,667,114)

This statement should be read in conjunction with the notes to the consolidated financial statements

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi City, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Consolidated cash flow statement (Cont.)

ITEMS	Code	Note	From 1 April 2016 to 31 March 2017	From 1 April 2015 to 31 March 2016
III. Cash flows from financial activities				
1. Gains from stock issuance and capital contributions from shareholders	31		-	253,651,462,326
2. Repayments of capital contributions to owners and re-purchase of stocks already issued	32		-	-
3. Receipts from loans	33	V.20	2,268,125,295,147	1,691,817,508,505
4. Payment of loan principal	34	V.20	(2,322,400,969,520)	(1,756,892,480,701)
5. Payment of financial lease debts	35		-	-
6. Dividends and profit shared to the owners	36		(61,582,521,320)	(2,112,200)
<i>Net cash flows from financial activities</i>	<i>40</i>		<i>(115,858,195,693)</i>	<i>188,574,377,930</i>
Net cash flows during the year	50		37,401,361,459	9,910,959,128
Beginning cash and cash equivalents	60	V.1	87,680,257,918	78,178,073,117
Effects of fluctuations in foreign exchange rates	61		(11,795,736)	(408,774,327)
Ending cash and cash equivalents	70	V.1	125,069,823,641	87,680,257,918

Prepared on 15 June 2017

Prepared by/Chief Accountant


Chief Financial Officer

Board Chairman

General Director


 Nguyen Hong Phuong


 Le Thanh Son


 Nguyen Trung Chinh

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

I. OPERATION FEATURES

1. Investment form

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

2. Operating field

Business operations of the Corporation include industrial production, trading and services.

3. Main operations

Main operations of the Corporation include:

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

4. Ordinary course of business

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

5. Structure of Group

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

5a. Information on re-structure of Group

Additional purchase of contribution capital in subsidiaries

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

CMC Institute of Science and Technology – CIST was established in accordance with the Resolution of the Board of Management No. 11/2014/NQ-HDQT dated 16 June 2014 and the Decision No. 25/2014/QĐ-CTHDQT dated 15 July 2014 of the Chairman of BOM with the charter capital of VND 5,000,000,000. During the year, the Group has just started to contribute capital in this entity.

CMC Global Co., Ltd. was established in accordance with the Resolution of the Board of Management dated 15 March 2017 with the charter capital of VND 20,000,000,000. In April 2017, the Group had fully contributed capital as committed.

5b. List of subsidiaries consolidated

Name	Address of head office	Main operations	Rate of interest		Rate of voting right	
			As of 31 Mar. 2017	As of 1 Apr. 2016	As of 31 Mar. 2017	As of 1 Apr. 2016
CMC Software	Hanoi	Software service	100%	100%	100%	100%
CMC SI	Hanoi	Providing IT Telecommunication solutions	100%	100%	100%	100%
CMC P&T	Hanoi	Distributing IT-Telecommunication productions	100%	100%	100%	100%
CMC Telecom	Hanoi	Providing Telecommunication services	54.63%	54.63%	54.63%	54.63%
CMC InfoSec	Hanoi	Providing information security solutions	99.9%	95.5%	99.9%	95.5%
CMC Blue France Co., Ltd.	France	Delivering outsourcing services (ITO, BPO)	100%	100%	100%	100%
CMC Institute of Science and Technology – CIST	Hanoi	Researching, and deploying application on producing high-tech, new technologies in the fields of ICT	100%	100%	100%	100%
CMC SI Saigon (i)	Ho Chi Minh City	Providing IT Telecommunication solutions	100%	100%	100%	100%
CMS Computer Co., Ltd. (ii)	Hanoi	Manufacturing, assembling and distributing computers	100%	100%	100%	100%

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

5c. Subsidiary not consolidated

According to the Business Registration Certificate No. 0107786442 dated 31 March 2017 granted by Hanoi Authority for Planning and Investment, the Corporation would invest in CMC Global Co., Ltd. (hereinafter called CMC Global) with the amount of VND 20,000,000,000, equivalent to 100% of charter capital. As of the balance sheet date, the Corporation had not fully contributed charter capital in this subsidiary. The first fiscal year of CMC Global is from 1 April 2017, therefore as of 31 March 2017, the financial statements of CMC Global were not consolidated in the Group's financial statements.

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

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

Names	Address of head office	Main operations	Rate of ownership		Rate of voting right	
			As of 31 Mar. 2017	As of 1 Apr. 2016	As of 31 Mar. 2017	As of 1 Apr. 2016
Ciber - CMC	Hanoi	Producing, providing software services	49.90%	49.90%	49.90%	49.90%
Netnam JSC.	Hanoi	Providing internet services	41.14%	41.14%	41.14%	41.14%

6. Statement on comparison of information in consolidated financial statements

Therefore the corresponding figures in the previous year can be compared with those in the current year.

7. Personnel

As of the balance sheet date, the Group had 1,769 employees working in companies in the Group (not including employees working in joint ventures, associates) (As of 1 April 2016, the Group had 1,611 employees).

II. FISCAL YEAR AND STANDARD CURRENCY UNIT USED IN ACCOUNTING**1. Fiscal year**

The fiscal year of the Group is from 1 April of the previous year to 31 March of the following year.

2. Standard currency unit

The standard currency unit used in accounting is Vietnam Dong (VND) as most of transactions are mainly carried out in VND.

III. ACCOUNTING STANDARDS AND SYSTEM APPLIED**1. Accounting standards and system**

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

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

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

IV. ACCOUNTING POLICIES

1. Accounting convention

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

2. Consolidation basis

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

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

The financial statements of the Holding Company and subsidiaries used for consolidation are prepared for the same accounting period and apply the consistent accounting policies for similar transactions and events in similar circumstances. In case that the accounting policies of the subsidiaries are different from those which are applied consistently within the Group, the appropriate adjustments should be made to the financial statements of the subsidiaries before they are used to prepare the consolidated financial statements.

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

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

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

3. Transactions in foreign currencies

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

Foreign exchange rate differences arising during the year from transactions in foreign currencies are included in financial income or financial expenses. Foreign exchange rate differences due to

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

revaluation of monetary items in foreign currencies as of the balance sheet date after offsetting increase differences and decrease differences are recorded into financial income or financial expenses.

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

- For foreign exchange sale contract (spot contracts of foreign exchange sale, forward contracts, futures contracts, options contracts, swap contracts): it is exchange rate concluded in contracts of foreign exchange sale between the Group and the bank.
- Actual exchange rate upon capital contribution or receipt of contributed capital: it is buying exchange rate of foreign currencies disclosed by the bank where the Group opens the account to receive capital from investors at the date of the capital contribution.
- For liabilities receivable: it is buying exchange rate of foreign currencies disclosed by the commercial bank where the Group assigns customers to make payment at the time of transaction.
- For accounts payable: it is selling exchange rate of foreign currencies disclosed by the commercial bank where the Group intends to have transactions at the time of transaction.
- For transactions of purchasing assets or expenses paid immediately in foreign currencies (instead of accounts payable): it is buying exchange rate of foreign currencies disclosed by the commercial bank where the Group makes payment.

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

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

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

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

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

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

- Foreign exchange rate differences allocated for the non-controlling shareholders are presented in the item of "Interest of non-controlling shareholders".

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

4. Cash and cash equivalents

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

5. Financial investments

Investments held to maturity date

Investments are classified as investments held to maturity date when the Group intends and is able to hold to maturity. Investments held to maturity date include termed deposits in bank.

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

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

Loans given

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

Investments in associates

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

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

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

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

Investments in equity instruments of other entities

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

Investments in equity instruments of other entities are initially recognized at original costs, including the cost of purchase plus other directly attributable transaction costs. Dividends and profits of the periods prior to the purchase of investments are recorded as a decrease in value of such investments. Dividends and profit arising in the periods after the purchase of investments are recorded into the Group's revenue. Dividends received by shares are followed by the increasing number of shares but not recognized with the value of shares received.

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

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

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

6. Accounts receivable

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

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

- Receivables from customers reflect commercial receivables generating from purchase-sale related transactions between the Group and buyers which are independent units against the Group.
- Other receivables reflect non-commercial or non-trading receivables, unrelated to purchase-sale transactions.

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

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

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

7. Inventories

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

Original cost of inventories is determined as follows:

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

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

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

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

8. Prepaid expenses

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

Expenses for tools, instruments

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

Fixed asset repair costs

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

Prepaid land rental

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

Expenses for investment in software products

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

9. Tangible fixed assets

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

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

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

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

10. Intangible fixed assets

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

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

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

Intangible fixed assets of the Group include:

Software program

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

Copyright, patents

Historical costs of copyright, patents purchased from the third party include the purchasing price, purchasing tax non-refunded and registration fee. Copyright, patents are depreciated in accordance with the straight-line method for the period from 3 – 10 years.

Merchandise trademark

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

Other intangible fixed assets

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

11. Construction in progress

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

12. Business consolidation and trade advantage

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

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

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

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

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

13. Liabilities payable and accrued expenses

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

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

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

14. Provisions for accounts payable

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

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

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

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

15. Scientific and technological development fund

Scientific and technological development fund is established to create financial resources for investment in the Group's scientific and technological activities as follows:

- Financing to carry out scientific and technological theme and projects.
- Supporting scientific and technological development:
 - Equipping facilities – techniques for scientific and technological activities.
 - Purchasing machinery, equipment to renew technology directly used in production.
 - Purchasing technology copyrights, patent use and ownership right, useful solutions, industrial design, scientific and technological information related documents and products to serve scientific and technological activities.
 - Paying salary, hiring experts or signing contracts with scientific and technological organizations to implement scientific and technological activities.
 - Expenses for training scientific and technological human resources as legally stipulated on science and technology.
 - Disbursing for initiative of technical improvement, production rationalization.
 - Expenses for activities of research co-operation, scientific and technological implementation with Vietnamese organizations and enterprises.

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

Fixed assets formed by scientific and technological development fund are recognized as a decrease in corresponding fund and there is no amortization.

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

16. Owner's equity

Owner's contribution capital

Owner's contribution capital is recognized in line with the amount actually contributed by the shareholders of the Corporation.

Share premiums

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

Treasury stocks

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

17. Profit distribution

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

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

Dividends are recognized as liabilities payable upon the approval of the General Meeting of Shareholders.

18. Recognition of revenue and income

Revenue of selling goods

Revenue of selling goods is recognized when all of the following conditions are satisfied:

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

Revenue of service provision

Revenue of service provision is recognized when all of the following conditions are satisfied:

- Revenue is determined reliably. When contracts define that buyers are entitled to return services purchased under specific conditions, revenue is only recognized when such specific conditions no longer exist and buyers are not entitled to return services provided.
- The Group has received or will receive economic benefits from the transaction of providing such services.
- The completed work may be determined at the time of reporting.
- Incurred costs for the transaction and the costs to complete the transaction of providing such services can be determined.

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

Part of service provision completed is determined by the method of evaluating percentage (%) of labor costs already arising in comparison with total estimated labor costs to complete the entire transaction of service provision.

For the 1st-time prepaid fee of FTTH and EOC services from the customers newly arising during the fiscal year, the Group records revenue of service provision which is the total prepaid fee from these customers does not allocate revenue for the corresponding periods.

Interests

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

Dividends and profit shared

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

19. Revenue deductions

Revenue deductions include trade discounts, sales allowances and returns incurred in the same period of consumption of products, goods and services are adjusted a decrease in revenue in the incurring period.

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

- In case trade discounts, sales allowances and returns incurred prior to the issuance of consolidated financial statements, enterprises record a decrease in revenue, on the consolidated financial statements of the current year.
- In case trade discounts, sales allowances and returns incurred after the issuance of consolidated financial statements, enterprises record a decrease in revenue on the consolidated financial statements of the next year.

20. Borrowing costs

Borrowing costs include loan interest and other costs directly related to borrowings.

Borrowing costs are recognized into expenses when arising. In case the borrowing costs are directly attributable to the construction or the production of an asset in progress, which takes a substantial period of time (over 12 months) to get ready for intended use or sales of the asset, these

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

costs will be included in the cost of that asset. To the extent that the borrowings are especially for the purpose of construction of fixed assets and investment properties, the borrowing cost is eligible for capitalization even if construction period is under 12 months. Incomes arisen from provisional investments as loans are recognized as a decrease in the costs of relevant assets.

In the event of general borrowings which are partly used for acquiring, constructing or producing an asset in progress, the costs eligible for capitalization will be determined according to the capitalization rates applied to average accumulated expenditure on that asset. The capitalization rates are computed at the average interest rates on the borrowings not yet paid during the year, except for particular borrowings serving the purpose of obtaining a specific asset.

21. Costs

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

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

22. Corporate income tax

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

Current income tax

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

Deferred income tax

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

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

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

Deferred income tax assets and liabilities payable are offset when:

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

23. Related parties

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

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

24. Segment reporting

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

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

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

25. Financial instruments

Financial assets

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

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

Financial liabilities

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

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

Equity instrument

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

Offsetting financial instruments against each other

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

- has a legal right to offset the recognized amounts; and
- has intention either to settle on a net basis, or to realize the asset and to settle the liabilities simultaneously.

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

	As of 31 Mar. 2017	As of 1 Apr. 2016
Cash on hand	3,637,281,106	6,968,616,601
Demand deposits in bank	60,227,765,035	75,681,641,317
Cash equivalents – under-3-month deposits	61,204,777,500	5,030,000,000
Total	125,069,823,641	87,680,257,918

2. Financial investments

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

2a. Investments held to maturity date

	As of 31 Mar. 2017		As of 1 Apr. 2016	
	Historical costs	Book value	Historical costs	Book value
<i>Short-term</i>				
Termed deposits	240,801,057,700	240,801,057,700	238,980,223,937	238,980,223,937
<i>Long-term</i>				
Termed deposits	123,237,505	123,237,505		
Total	240,924,295,205	240,924,295,205	238,980,223,937	238,980,223,937

2b. Investments in associates

	As of 31 Mar. 2017			As of 1 Apr. 2016		
	Historical costs	Profit after investment	Total	Historical costs	Profit after investment	Total
- Ciber - CMC	4,990,000,000	3,361,976,049	8,351,976,049	4,990,000,000	1,908,891,693	6,898,891,693
- Netnam JSC.	7,258,356,000	13,827,418,263	21,085,774,263	7,258,356,000	9,680,484,541	16,938,840,541
Total	12,248,356,000	17,189,394,312	29,437,750,312	12,248,356,000	11,589,376,234	23,837,732,234

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

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

	Ciber - CMC	Netnam JSC.	Total
Ownership value as of 1 Apr. 2016	6,898,891,693	16,938,840,541	23,837,732,234
Gains or losses during the year	2,645,130,731	10,363,973,987	13,009,104,718
Appropriation of funds in associates	(50,354,998)	(1,024,786,575)	(1,075,141,573)
Share of dividends in associates	(1,147,700,000)	(5,121,954,900)	(6,269,654,900)
Adjustments of gains or losses in the previous year of associates	6,008,623	(70,298,790)	(64,290,167)
Ownership value as of 31 Mar. 2017	8,351,976,049	21,085,774,263	29,437,750,312

Operation of associates

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

Transactions with associates

Material transactions between the Group and associates were as follows:

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Sales of selling goods and providing services to		
<i>Ciber - CMC</i>	1,873,438,630	750,156,669
<i>Netnam JSC.</i>	6,835,748,549	
Purchasing goods and services from		
<i>Ciber - CMC</i>	57,750,000	47,016,725
Dividends, profit shared from		
<i>Ciber - CMC</i>	1,147,700,000	
<i>Netnam JSC.</i>	5,121,951,500	

2c. Capital contribution to other entities

	As of 31 Mar. 2017		As of 1 Apr. 2016	
	Historical costs	Provision	Historical costs	Provision
Vijasgate Co., Ltd.	627,044,400	(627,044,400)	627,044,400	(627,044,400)
VTV CAB & CMC Telecom Co., Ltd.	980,000,000		980,000,000	
Thong Nhat Software Co., Ltd.	59,373,000	(59,373,000)	59,373,000	(59,373,000)
Total	1,666,417,400	(686,417,400)	1,666,417,400	(686,417,400)

Provision for capital contribution in other entities

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

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Beginning balance	(686,417,400)	(686,417,400)
Additional appropriation of provision		
Refund of provision		
Ending balance	(686,417,400)	(686,417,400)

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

Fair value

The Group has not determined the fair value of investments as there have not any detailed guidelines on determination of fair value.

3. Short-term receivable from customers

	<u>As of 31 Mar. 2017</u>	<u>As of 1 Apr. 2016</u>
<i>Receivable from related parties</i>	<i>2,019,028,561</i>	<i>1,845,470,685</i>
Ciber – CMC		1,845,470,685
Netnam JSC.	2,019,028,561	
<i>Receivable from other customers</i>	<i>685,811,596,136</i>	<i>647,691,986,686</i>
Total	687,830,624,697	649,537,457,371

4. Short-term prepayments to suppliers

	<u>As of 31 Mar. 2017</u>	<u>As of 1 Apr. 2016</u>
Prepayments to related parties		
Prepayments to other suppliers	28,784,636,556	40,371,186,168
Total	28,784,636,556	40,371,186,168

5. Receivable on short-term loans

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

6. Other short-term/long-term receivable**6a. Other short-term receivable**

	<u>As of 31 Mar. 2017</u>		<u>As of 1 Apr. 2016</u>	
	<u>Value</u>	<u>Provision</u>	<u>Value</u>	<u>Provision</u>
<i>Receivable from related parties</i>			<i>336,512,551</i>	
Ciber - CMC			331,924,932	
Netnam JSC.			4,587,619	
<i>Receivable from other organizations and individuals</i>	<i>75,773,534,036</i>	<i>(2,076,267,519)</i>	<i>101,164,360,605</i>	<i>(1,464,320,000)</i>
Advances for project implementation	46,935,283,079		51,130,797,733	
Loan interest			2,999,809,529	
Short-term deposits, mortgages	2,395,774,782		18,124,013,481	
Estimated receipt of termed deposit interest	12,205,496,527		10,955,488,895	
Others	14,236,979,648	(2,076,267,519)	17,954,250,967	(1,464,320,000)
Total	75,773,534,036	(2,076,267,519)	101,500,873,156	(1,464,320,000)

6b. Other long-term receivable

Including long-term deposits and mortgages for objects which are not related parties.

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

7. Bad debts

	As of 31 Mar. 2017		As of 1 Apr. 2016	
	Historical costs	Recoverable value	Historical costs	Recoverable value
<i>Related parties</i>				
<i>Other organizations and individuals</i>	85,636,412,377	3,750,000,000	85,530,296,913	6,750,000,000
Receivable from other organizations and individuals	85,636,412,377	3,750,000,000	85,530,296,913	6,750,000,000
Total	85,636,412,377	3,750,000,000	85,530,296,913	6,750,000,000

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

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Beginning balance	(78,780,296,913)	(79,270,875,548)
Additional appropriation of provision	(3,674,103,864)	(6,849,949,923)
Refund of provision		1,090,474,280
Decrease of provision due to consolidation of financial statements	567,988,400	6,250,054,278
Ending balance	(81,886,412,377)	(78,780,296,913)

8. Inventories

	As of 31 Mar. 2017		As of 1 Apr. 2016	
	Historical costs	Provision	Historical costs	Provision
Goods in transit	7,270,000		168,440,000	
Materials and supplies	40,647,904,596	(1,100,453,687)	43,134,789,015	(575,254,692)
Tools, instruments	409,410,670		73,590,100	
Expenses for work in progress	14,857,895,193		5,848,974,667	
Finished products	1,549,057,204		361,926,603	
Merchandises	153,862,446,142	(1,268,614,002)	151,815,675,465	(2,810,188,219)
Goods on consignment	183,638,517		183,638,517	
Total	211,517,622,322	(2,369,067,689)	201,587,034,367	(3,385,442,911)

Situation of fluctuations in provision for devaluation of inventories are as follows:

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Beginning balance	(3,385,442,911)	(4,239,713,413)
Additional appropriation of provision	(701,832,085)	(1,446,691,408)
Refund of provision	1,245,558,587	2,300,961,910
Decrease due to destruction of goods	472,648,720	
Ending balance	(2,369,067,689)	(3,385,442,911)

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

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

	<u>As of 31 Mar. 2017</u>	<u>As of 1 Apr. 2016</u>
Short-term expenses for tools, instruments	451,554,600	203,135,218
Repair costs	95,461,685	343,130,383
Housing, infrastructure rental	4,182,322,156	1,568,685,245
Service fee to be allocated	240,864,225	1,726,336,688
Software installation fee	355,430,196	
Maintenance costs and corporate governance system support	726,935,660	1,550,000,000
Prepaid expenses for projects	19,003,721,968	17,161,916,642
Others	2,014,955,462	1,418,097,509
Total	<u>27,071,245,952</u>	<u>23,971,301,685</u>

9b. Long-term prepaid expenses

	<u>As of 31 Mar. 2017</u>	<u>As of 1 Apr. 2016</u>
Expenses for tools, instruments	95,010,585,290	95,434,206,278
Land rental (i)	8,233,476,915	8,419,194,447
Expenses for office leasing brokerage	1,414,969,232	650,972,168
Expenses for office improvement	664,935,224	4,312,934,841
Expenses for VinE-com Project	-	4,407,352,145
Trade advantage	3,211,200,000	3,746,400,000
Expenses for periodically updating and upgrading software	4,821,229,879	5,624,768,199
Expenses for project implementation	4,841,545,483	5,370,463,191
Expenses for Livecore Framework and live stream (IPTV) software	-	1,008,080,000
Expenses for incident rescue, repair	1,698,179,863	682,563,071
Expenses for leasing channels and server	13,259,776,974	
Others	3,521,696,507	6,576,709,885
Total	<u>136,677,595,367</u>	<u>136,233,644,225</u>

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

10. Tangible fixed assets

	Buildings & structures	Machinery & equipment	Vehicles	Office equipment	Other fixed assets	Total
Historical costs						
As of 1 Apr. 2016	202,837,249,504	404,219,576,616	179,328,844,038	16,464,532,812	2,874,914,106	805,725,117,076
New purchases during the year		12,844,443,618	3,462,341,818	2,396,589,434		18,703,374,870
Goods forming assets				8,961,966,942		8,961,966,942
Liquidation and disposal during the year			(1,610,988,000)	(475,630,139)		(2,086,618,139)
Complete construction	5,861,453,091	53,525,270,961	93,364,059,139			152,750,783,191
As of 31 Mar. 2017	<u>208,698,702,595</u>	<u>470,589,291,195</u>	<u>274,544,256,995</u>	<u>27,347,459,049</u>	<u>2,874,914,106</u>	<u>984,054,623,940</u>
<i>In which:</i>						
Fully depreciated but being still in use	772,426,300	28,079,912,057	24,770,357,022	6,407,704,069	2,874,914,106	62,905,313,554
To be liquidated						
Depreciation						
As of 1 Apr. 2016	22,905,803,438	164,769,789,333	72,789,206,270	10,406,857,944	2,371,101,323	273,242,758,308
Depreciation during the year	4,596,005,559	46,745,008,033	36,398,747,183	4,442,498,310	503,812,783	92,686,071,868
Liquidation and disposal			(323,625,282)	(475,630,139)		(799,255,421)
As of 31 Mar. 2017	<u>27,501,808,997</u>	<u>211,514,797,366</u>	<u>108,864,328,171</u>	<u>14,373,726,115</u>	<u>2,874,914,106</u>	<u>365,129,574,755</u>
Net book value						
As of 1 Apr. 2016	179,931,446,066	239,449,787,283	106,539,637,768	6,057,674,868	503,812,783	532,482,358,768
As of 31 Mar. 2017	<u>181,196,893,598</u>	<u>259,074,493,829</u>	<u>165,679,928,824</u>	<u>12,973,732,934</u>		<u>618,925,049,185</u>

In which:

Temporarily unused

To be liquidated

Some tangible fixed assets of which the net book value is VND 305,723,938,933 have been mortgaged to secure the loans of the Group and to be granted with credit limit, guarantee and open LC at BIDV.

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)**11. Intangible fixed assets**

	Copyright, patents	Trademark, trade name	Computer software	Other intangible fixed assets	Total
Historical costs					
As of 1 Apr. 2016	30,939,433,245	551,086,545	29,951,307,001	6,660,610,458	68,102,437,249
New purchases during the year	195,615,549		7,023,173,113		7,218,788,662
Complete construction	132,945,343,939		2,041,786,511		134,987,130,450
As of 31 Mar. 2017	164,080,392,733	551,086,545	39,016,266,625	6,660,610,458	210,308,356,361
<i>In which:</i>					
Fully amortized but being still in use	39,000,000	144,000,000	1,159,725,910	664,373,952	2,007,099,862
Amortization					
As of 1 Apr. 2016	15,187,984,393	416,110,689	12,050,297,059	1,569,900,206	29,224,292,347
Amortization during the year	5,887,696,408	76,708,656	4,678,075,583	749,529,553	11,392,010,200
As of 31 Mar. 2017	21,075,680,801	492,819,345	16,728,372,642	2,319,429,759	40,616,302,547
Net book value					
As of 1 Apr. 2016	15,751,448,852	134,975,856	17,901,009,942	5,090,710,252	38,878,144,902
As of 31 Mar. 2017	143,004,711,932	58,267,200	22,287,893,983	4,341,180,699	169,692,053,814
<i>In which:</i>					
Temporarily unused					
To be liquidated					

12. Construction in progress

	As of 1 Apr. 2016	Increase during the year	Transfer to fixed assets during the year	Other decreases	As of 31 Mar. 2017
Purchase of fixed assets	4,868,181,460		(4,868,181,460)		
Construction in progress	146,832,626,962	230,105,001,647	(287,737,913,641)	(7,962,364,550)	81,237,350,418
- Project of APG maritime cable (*)	95,834,616,489	26,238,485,917	(122,073,102,406)		
- Project of implementing network infrastructure in Da Nang	12,120,712,869	551,163,649	(12,671,876,518)		
- Project of expanding, upgrading CoreIP, Router NAT IP and Metro-NQ networks	16,999,763,559	13,050,000	(17,012,813,559)		
- Costs of material for installing cable network and incident rescue	8,378,234,948	3,553,733,052			11,931,968,000
- Project of optical transmission	9,094,079,310	10,960,856,068			20,054,935,378

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

	As of 1 Apr. 2016	Increase during the year	Transfer to fixed assets during the year	Other decreases	As of 31 Mar. 2017
- Project of North-South axial line	41,520,417	39,626,236,988			39,667,757,405
- Other projects	4,363,699,370	149,161,475,973	(135,980,121,158)	(7,962,364,550)	9,582,689,635
Total	151,700,808,422	230,105,001,647	(292,606,095,101)	(7,962,364,550)	81,237,350,418

(*) This project has been completed and officially put into operation since January 2017.

Total loan expense capitalized into expenses for construction in progress during the year was VND 4.9 billion (that in the previous year was VND 7 billion).

13. Trade advantage

	Netnam JSC.	CMC Telecom	CMC InfoSec	Total
Historical costs				
As of 1 Apr. 2016	1,572,168,000	3,328,783,614	2,807,478,449	7,708,430,063
As of 31 Mar. 2017	1,572,168,000	3,328,783,614	2,807,478,449	7,708,430,063
Amount already allocated				
As of 1 Apr. 2016	1,572,168,000	1,331,513,444	561,495,690	3,465,177,134
Allocation during the year		332,878,361	280,747,845	613,626,206
As of 31 Mar. 2017	1,572,168,000	1,664,391,805	842,243,535	4,078,803,340
Net book value				
As of 1 Apr. 2016		1,997,270,170	2,245,982,759	4,243,252,929
As of 31 Mar. 2017		1,664,391,809	1,965,234,914	3,629,626,723

14. Short-term payable to suppliers

	As of 31 Mar. 2017	As of 1 Apr. 2016
Payable to related parties	1,163,479,821	7,199,147,646
Ciber – CMC	67,582,821	7,195,680,988
Netnam JSC.	1,095,897,000	3,466,658
Payable to other suppliers	395,392,194,818	307,911,242,559
Total	396,555,674,639	315,110,390,205

The Group has not had any outstanding overdue liabilities payable to suppliers.

15. Short-term prepayments from customers

	As of 31 Mar. 2017	As of 1 Apr. 2016
Prepayments from related parties		
Prepayments from other customers	60,580,210,150	54,512,039,866
Total	60,580,210,150	54,512,039,866

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

16. Taxes and other obligations to the State budget

	As of 1 Apr. 2016		Increase during the year			As of 31 Mar. 2017	
	Payable	Receivable	Amount payable	Amount already paid	Amount refunded	Payable	Receivable
VAT on local sales	4,370,913,686		34,530,163,285	(35,224,550,000)		3,676,526,971	
VAT on imports		1,003,430,225	60,430,357,513	(59,421,820,536)	161,168,116	166,274,868	
Import-export duties	127,405,289	1,468,641,209	1,725,634,997	(799,591,338)	1,467,802,958	1,053,969,305	1,358,608
Corporate income tax	19,868,175,488	736,503,682	30,504,449,948	(31,248,457,907)		18,937,744,483	550,080,636
Personal income tax	4,268,075,552	63,099,696	8,963,685,252	(12,084,084,600)		1,500,756,792	416,180,284
Withholding tax	2,479,059,442		24,628,126,975	(26,070,988,540)		1,036,197,877	-
Other taxes	94,801,024	29,104,507	1,454,458,981	(1,256,059,645)		264,303,296	207,443
Fees, legal fees and other duties	181,749	4,725,381	88,952,654	(89,134,403)			4,725,381
Total	31,208,612,230	3,305,504,700	162,325,829,605	(166,194,686,969)	1,628,971,074	26,635,773,592	972,552,352

Value added tax (VAT)

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

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

Import - export duties

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

Corporate income tax

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

- According to the Circular No. 96/2015/TT-BTC dated 22 June 2015 and the Circular No. 78/2014/TT-BTC dated 18 June 2014 of the Ministry of Finance, CMC Software operates in the field of software production, therefore, it enjoys tax incentive at the tax rate of 10% within 15 years from the establishment date, in which: exempted from tax within 4 years (since 2006), reduced 50% of payable taxes in the 9 following years. The year 2016 is the 7th year when the Company is reduced 50% of payable taxes.
- According to the Circular No. 96/2015/TT-BTC dated 22 June 2015 and the Circular No. 78/2014/TT-BTC dated 18 June 2014 of the Ministry of Finance, CMC InfoSec operates in the field of software production, therefore, it enjoys tax incentive at the tax rate of 10% within 15 years from the establishment date, in which: The Company was established in 2008, made the first profit in 2013, is exempted from tax within 4 years (since 2011), reduced 50% of payable taxes in the 9 following years. The year 2016 is the 2nd year when the Company is reduced 50% of payable taxes.

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

Income from other activities has to pay corporate income tax at the tax rate of 20%. (In the previous year, income from other activities has to pay corporate income tax at the tax rate of 22% for average income from 1 April 2015 to 31 December 2015 and at the tax rate of 20% for average income from 1 January 2016 to 31 March 2016. The average income is determined by income from other activities from 1 April 2015 to 31 March 2016 divided by 12 months).

Corporate income tax payable during the year is estimated as follows:

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Total accounting profit before tax	187,213,921,576	160,377,221,548
Increase/decrease adjustments of accounting profit to determine profit subject to corporate income tax:	6,115,270,533	19,987,455,676
Increase adjustments of taxable profit in the Holding Company and subsidiaries	9,346,256,280	21,022,428,245
Decrease adjustments of taxable profit in the Holding Company and subsidiaries	(3,230,985,747)	(1,034,972,569)
Increase/ (decrease) due to consolidation of financial statements	(1,290,541,023)	4,610,352,806
Income subject to tax	192,038,651,086	184,975,030,030
Loss of previous years to be brought forwards	(36,159,340,168)	(76,523,304,937)
Taxable income	155,879,310,918	108,451,725,093
Corporate income tax rate in accordance with the common tax rate	20%	22% và 20%
Corporate income tax payable at the common tax rate	31,175,862,184	23,317,120,896
Difference of corporate income tax due to application of other tax rate than the common tax rate	(447,608,158)	(192,176,256)
Corporate income tax exempted, deducted	(223,804,078)	(83,554,894)
Corporate income tax payable	30,504,449,948	23,041,389,746
Adjustment of corporate income tax payable in the previous years		512,126,460
Total corporate income tax payable	30,504,449,948	23,553,516,206

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

Other taxes

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

17. Short-term accrued expenses

	<u>As of 31 Mar. 2017</u>	<u>As of 1 Apr. 2016</u>
<i>Payable to related parties</i>	-	-
<i>Payable to other organizations and individuals</i>	<i>175,541,311,680</i>	<i>119,231,918,915</i>
Appropriated costs for projects	16,478,532,869	7,143,385,336
Loan interest expenses payable	194,411,250	684,845,549
Expenses for external hiring, purchasing related to telecommunication activity	70,984,313,230	49,164,085,744
Project costs	2,360,535,927	1,165,258,079
Expenses divided for EOC service and other services	7,010,721,556	5,780,592,681
Expenses for the Building Management Unit	3,540,358,999	1,287,389,678
Others	3,988,124,619	4,842,276,104
Total	<u>104,556,998,450</u>	<u>70,067,833,171</u>

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

	<u>As of 31 Mar. 2017</u>	<u>As of 1 Apr. 2016</u>
<i>Unrealized revenue relating to related parties</i>		
<i>Unrealized revenue relating to organizations and individuals</i>	<i>128,338,818,935</i>	<i>48,267,456,530</i>
Prepayment for office rental	5,894,561,779	7,351,570,058
Prepayment for providing system integration service	65,173,667,911	22,263,523,578
Prepayment for providing telecommunication service	57,270,589,245	18,652,362,894
Total	<u>128,338,818,935</u>	<u>48,267,456,530</u>

18b. Long-term unrealized revenue

Including the prepayment for providing telecommunication service to customers which are not related parties.

19. Other short-term/long-term payable**19a. Other short-term payable**

	<u>As of 31 Mar. 2017</u>	<u>As of 1 Apr. 2016</u>
<i>Payable to related parties</i>	-	-
<i>Payable to other organizations and individuals</i>	<i>44,242,169,618</i>	<i>41,832,036,185</i>
Redundant assets to be settled	25,455,987	19,919,112
Trade Union's expenditure	1,491,659,754	1,122,490,355
Social insurance, Health insurance, Unemployment insurance	2,188,861,149	2,800,600,392
Assuming short-term deposits and mortgages	4,613,073,186	403,950,000
Dividends, profit payable	630,127,480	98,697,000
Loan interest payable	708,295,396	2,963,854,772
Payable on other loans	9,985,742,004	12,141,603,770
Expenses for discount bonus, customer support paid on behalf of firms	3,002,018,405	3,477,809,764
Payable to Viet Nam Public Utility Telecommunication Service Fund	3,303,463,648	4,075,745,843

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

	As of 31 Mar. 2017	As of 1 Apr. 2016
Other payable to business cooperation partners	6,075,086,708	6,323,244,396
Others	12,218,385,901	8,404,120,781
Total	44,242,169,618	41,832,036,185

19b. Other long-term accounts payable

Including long-term deposits and mortgages assuming from objects which are not related parties.

19c. Outstanding overdue liabilities

The Group has not had any other outstanding overdue liabilities payable.

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

	As of 31 Mar. 2017	As of 1 Apr. 2016
<i>Short-term financial lease loans and debts payable to related parties</i>	-	-
<i>Short-term financial lease loans and debts payable to other organizations and individuals</i>	<i>309,290,894,478</i>	<i>300,858,966,483</i>
Short-term loans from banks	232,950,169,778	252,322,024,578
MB	103,088,385,458	22,427,725,632
BIDV	75,409,137,095	159,254,502,560
Vietcombank – Transaction Office Branch	20,809,730,770	-
Vietinbank	33,642,916,455	22,739,796,386
Agribank	-	47,900,000,000
Short-term loans from individuals	30,200,724,700	13,536,941,905
Due long-term loans (see Note V.20b)	46,140,000,000	35,000,000,000
Total	309,290,894,478	300,858,966,483

The Group has solvency to pay short-term loans.

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

	Short-term loans from banks	Short-term loans from individuals	Due long-term loans	Total
As of 1 Apr. 2016	252,322,024,578	13,536,941,905	35,000,000,000	300,858,966,483
Increase	2,239,410,976,947	26,273,476,000	-	2,265,684,452,947
Transfer from long-term loans and debts	-	-	46,140,000,000	46,140,000,000
Interest in the previous year included into principal	-	3,921,852,068	-	3,921,852,068
Increase due to revaluation of loans in foreign currencies	-	86,592,500	-	86,592,500
Amount already paid	(2,258,782,831,747)	(13,618,137,773)	(35,000,000,000)	(2,307,400,969,520)
As of 31 Mar. 2017	232,950,169,778	30,200,724,700	46,140,000,000	309,290,894,478

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

20b. Long-term financial lease loans and debts

	As of 31 Mar. 2017	As of 1 Apr. 2016
<i>Long-term loans payable to related parties</i>		
<i>Long-term loans payable to other organizations and individuals</i>	42,197,185,183	100,835,467,983
Long-term loans from banks	40,487,185,183	99,719,217,983
BIDV (i)	40,487,185,183	99,719,217,983
Long-term loans from individuals (ii)	1,710,000,000	1,116,250,000
Total	42,197,185,183	100,835,467,983

The Group has solvency to pay long-term loans.

- (i) This is the long-term loan from BIDV – Transaction Office 1 in accordance with the long-term credit agreement No. 01/2013/2570354/HDTDDH dated 2 July 2013. The loan limit is VND 200,000,000,000. The floating interest rate is adjusted every 3 months on the first date of each quarter. The loan term is 66 months from the initial disbursement date.
- (ii) This is the loan in accordance with the agreement No. 01.15/HDVV-CMS dated 29 June 2015 used for business purpose, the term of 2 years, the loan interest rate of 5%/year and adjusted every 3 months based on the loan interest rate of the Bank, the interest is paid every 3 months.

Payment terms of long-term loans are as follows:

	Total debts	Under 1 year	From 1 year to 5 years	Over 5 years
As of 31 Mar. 2017				
Long-term loans from banks	85,487,185,183	45,000,000,000	40,487,185,183	-
Long-term loans from individuals	2,850,000,000	1,140,000,000	1,710,000,000	-
Total	88,337,185,183	46,140,000,000	42,197,185,183	-
As of 1 Apr. 2016				
Long-term loans from banks	134,719,217,983	35,000,000,000	99,719,217,983	-
Long-term loans from individuals	1,116,250,000	-	1,116,250,000	-
Total	135,835,467,983	35,000,000,000	100,835,467,983	-

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

	Long-term loans from banks	Long-term loans from individuals	Total
As of 1 Apr. 2016	99,719,217,983	1,116,250,000	100,835,467,983
Increase	767,967,200	1,672,875,000	2,440,842,200
Increase due to exchange rate differences	-	60,875,000	60,875,000
Transfer from long-term loans and debts	(45,000,000,000)	(1,140,000,000)	(46,140,000,000)
Amount already paid	(15,000,000,000)	-	(15,000,000,000)
As of 31 Mar. 2017	40,487,185,183	1,710,000,000	42,197,185,183

20c. Outstanding overdue financial lease loans and debts

The Group has not had any outstanding overdue financial lease loans and debts.

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

21. Provision for current liabilities

	Provision for warranty of products, merchandises	Provision for warranty of projects	Total
As of 1 Apr. 2016	6,370,867,179	256,845,208	6,627,712,387
Increase due to appropriation	1,556,704,681	38,701,090	1,595,405,771
Disbursement	(1,861,488,166)		(1,861,488,166)
Refund		(256,845,208)	(256,845,208)
As of 31 Mar. 2017	6,066,083,694	38,701,090	6,104,784,784

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

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

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Beginning balance	450,249,832	610,259,884
Inclusion into business results	(60,739,340)	(160,010,052)
Ending balance	389,510,492	450,249,832

22b. Deferred income tax payable

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

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Beginning balance	1,763,240,645	1,827,036,621
Inclusion into business results	(57,996,340)	(63,795,976)
Ending balance	1,705,244,305	1,763,240,645

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

23. Scientific and technological development fund

	Scientific and technological development fund	Scientific and technological development fund forming fixed assets	Total
As of 1 Apr. 2016	1,387,948,636		1,387,948,636
Appropriation of fund	8,312,858,542		8,312,858,542
Disbursement during the year	(256,414,542)		(256,414,542)
As of 31 Mar. 2017	9,444,392,636	-	9,444,392,636

During the year, the Group has disbursed Scientific and technological development fund to invest in technological projects with the amount of VND 3,096,287,993.

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam
CONSOLIDATED FINANCIAL STATEMENTS
For the fiscal year ended 31 March 2017
Notes to the consolidated financial statements (cont.)

24. Owner's equity

24a. Statement of fluctuations in owner's equity

	Owner's investment capital	Share premium	Treasury stocks	Exchange rate differences	Business promotion fund	Retained profit after tax	Interest of non-controlling shareholders	Total
As of 1 Apr. 2015	673,419,530,000	15,307,031,884	(6,840,260,634)	431,436,000	988,924,517	(15,299,081,895)	59,068,468,701	727,076,048,573
Increase due to additional issuance of shares in subsidiaries (*)						98,283,495,489	155,367,966,837	253,651,462,326
Profit during the year						107,516,208,600	29,211,282,666	136,727,491,266
Increase/decrease due to re-purchasing shares from non-controlling shareholders in subsidiaries								
Appropriation of bonus, welfare funds in the Group						(970,947,146)	(829,052,854)	(1,800,000,000)
Appropriation of bonus fund for the BOM and the Board of Supervisor in the Holding Company						(11,814,415,416)	(3,601,352,982)	(15,415,768,398)
Appropriation of bonus, welfare funds in associates						(1,285,500,000)		(1,285,500,000)
Adjustment of profit/loss in associates		(411,519,250)				(787,743,698)		(787,743,698)
Other increase/decrease from profit in subsidiaries					(988,924,517)	1,400,443,767		
As of 31 Mar. 2016	673,419,530,000	14,895,512,634	(6,840,260,634)	431,436,000		(666,598,662)	239,217,312,368	(666,598,662)
As of 1 Apr. 2016	673,419,530,000	14,895,512,634	(6,840,260,634)	431,436,000		176,375,861,039	239,217,312,368	1,097,499,391,407
Profit in the current year						176,375,861,039	239,217,312,368	1,097,499,391,407
Appropriation of bonus, welfare funds from the profit in the previous year						123,159,976,015	33,546,752,613	156,706,728,628
Appropriation of bonus, welfare funds from the profit in the current year						(3,488,445,779)		(3,488,445,779)
Appropriation of bonus for the BOM, the Board of Supervision from the profit in the previous year						(6,002,475,267)		(6,002,475,267)
						(1,427,312,962)	(292,536,526)	(1,719,849,488)

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

	Owner's investment capital	Share premium	Treasury stocks	Exchange rate differences	Business promotion fund	Retained profit after tax	Interest of non-controlling shareholders	Total
Appropriation of bonus for the BOM, the Board of Supervision from the profit in the current year						(1,231,599,760)		(1,231,599,760)
Share of dividends, profit from the profit in the previous year						(52,994,155,200)	(9,119,796,600)	(62,113,951,800)
Appropriation of bonus, welfare funds from the profit in the previous year in associates						(1,075,141,573)		(1,075,141,573)
Adjustment of profit/loss in associates						(64,293,567)		(64,293,567)
Appropriation of scientific and technological development fund from the profit in the previous year						(8,312,858,542)		(8,312,858,542)
Effect due to change in rate of ownership in subsidiaries						(615,475,644)	(440,524,356)	(1,056,000,000)
As of 31 Mar. 2017	673,419,530,000	14,895,512,634	(6,840,260,634)	431,436,000		224,324,078,760	262,911,207,499	1,169,141,504,259

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)**24b. Details of the owner's contribution capital**

	<u>As of 31 Mar. 2017</u>	<u>As of 1 Apr. 2016</u>
My Linh Investment Co., Ltd.	142,512,100,000	142,512,100,000
MVI Investment Co., Ltd.	141,616,000,000	141,616,000,000
Geleximco	93,935,960,000	93,935,960,000
Agribank	33,920,000,000	33,920,000,000
BaoViet Corporation	33,920,000,000	33,920,000,000
Other shareholders	216,522,880,000	216,522,880,000
Treasury stocks	10,992,590,000	10,992,590,000
Total	<u>673,419,530,000</u>	<u>673,419,530,000</u>

24c. Shares

	<u>As of 31 Mar. 2017</u>	<u>As of 1 Apr. 2016</u>
Number of shares registered to be issued	67,341,953	67,341,953
Number of common shares issued	67,341,953	67,341,953
- <i>Common share</i>	67,341,953	67,341,953
Number of common shares repurchased		
- <i>Common share</i>	1,099,259	1,099,259
Number of common shares outstanding		
- <i>Common share</i>	66,242,694	66,242,694

Face value per outstanding share: VND 10,000.

24d. Profit distribution

During the year, the Holding Company has distributed profit in accordance with the Resolution of Year 2016 Annual General Meeting of Shareholders dated 29 June 2016 as follow:

Distribution of profit in 2015

• Share of dividends to shareholders	:	52,994,155,200
• Appropriation of bonus for Board of Management and the Board of Supervision	:	1,075,100,000
• Appropriation of bonus and welfare funds	:	3,082,222,724
- <i>Temporary appropriation of bonus and welfare funds in 2015 from the profit in 2015</i>	:	2,795,516,497
- <i>Additional appropriation of bonus and welfare funds in 2016 from the profit in 2015</i>	:	286,706,227

Temporary distribution of profit in 2016 in accordance with the Resolution of the BOM

• Appropriation of scientific and technological development fund	:	8,312,858,542
• Appropriation of bonus and welfare funds	:	4,156,429,271
• Appropriation of bonus for Board of Management and the Board of Supervision	:	1,231,599,760

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

25. Off-balance sheet item**25a. Foreign currencies**

	<u>As of 31 Mar. 2017</u>	<u>As of 1 Apr. 2016</u>
US Dollar (USD)	909,332.38	1,046,173.02
Japan Yen (¥)	672,871.00	74,137.00

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

	<u>From 1 Apr. 2016 to 31 Mar. 2017</u>	<u>From 1 Apr. 2015 to 31 Mar. 2016</u>
Sales of selling goods	2,703,784,002,626	2,510,367,385,371
Sales of selling finished products	30,865,690,769	34,948,625,950
Sales of providing services	1,650,907,008,484	1,158,175,731,173
Other sales	5,240,441,689	904,841,722
Total	<u>4,390,797,143,568</u>	<u>3,704,396,584,216</u>

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

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

2. Deductions

	<u>From 1 Apr. 2016 to 31 Mar. 2017</u>	<u>From 1 Apr. 2015 to 31 Mar. 2016</u>
Trade discounts	3,181,308,329	2,697,292,138
Sales returns	3,242,631,586	7,886,077,339
Sales allowances	10,159,091	
Total	<u>6,434,099,006</u>	<u>10,583,369,477</u>

3. Costs of goods sold

	<u>From 1 Apr. 2016 to 31 Mar. 2017</u>	<u>From 1 Apr. 2015 to 31 Mar. 2016</u>
Costs of goods already sold	2,538,676,876,377	2,327,443,664,235
Costs of finished products already sold	34,295,085,181	31,922,163,199
Costs of services already provided	1,215,962,473,592	801,252,376,076
Costs of other business operations	4,290,007,869	634,380,602
Refund of provision for devaluation of inventories	(543,726,502)	(204,154,281)
Total	<u>3,792,680,716,517</u>	<u>3,161,048,429,831</u>

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

4. Financial income

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Deposit and loan interest	18,607,780,867	12,415,378,521
Gain on exchange rate differences	1,674,079,700	3,808,043,327
Gain on exchange rate differences due to revaluation of monetary items in foreign currencies	52,441,690	
Gain on deferred-payment goods	95,593,435	399,914,513
Payment discounts	284,234,240	
Others	2,415,450	
Total	20,716,545,382	16,623,336,361

5. Financial expenses

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Loan interest expenses	26,357,462,659	25,970,916,609
Loss from exchange rate differences	1,229,731,676	6,073,116,162
Loss from exchange rate differences due to revaluation of monetary items in foreign currencies	415,126,025	661,961,884
Total	28,002,320,360	32,705,994,655

6. Selling expenses

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Expenses for employees	126,396,428,998	121,245,132,218
Expenses for materials, packing	20,293,495,592	18,387,701,165
Depreciation of fixed assets	3,243,127,804	2,797,369,334
Expenses for warranty of products, merchandises, services	1,374,173,568	4,276,528,409
External services hired and other expenses in cash	86,402,030,591	65,707,103,729
Total	237,709,256,553	212,413,834,855

7. Administrative overheads

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Expenses for employees	96,774,198,710	87,600,219,069
Expenses for managing materials	4,102,668,720	3,095,819,513
Depreciation of fixed assets	6,017,214,765	5,902,786,746
Taxes, fees and duties	1,263,451,633	651,083,777
Provision for bad debts	3,674,103,864	6,233,322,612
Appropriation of scientific and technological development fund		1,387,948,636
External services hired	40,643,692,146	33,231,789,618
Other expenses	31,149,863,755	25,557,804,501
Total	183,625,193,593	163,660,774,472

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

8. Other income

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Gain on liquidation, disposal of fixed assets		354,545,454
Income from organizing Avar seminar		2,684,741,263
Sponsor from IPP project		718,093,810
Fund Marketing supported	11,651,591,411	9,723,086,224
Taxes refunded	648,929,042	813,289,695
Treatment of long-lasting liabilities	110,192,263	463,018,075
Others	2,213,439,829	1,190,047,589
Total	14,624,152,545	15,946,822,110

9. Other expenses

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Loss from liquidation, disposal of fixed assets	541,008,173	2,110,090
Expenses for Taipei Conference organization	681,426,981	-
Payment for product introduction	702,350,000	-
Expenses for organizing Avar seminar	-	3,218,349,626
Tax fined and recovered	860,197,709	957,085,955
Others	696,455,745	1,725,866,134
Total	3,481,438,608	5,903,411,805

10. Deferred corporate income tax

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Deferred corporate income tax incurred from refund of deferred income tax assets	60,739,340	160,010,052
Income from deferred corporate income tax incurred from refund of deferred corporate income tax payable	(57,996,340)	(63,795,976)
Total	2,743,000	96,214,076

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

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Accounting profit after corporate income tax	123,159,976,015	107,516,208,600
Appropriation of scientific and technological development fund	(8,312,858,542)	-
Appropriation for bonus, welfare funds	(6,002,475,267)	(6,934,423,154)
Appropriation for bonus for the BOM, the Board of Supervision	(1,231,599,760)	(1,075,100,000)
Increase/decrease adjustments of accounting profit to determine profit contributed to the common shareholders	-	-
Profit for determination of basic earnings/declined interest per share	107,613,042,446	100,581,785,446

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Weight average number of common shares outstanding during the year	66,242,694	66,242,694
Basic earnings/declined interest per share	1,625	1,518

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

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Common shares outstanding at the beginning of the year	66,242,694	66,242,694
Effects of common shares repurchased during the year		
Effects of common shares issued during the year		
Average common shares outstanding during the year	66,242,694	66,242,694

11b. Other information

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

12. Operating expenses per element

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
Expenses for materials and supplies	137,530,991,430	116,309,536,860
Labor costs	322,176,689,497	267,297,665,746
Depreciation of fixed assets	104,078,082,068	80,949,207,881
Contingent expenses	3,130,377,362	6,233,322,612
Warranty costs	1,374,173,568	4,276,528,409
External services hired	783,638,938,907	631,886,688,453
Others	71,083,568,635	92,753,197,341
Total	1,423,012,821,467	1,199,706,147,302

VII. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED CASH FLOW STATEMENT**1. Receipts from borrowing**

During the year, the Corporation has transferred the loan interest payable to individuals of the previous year into the loan principal with the amount of VND 3,921,852,068.

VII. OTHER INFORMATION**1. Transactions and balances with related parties**

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

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

The key managers include members of the Board of Management and members of the Board of General Directors, Chief Financial Officer, Chief Accountant. Related individuals of the key managers are their relatives.

Transactions with the key managers and their related individuals

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

Liabilities with the key managers and their related individuals

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

1b. Transactions and balances with other related parties

Other related parties of the Group include:

Other related parties	Relationship
Ciber - CMC	Associate
Netnam JSC.	Associate
My Linh Investment Co., Ltd.	Large shareholder
MVI Investment Co., Ltd.	Large shareholder

Transactions with other related parties

Apart from transactions with subsidiaries, joint ventures and associates as presented in Note V.2, the Group has also had any transactions with other related parties as follows:

	From 1 Apr. 2016 to 31 Mar. 2017	From 1 Apr. 2015 to 31 Mar. 2016
<i>My Linh Investment Co., Ltd. (My Linh Investment)</i>		
Expenses for hiring personnel of My Linh Investment	1,500,000,000	1,222,512,000
Dividends paid to My Linh Investment	11,400,968,000	
<i>MVI Investment Co., Ltd. (MVI Investment)</i>		
Expenses for hiring personnel of MVI Investment	500,000,000	1,222,512,000
Dividends paid to MVI Investment	11,329,280,000	

Liabilities with other related parties

Liabilities with other related parties are presented in Notes V.3, V.4, V.5, V.6, V.14, V.15, V.16 and V.20.

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

2. Segment information

2a. Business segments

The Group has had the major business segments as follows:

- Segment of integration service: provided by 3 companies which are CMC SI, CMC SI Saigon, CMC InfoSec
- Segment of software service: provided by CMC Software.
- Segment of telecommunication service: provided by CMC Telecom.
- Segment of distribution and assembling: provided by CMC P&T, CMS Computer Co., Ltd. (not including export operation).
- Segment of other services: provided by CMC Corporation and export operation by CMC P&T.

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

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

	Segment of integration service	Segment of software service	Segment of telecommunication service	Segment of distribution and assembling	Segment of other services	Adjustment due to consolidation	Total
From 1 Apr. 2016 to 31 Mar. 2017							
Net segment sales							
Net sales of selling goods and providing services externally	1,929,377,080,687	176,171,773,896	1,040,820,430,363	299,577,321,282	938,416,438,333		4,384,363,044,562
Net sales of selling goods and providing services among segments	93,317,504,260	11,860,259,746	4,348,172,983	13,792,599,999	26,041,407,867	(149,359,944,855)	-
Total net segment sales	2,022,694,584,947	188,032,033,642	1,045,168,603,346	313,369,921,281	964,457,846,200	(149,359,944,855)	4,384,363,044,562
Segment expenses (i)							
Segment business results	1,962,481,422,428	183,641,525,053	952,958,126,183	319,620,941,836	944,954,841,919	(147,996,833,056)	4,215,660,024,364
Segment profit before corporate income tax	60,213,162,519	4,390,508,589	92,210,477,163	(6,251,020,555)	19,503,004,281	(1,363,111,799)	168,703,020,198
	57,234,820,656	4,369,794,400	92,842,210,823	572,838,232	35,084,682,602	(2,890,425,137)	187,213,921,576
From 1 Apr. 2015 to 31 Mar. 2016							
Net segment sales							
Net sales of selling goods and providing services externally	1,437,057,613,105	136,976,464,673	820,180,893,419	382,096,099,501	917,502,144,041		3,693,813,214,739
Net sales of selling goods and providing services among segments	78,334,869,125	12,217,668,441	4,356,250,618	7,827,378,500	25,931,920,044	(128,668,086,728)	
Total net segment sales	1,515,392,482,230	149,194,133,114	824,537,144,037	389,923,478,001	943,434,064,085	(128,668,086,728)	3,693,813,214,739

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

	Segment of integration service	Segment of software service	Segment of telecommunication service	Segment of distribution and assembling	Segment of other services	Adjustment due to consolidation	Total
Segment expenses (i)	1,467,905,489,704	1,47,709,130,118	746,030,763,788	388,226,319,119	915,266,464,227	(128,015,127,798)	3,537,123,039,158
Segment business results	47,486,992,526	1,485,002,996	78,506,380,249	1,697,158,882	28,167,599,858	(652,958,930)	156,690,175,581
Segment profit before corporate income tax	46,776,215,666	1,620,926,153	77,427,511,128	1,776,476,397	24,460,689,869	8,315,402,335	160,377,221,548

- (i) Segment expenses include costs, selling expenses and administrative overheads (not including loan interest expenses and other expenses)
- (ii) Segment business results are equal to net segment sales less segment expenses.

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

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

	Segment of integration service	Segment of software service	Segment of telecommunicati on service	Segment of distribution and assembling	Segment of other services	Total
As of 31 March 2017						
Direct assets of segments	565,707,835,668	135,601,890,618	993,735,341,455	130,834,654,902	317,987,943,428	2,143,867,666,071
Assets allocated for segments						274,971,672,240
Assets not allocated for each segment						<u>2,418,839,338,311</u>
Total assets						
Direct payable liabilities of segments	455,682,626,467	47,660,468,798	563,102,628,814	107,291,758,911	66,515,958,426	1,240,253,441,416
Payable liabilities allocated to segments						
Payable liabilities not allocated for each segment						9,444,392,636
Total liabilities payable						<u>1,249,697,834,052</u>
As of 1 April 2016						
Direct assets of segments	452,083,855,680	114,668,507,054	842,998,978,023	175,942,983,097	341,483,678,511	1,927,178,002,365
Assets allocated for segments						
Assets not allocated for each segment						268,491,458,932
Total assets						<u>2,195,669,461,297</u>
Direct payable liabilities of segments	322,454,262,439	30,185,002,617	536,242,972,379	155,105,947,583	52,793,936,236	1,096,782,121,254
Payable liabilities allocated to segments						
Payable liabilities not allocated for each segment						1,387,948,636
Total liabilities payable						<u>1,098,170,069,890</u>

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

2b. *Geographical segments*

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

3. *Comparative figures*

The Group has adjusted the re-classification of some items in the consolidated income statement for the fiscal year ended 31 March 2016.

	Code	Figures before adjustment	Adjustment	Adjusted figures
Costs of goods sold	11	3,166,506,566,261	(5,458,136,430)	3,161,048,429,831
Selling expenses	25	210,271,613,834	2,142,221,021	212,413,834,855
Administrative overheads	26	160,344,859,063	3,315,915,409	163,660,774,472

4. *Financial risk management*

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

4a. *Credit risk*

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

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

Receivable from customers

The Group has minimized credit risk by only dealing with entities which have good financial resources, requiring to open the credit letter for entities with initial transaction or without information about financial resources. Moreover, the liabilities accountant often follows liabilities receivable for recovery.

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

Cash in bank

Demand and termed deposits of the Group are deposited in well-known banks in Vietnam, therefore, credit risk of cash in bank is low.

Loans given

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

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

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

	Not yet overdue or devalued	Already overdue and/or devalued	Total
As of 31 Mar. 2017			
Cash and cash equivalents	125,069,823,641		125,069,823,641
Investments held to maturity date	240,801,057,700		240,801,057,700
Receivable from customers	608,383,859,221	79,446,765,476	687,830,624,697
Other receivable	30,924,568,804	5,826,267,519	36,750,836,323
Financial assets available for sale	980,000,000	686,417,400	1,666,417,400
Total	1,006,159,309,366	85,959,450,395	1,092,118,759,761

As of 1 Apr. 2016			
Cash and cash equivalents	87,680,257,918		87,680,257,918
Investments held to maturity date	238,980,223,937		238,980,223,937
Receivable from customers	572,221,480,458	77,315,976,913	649,537,457,371
Loans given	3,900,000,000		3,900,000,000
Other receivable	45,900,072,937	8,214,320,000	54,114,392,937
Financial assets available for sale	980,000,000	686,417,400	1,666,417,400
Total	949,662,035,250	86,216,714,313	1,035,878,749,563

4b. Liquidity risk

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

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

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

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

	Under 1 year	From 1 year to 5 years	Over 5 years	Total
As of 31 Mar. 2017				
Loans and debts	309,290,894,478	42,197,185,183		351,488,079,661
Payable to suppliers	396,555,674,639			396,555,674,639
Other payable	145,093,191,178	9,835,237,742		154,928,428,920
Total	850,939,760,295	52,032,422,925		902,972,183,220
As of 1 Apr. 2016				
Loans and debts	300,858,966,483	100,835,467,983		401,694,434,466
Payable to suppliers	315,110,390,205			315,110,390,205
Other payable	104,308,159,176	14,858,414,063		119,166,573,239
Total	720,277,515,864	115,693,882,046		835,971,397,910

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

The Executive Officers of the Group realize risk level for debt payment is low. The Group has liquidity of due debts by cash flows from business operations and receipts from due financial assets.

4c. Market risk

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

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

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

Foreign currency risk

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

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

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

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

	As of 31 Mar. 2017 (USD)	As of 1 Apr. 2016 (USD)
Cash and cash equivalents	909,332.38	1,046,173.62

The Executive Officers of the Group realize risk due to fluctuations in foreign exchange rate on profit after tax and owners' equity of the Group is not material.

Interest rate risk

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

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

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

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

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

	As of 31 Mar. 2017		As of 1 Apr. 2016	
	VND	USD	VND	USD
Cash and cash equivalents	100,963,469,787	909,332.38	64,397,677,358	1,046,173.02
Investments held to maturity date	240,801,057,700		238,980,223,937	
Loans and debts	(401,694,434,466)		(466,504,232,549)	
Net assets/(liabilities)	(59,929,906,979)	909,332.38	(163,126,331,254)	1,046,173.02

As of the balance sheet date, with the assumption of other unchangeable variables, if the interest rate of loans in VND with floating rate increased/decreased by 2%/year, profit after tax and owner's equity of the current year of the Group would decrease/increase by VND 958,878,512 (in the same period of the previous year they would have decreased/increased by VND 2,610,021,300).

Risk related to price of goods

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

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

4d. Collaterals

The Group had no financial assets used as collaterals to other entities as well as no collaterals received from other entities as of 31 March 2017 and as of 1 April 2016.

5. Financial assets and liabilities*Financial assets*

Net book value of financial assets is as follows:

	As of 31 Mar. 2017		As of 1 Apr. 2016	
	Historical costs	Provision	Historical costs	Provision
Cash and cash equivalents	125,069,823,641		87,680,257,918	
Investments held to maturity date	240,801,057,700		238,980,223,937	
Receivable from customers	687,830,624,697	(79,446,765,476)	649,537,457,371	(77,315,976,913)
Loans given			3,900,000,000	
Other receivables	36,750,836,323	(2,076,267,519)	54,114,392,937	(1,464,320,000)
Financial assets available for sale	1,666,417,400	(686,417,400)	1,666,417,400	(686,417,400)
Total	1,092,118,759,761	(82,209,450,395)	1,035,878,749,563	(79,466,714,313)

Financial liabilities

Net book value of financial liabilities is as follows:

	As of 31 Mar. 2017	As of 1 Apr. 2016
Loans and debts	351,488,079,661	401,694,434,466
Payable to suppliers	396,555,674,639	315,110,390,205
Other payables	154,928,428,920	119,166,573,239
Total	902,972,183,220	835,971,397,910

CMC CORPORATION

Address: CMC Tower, No. 11 Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 March 2017

Notes to the consolidated financial statements (cont.)

Fair value

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

6. Subsequent event

There have been no material events after the balance sheet date, which need to make adjustments on the figures or the disclosures in the consolidated financial statements.

Hanoi, 15 June 2017

Prepared by/Chief Accountant

Chief Financial Officer

Board Chairman
cum General Director



Nguyen Hong Phuong



Le Thanh Son



Nguyen Trung Chinh

