



CMC Corporation

Interim consolidated financial statements

For the six-month period ended 30 September 2019

CMC Corporation

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CMC Corporation

GENERAL INFORMATION

THE CORPORATION

CMC Corporation ("the Company") is a joint stock company incorporated in pursuant to the Business Registration Certificate No. 0100244112 issued by the Department of Planning and Investment of Hanoi on 7 February 2007 and the subsequent amended Enterprise Registration Certificates, with the latest is the 11th amendment being granted on 12 September 2019.

The current principal activities of the Company are:

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

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

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

BOARD OF DIRECTORS

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

Mr. Nguyen Trung Chinh	Chairman	
Mr. Hoang Ngoc Hung	Deputy Chairman	Resigned on 26 June 2019
Mr. Nguyen Phuoc Hai	Member	
Mr. Nguyen Minh Duc	Member	
Mr. Nguyen Kim Cuong	Member	Resigned on 1 November 2019
Mr. Ta Hoang Linh	Member	Resigned on 1 November 2019
Mr. Truong Tuan Lam	Member	
Mr. Nguyen Danh Lam	Member	
Mr. Le Viet Ha	Member	
Mr. Ha The Vinh	Member	Appointed on 26 June 2019
Mr. Jeong Sam Yong	Member	Appointed on 18 November 2019
Mr. Suh Jae Il	Member	Appointed on 18 November 2019

BOARD OF SUPERVISION

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

Ms. Vu Thi Phuong Thanh	Head
Mr. Truong Thanh Phuc	Member
Mr. Nguyen Thanh Nam	Member

CMC Corporation

GENERAL INFORMATION (continued)

MANAGEMENT

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

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

LEGAL REPRESENTATIVE

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

AUDITOR

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

CMC Corporation

REPORT OF MANAGEMENT

Management of CMC Corporation ("the Company") is pleased to present this report and the interim consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") for the six-month period ended 30 September 2019.

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

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

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

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Group as at 30 September 2019, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of interim consolidated financial statements.



Nguyen Trung Chinh
Chief Executive Officer

28 November 2019

Reference: 61376291/21377543 - HN - LR

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: The Shareholders of CMC Corporation

We have reviewed the accompanying interim consolidated financial statements of CMC Corporation ("the Company") and its subsidiaries (collectively referred to as "the Group") as prepared on 28 November 2019 and set out on pages 6 to 51, which comprise the interim consolidated balance sheet as at 30 September 2019, and the interim consolidated income statement and interim consolidated cash flow statement for the six-month period then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

11/20/19 14:40:11

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Group as at 30 September 2019, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of interim consolidated financial statements.



Bui Anh Tuan
Deputy General Director
Audit Practising Registration
Certificate No. 1067-2018-004-1

Hanoi, Viet Nam

28 November 2019

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 September 2019

Currency: VND

Code	ASSETS	Notes	30 September 2019	31 March 2019
100	A. CURRENT ASSETS		2,991,109,666,630	2,198,562,190,256
110	I. Cash and cash equivalents	4	213,719,555,215	432,733,780,074
111	1. Cash		127,679,555,215	394,999,780,074
112	2. Cash equivalents		86,040,000,000	37,734,000,000
120	II. Short-term investments	5	1,141,836,173,261	223,273,612,595
123	1. Held-to-maturity investments		1,141,836,173,261	223,273,612,595
130	III. Current accounts receivable		1,296,032,088,612	1,209,652,157,070
131	1. Short-term trade receivables	6.1	1,230,363,644,162	1,177,437,249,302
132	2. Short-term advances to suppliers	6.2	51,648,481,423	53,463,614,559
135	3. Short-term loan receivables		70,000,000	2,620,000,000
136	4. Other short-term receivables	7	100,795,801,663	67,635,261,284
137	5. Provision for doubtful short-term receivables	6.3	(86,845,838,636)	(91,503,968,075)
140	IV. Inventories	9	199,335,194,564	200,237,606,967
141	1. Inventories		201,180,002,005	203,267,845,570
149	2. Provision for obsolete inventories		(1,844,807,441)	(3,030,238,603)
150	V. Other current assets		140,186,654,978	132,665,033,550
151	1. Short-term prepaid expenses	15	26,014,914,002	20,493,276,813
152	2. Value-added tax deductible	10	113,227,186,777	111,683,475,762
153	3. Tax and other receivables from the State	18	944,554,199	488,280,975
200	B. NON-CURRENT ASSETS		1,622,013,032,819	1,510,357,168,585
210	I. Long-term receivables		13,038,706,339	12,463,472,294
216	1. Other long-term receivables	7	13,038,706,339	12,463,472,294
220	II. Fixed assets		1,150,745,952,563	1,122,560,465,601
221	1. Tangible fixed assets	11	1,000,725,108,962	970,508,528,299
222	Cost		1,689,442,768,870	1,581,610,843,473
223	Accumulated depreciation		(688,717,659,908)	(611,102,315,174)
227	2. Intangible fixed assets	12	150,020,843,601	152,051,937,302
228	Cost		243,558,462,165	233,728,041,098
229	Accumulated amortisation		(93,537,618,564)	(81,676,103,796)
240	III. Long-term assets in progress		212,806,322,224	180,387,839,413
242	1. Construction in progress	13	212,806,322,224	180,387,839,413
250	IV. Long-term investments		51,434,728,332	46,954,808,087
252	1. Investments in associates	14	43,054,728,332	38,574,808,087
255	2. Held-to-maturity investments	5	8,380,000,000	8,380,000,000
260	V. Other long-term assets		193,987,323,361	147,990,583,190
261	1. Long-term prepaid expenses	15	191,278,738,565	144,921,360,502
262	2. Deferred tax assets	34.3	613,023,587	666,848,377
269	3. Goodwill	16	2,095,561,209	2,402,374,311
270	TOTAL ASSETS		4,613,122,699,449	3,708,919,358,841

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 September 2019

Currency: VND

Code	RESOURCES	Notes	30 September 2019	31 March 2019
300	C. LIABILITIES		2,431,639,864,685	2,346,363,852,243
310	I. Current liabilities		1,686,308,313,163	1,709,060,892,455
311	1. Short-term trade payables	17.1	492,172,265,887	585,503,818,147
312	2. Short-term advances from customers	17.2	33,264,884,390	67,366,085,045
313	3. Statutory obligations	18	49,664,467,166	42,540,361,401
314	4. Payables to employees		91,036,440,922	135,544,727,568
315	5. Short-term accrued expenses	19	331,681,747,597	282,580,257,484
318	6. Short-term unearned revenue	21	86,318,189,691	80,998,477,844
319	7. Other short-term payables	20	159,238,451,611	78,542,413,476
320	8. Short-term loan and finance lease obligations	22	429,610,450,839	412,315,744,530
321	9. Short-term provisions	23	8,050,898,332	10,065,211,922
322	10. Bonus and welfare fund	24	5,270,516,728	13,603,795,038
330	II. Non-current liabilities		745,331,551,522	637,302,959,788
336	1. Long-term unearned revenue	21	28,046,890,529	19,127,495,202
337	2. Other long-term liabilities	20	8,550,932,187	9,161,886,549
338	3. Long-term loans and finance lease obligations	22	690,201,039,352	588,094,030,002
341	4. Deferred tax liabilities	34.3	1,560,253,455	1,589,251,625
343	5. Scientific and technological development fund	25	16,972,435,999	19,330,296,410
400	D. OWNERS' EQUITY		2,181,482,834,764	1,362,555,506,598
410	I. Capital	26	2,181,482,834,764	1,362,555,506,598
411	1. Share capital		999,998,660,000	720,552,100,000
411a	- Shares with voting rights		999,998,660,000	720,552,100,000
411b	- Preference shares		-	-
412	2. Share premium		599,555,780,400	34,444,340,400
414	3. Other owners' capital		134,807,600,821	134,807,600,821
417	4. Foreign exchange differences reserve		(301,795,163)	372,410,000
421	5. Undistributed earnings		112,513,738,536	167,459,270,889
421a	- Undistributed earnings by the end of prior period		59,125,839,590	29,300,143,388
421b	- Undistributed earnings of current period/year		53,387,898,946	138,159,127,501
429	6. Non-controlling interests		334,908,850,170	304,919,784,488
440	TOTAL LIABILITIES AND OWNERS' EQUITY		4,613,122,699,449	3,708,919,358,841

Preparer
Nguyen Hong Phuong

Chief Finance Officer
Le Thanh Son

Chief Executive Officer
Nguyen Trung Chinh



28 November 2019

INTERIM CONSOLIDATED INCOME STATEMENT
for the six-month period ended 30 September 2019

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 September 2019	For the six-month period ended 30 September 2018
01	1. Revenue from sale of goods and rendering of services	28.1	2,296,181,066,665	2,492,435,336,217
02	2. Deductions	28.1	1,352,445,681	9,317,358,521
10	3. Net revenue from sale of goods and rendering of services [10 = 01 - 02]	28.1	2,294,828,620,984	2,483,117,977,696
11	4. Cost of goods sold and services rendered	29	1,888,085,871,956	2,090,286,705,007
20	5. Gross profit from sale of goods and rendering of services [20 = 10 - 11]		406,742,749,028	392,831,272,689
21	6. Finance income	28.2	16,300,135,868	10,677,166,599
22	7. Finance expenses	30	33,087,305,764	22,539,774,318
23	<i>In which: Interest expenses</i>		32,329,200,646	21,480,059,947
24	8. Shares of profit of associates	14	12,949,957,295	10,230,034,577
25	9. Selling expenses	31	170,617,384,232	153,572,072,550
26	10. General and administrative expenses	31	127,092,462,862	123,689,731,687
30	11. Operating profit [30 = 20 + 21 - 22 + 24 - 25 - 26]		105,195,689,333	113,936,895,310
31	12. Other income	32	7,500,610,944	9,371,079,766
32	13. Other expenses	32	2,681,009,562	1,358,928,808
40	14. Other profit [40 = 31 - 32]	32	4,819,601,382	8,012,150,958
50	15. Accounting profit before tax [50 = 30 + 40]		110,015,290,715	121,949,046,268
51	16. Current corporate income tax expenses	34.2	24,800,292,668	20,261,424,548
52	17. Deferred tax expense	34.3	24,826,620	24,826,620

INTERIM CONSOLIDATED INCOME STATEMENT (continued)
for the six-month period ended 30 September 2019

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 September 2019	For the six-month period ended 30 September 2018
60	18. Net profit after tax [60 = 50 - 51 - 52]		85,190,171,427	101,662,795,100
61	19. Net profit after tax attributable to shareholders of the parent	26.1	53,387,898,946	78,340,553,419
62	20. Net profit after tax attributable to non-controlling interests	26.1	31,802,272,481	23,322,241,681
70	21. Basic earnings per share	36	680	905
71	22. Diluted earnings per share	36	680	905



Preparer
Nguyen Hong Phuong



Chief Finance Officer
Le Thanh Son



Chief Executive Officer
Nguyen Trung Chinh

28 November 2019

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the six-month period ended 30 September 2019

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 September 2019	For the six-month period ended 30 September 2018
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		110,015,290,715	121,949,046,268
	<i>Adjustments for:</i>			
02	Depreciation of tangible fixed assets and amortisation of intangible fixed assets (including amortisation of goodwill)	11,12, 16	91,164,663,779	77,348,244,214
03	Reversal of provisions		(7,857,874,191)	(28,658,621,351)
04	Unrealised foreign exchange losses		758,105,118	41,235,656
05	Profits from investing activities		(24,421,176,623)	(18,581,669,655)
06	Interest expenses	30	32,329,200,646	21,480,059,947
08	Operating profit before changes in working capital		201,988,209,444	173,578,295,079
09	Increase in receivables		(77,616,942,708)	(162,088,386,049)
10	Decrease/(increase) in inventories		2,087,843,565	(71,364,219,798)
11	(Decrease)/increase in payables		(1,362,514,404)	119,078,545,771
12	(Increase)/decrease in prepaid expenses		(51,879,015,252)	5,502,337,698
14	Interest paid		(32,620,630,752)	(15,041,492,299)
15	Corporate income tax paid	18	(26,006,665,849)	(23,565,545,836)
17	Other cash outflows for operating activities		(10,691,138,721)	(12,544,762,351)
20	Net cash flows from operating activities		3,899,145,323	13,554,772,215
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase, construction of fixed assets and other long-term assets		(254,549,846,601)	(214,924,820,490)
22	Proceeds from disposals of fixed assets and other long-term assets		70,652,736	362,784,150
23	Loans to other entities and payments for purchase of debt instruments of other entities		(959,132,958,904)	(102,500,000,000)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		43,120,398,238	93,039,361,364
27	Interest and dividends received		13,917,054,507	20,727,553,870
30	Net cash flows used in investing activities		(1,156,574,700,024)	(203,295,121,106)

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)
for the six-month period ended 30 September 2019

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 September 2019	For the six-month period ended 30 September 2018
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Capital contribution and share issuance		844,558,000,000	4,900,000,000
33	Drawdown of borrowings		1,541,351,990,698	1,344,308,866,321
34	Repayment of borrowings		(1,422,630,275,041)	(1,096,176,282,684)
36	Dividends paid		(29,670,127,905)	(66,353,879,170)
40	Net cash flows from financing activities		933,609,587,752	186,678,704,467
50	Net cash flow for the period		(219,065,966,949)	(3,061,644,424)
60	Cash and cash equivalents at the beginning of the period		432,733,780,074	143,491,061,936
61	Impact of exchange rate fluctuation		51,742,090	(29,521,251)
70	Cash and cash equivalents at the end of the period	4	213,719,555,215	140,399,896,261



Preparer
Nguyen Hong Phuong



Chief Finance Officer
Le Thanh Son




Chief Executive Officer
Nguyen Trung Chinh

28 November 2019

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at 30 September 2019 and for the six-month period then ended

1. CORPORATE INFORMATION

CMC Corporation ("the Company") is a joint stock company incorporated in pursuant to the Business Registration Certificate No. 0100244112 issued by the Department of Planning and Investment of Hanoi on 7 February 2007 and the subsequent amended Enterprise Registration Certificates, with the latest is the 11th amendment being granted on 12 September 2019.

The current principal activities of the Company are:

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- ▶ Producing software and providing services and solutions relating to software and content;
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- ▶ Provision of telecommunication services; and
- ▶ Other activities as registered in the Enterprise Registration Certificate.

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

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

The number of employees of the Company and its subsidiaries (collectively referred to as "the Group") as at 30 September 2019 is 2,375 (31 March 2019: 2,237).

Corporate structure

As at 30 September 2019, the Company has 12 subsidiaries. Details on these subsidiaries and the Company's ownership interest in these subsidiaries are as follows:

<i>Name of the entity</i>	<i>Head office's address</i>	<i>Principal activities</i>	<i>Equity interest</i>	<i>Voting rights</i>
CMC Technology and Solution Company Limited	Hanoi	Providing IT solutions	100%	100%
CMC Saigon Technology and Solution Company Limited (*)	Ho Chi Minh City	Providing IT solutions	100%	100%
CMC Telecommunication Infrastructure Corporation	Hanoi	Providing telecommunications services	54.63%	54.63%
CMC Production and Trading Company Limited	Hanoi	Distribution of IT products	100%	100%
CMC Global Company Limited	Hanoi	Software services	100%	100%
CMC Production and Service Company Limited	Hanoi	Production, assembly and distribution of computer	100%	100%
Ciber-CMC Joint Venture Company	Hanoi	Software services	51%	51%
CMC Blue France Company Limited (**)	France	BPO, ITO outsourcing services	100%	100%
CMC Institute of Science and Technology	Hanoi	Research and application of high technology, new technologies in ICT fields	100%	100%

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

<i>Name</i>	<i>Head office's address</i>	<i>Principal activities</i>	<i>Equity interest</i>	<i>Voting rights</i>
CMC Software Solutions Company Limited	Hanoi	Software services	100%	100%
CMC Information Security Joint Stock Company (*)	Hanoi	Providing security information and security solution	100%	100%
CMC Japan Joint Stock Limited (**)	Japan	Software services	100%	100%

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

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

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

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

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

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

2.2 *Applied accounting documentation system*

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

2. BASIS OF PREPARATION (continued)

2.3 *Fiscal year*

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

2.4 *Accounting currency*

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

2.5 *Basis of consolidation*

The interim consolidated financial statements comprise the interim financial statements of the Company and its subsidiaries for the six-month period ended 30 September 2019.

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

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

3.2 *Inventories*

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Inventories* (continued)

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

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

Provision for obsolete inventories

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

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

3.3 *Receivables*

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

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

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Leased assets*

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

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

Where the Group is the lessee

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

Where the Group is the lessor

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

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

3.6 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

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

3.7 *Depreciation and amortization*

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 *Borrowing costs*

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

3.9 *Prepaid expenses*

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

Prepaid land rental

The prepaid land rental represents the unamortised balance of advance payments made in accordance with lease contract signed with the Management Board of Ho Chi Minh city's Hi-tech Park on 11 August 2011 for a period of 50 years. Such prepaid rental is classified as long-term prepaid expenses for allocation to the interim consolidated income statement over the remaining lease period, according to Circular 45/2013/TT-BTC guiding on the management, usage and depreciation of fixed assets.

3.10 *Business combinations and goodwill*

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Investments*

Investment in associates

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

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

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

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

Investments in other entities

Investments in other entities are stated at acquisition cost.

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

Provision is made for any diminution in value of held-for-trading securities and investments in other entities, which the Group assesses at the balance sheet date. Increases or decreases to the provision balance are recorded as finance expense in the interim consolidated income statement.

Held-to-maturity investments

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

3.12 *Payables and accruals*

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 *Foreign currency transactions*

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

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

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

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

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

3.14 *Scientific and technological development fund*

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

3.15 *Appropriation of net profits*

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

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

Investment and development fund

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

Bonus and welfare fund

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Revenue recognition

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

Sale of goods

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

Rendering of information and technology services

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

Provision of software services

Revenue from provision of software services is recognised based on the volume of work completed and accepted by customers.

Monthly charges from subscribers of telecommunication services

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

Interconnection fees with other telecom operators

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

Rental income

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

Dividends

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

Interest

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation

Current income tax

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

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

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

Deferred tax

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

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

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

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Taxation* (continued)

Deferred tax (continued)

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

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

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

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

3.18 *Segment information*

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

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

3.19 *Related parties*

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

4. CASH AND CASH EQUIVALENTS

	<i>Currency: VND</i>	
	<i>30 September 2019</i>	<i>31 March 2019</i>
Cash on hand	12,742,585,598	3,161,645,366
Cash at banks	114,882,079,237	390,919,766,588
Cash in transit	54,890,380	918,368,120
Cash equivalents (*)	86,040,000,000	37,734,000,000
TOTAL	<u>213,719,555,215</u>	<u>432,733,780,074</u>

(*) Cash equivalents as at 30 September 2019 comprised of VND bank deposits with terms less than 3 months and earn interest rates ranging from 5.1% to 5.5% per annum (as at 31 March 2019: from 4.2% to 5.5% per annum).

5. HELD-TO-MATURITY INVESTMENTS

	<i>Currency: VND</i>			
	<i>30 September 2019</i>		<i>31 March 2019</i>	
	<i>Cost</i>	<i>Carrying value</i>	<i>Cost</i>	<i>Carrying value</i>
Short-term				
Term deposits (*)	<u>1,141,836,173,261</u>	<u>1,141,836,173,261</u>	<u>223,273,612,595</u>	<u>223,273,612,595</u>
	<u>1,141,836,173,261</u>	<u>1,141,836,173,261</u>	<u>223,273,612,595</u>	<u>223,273,612,595</u>
Long-term				
Bonds (**)	<u>8,380,000,000</u>	<u>8,380,000,000</u>	<u>8,380,000,000</u>	<u>8,380,000,000</u>
TOTAL	<u>8,380,000,000</u>	<u>8,380,000,000</u>	<u>8,380,000,000</u>	<u>8,380,000,000</u>

(*) Term deposits as at 30 September 2019 represent bank deposits in VND with term from 4 months to 12 months and earn interest from 6.9% to 7.5% per annum (as at 31 March 2019: from 4.3% to 7% per annum).

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

The Group used certain bank deposits and bond as collaterals for bank overdrafts at Joint Stock Commercial Bank for Investment and Development of Vietnam – BIDV (Note 22.1).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Short-term trade receivables

	Currency: VND	
	30 September 2019	31 March 2019
Trade receivables from customers	1,230,363,644,162	1,174,658,249,302
Trade receivables from related parties (Note 35)	-	2,779,000,000
TOTAL	<u>1,230,363,644,162</u>	<u>1,177,437,249,302</u>
<i>Provision for doubtful debts</i>	<i>(81,854,811,929)</i>	<i>(86,512,941,368)</i>

6.2 Short-term advances to suppliers

	Currency: VND	
	30 September 2019	31 March 2019
IBM Vietnam Company Limited	-	15,659,805,480
Advances to other suppliers	51,648,481,423	37,803,809,079
TOTAL	<u>51,648,481,423</u>	<u>53,463,614,559</u>
<i>Provision for doubtful debts</i>	<i>(164,759,188)</i>	<i>(164,759,188)</i>

6.3 Provision for doubtful debts

	Currency: VND	
	For the six-month period ended 30 September 2019	For the six-month period ended 30 September 2018
Opening balance	91,503,968,075	117,575,401,937
Provision created during the period	515,811,561	1,002,847,348
Reversal of provision during the period	(5,173,941,000)	(28,266,015,785)
Ending balance	<u>86,845,838,636</u>	<u>90,312,233,500</u>
<i>In which:</i>		
<i>Provision for short-term trade receivables (Note 6.1)</i>	<i>(81,854,811,929)</i>	<i>(85,321,206,793)</i>
<i>Provision for short-term advances to suppliers (Note 6.2)</i>	<i>(164,759,188)</i>	<i>(164,759,188)</i>
<i>Provision for other short-term receivables (Note 7)</i>	<i>(4,826,267,519)</i>	<i>(4,826,267,519)</i>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

7. OTHER RECEIVABLES

Currency: VND

	30 September 2019		31 March 2019	
	Balance	Provision	Balance	Provision
Short-term				
Advances for projects' implementation	39,974,694,662	-	33,316,640,931	-
Receivables from unbilled revenue	19,492,424,923	-	10,213,369,206	-
Interest accruals	16,862,585,060	-	9,067,566,431	-
Deposits and mortgages	8,361,019,105	-	4,050,011,403	-
Receivables from the transfer of shares	3,500,000,000	(3,500,000,000)	3,500,000,000	(3,500,000,000)
Payments on behalf	2,900,129,679	-	1,084,801,440	-
Other short-term receivables	9,704,948,234	(1,326,267,519)	6,402,871,873	(1,326,267,519)
TOTAL	100,795,801,663	(4,826,267,519)	67,635,261,284	(4,826,267,519)
Long-term				
Deposits and mortgages	13,038,706,339	-	12,463,472,294	-
TOTAL	13,038,706,339	-	12,463,472,294	-
<i>In which:</i>				
<i>Other short-term receivables from related parties (Note 35)</i>	1,919,056,870	-	2,413,418,241	-
<i>Other receivables from third parties</i>	109,501,544,906	(4,826,267,519)	77,685,315,337	(4,826,267,519)

8. BAD DEBTS

Currency: VND

	30 September 2019		31 March 2019	
	Cost	Recoverable amount	Cost	Recoverable amount
Overdue subscription charges from individual customers	34,164,727,228	-	33,648,915,667	-
Other overdue receivables	53,267,606,871	586,495,463	58,441,547,871	586,495,463
TOTAL	87,432,334,099	586,495,463	92,090,463,538	586,495,463

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

9. INVENTORIES

	30 September 2019		31 March 2019	
	Cost	Provision	Cost	Provision
	Currency: VND			
Goods in transit	-	-	4,256,796,063	-
Raw materials	52,497,840,291	-	63,388,186,568	-
Tools and supplies	427,858,654	-	934,901,708	-
Finished goods	5,573,470,234	-	18,345,753,006	-
Merchandise	97,131,672,489	(1,661,168,924)	71,633,510,317	(2,846,600,086)
Work in process	45,365,521,820	-	44,525,059,391	-
Goods on consignment	183,638,517	(183,638,517)	183,638,517	(183,638,517)
TOTAL	201,180,002,005	(1,844,807,441)	203,267,845,570	(3,030,238,603)

Movements of provision for obsolete inventories

	Currency: VND	
	For the six-month period ended 30 September 2019	For the six-month period ended 30 September 2018
Beginning balance	3,030,238,603	2,174,052,482
Provision created during the period	-	369,032,749
Reversal of provision during the period	(1,185,431,162)	(318,106,420)
Ending balance	1,844,807,441	2,224,978,811

10. DEDUCTIBLE VALUE ADDED TAX

The balance as at 30 September 2019 mainly represents deductible value added tax ("VAT") of VND 99.1 billion arising from the export of goods at CMC Production and Trading Company Limited, a subsidiary of the Company. These input VAT amounts were declared for off-set against VAT output in previous years and the current period, but have not been refunded by the local tax authorities as of 30 September 2019.

CMC Corporation

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

11. TANGIBLE FIXED ASSETS

Cost:	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Other tangible fixed assets	Currency: VND	
						Total	Total
As at 31 March 2019	210,726,319,839	713,105,014,195	607,841,939,365	43,345,998,478	6,591,571,596	1,581,610,843,473	
- New purchase	-	10,828,983,492	3,965,907,283	4,769,391,331	-	19,564,282,106	
- Transfer from construction in progress	3,381,447,634	56,819,627,685	32,724,087,691	-	-	-	
- Disposal	-	(311,490,000)	-	(4,346,029,719)	-	(4,657,519,719)	
As at 30 September 2019	214,107,767,473	780,442,135,372	644,531,934,339	43,769,360,090	6,591,571,596	1,689,442,768,870	
<i>In which:</i>							
<i>Fully depreciated</i>	1,002,902,400	109,463,353,445	86,738,896,194	13,693,040,356	2,838,273,506	213,736,465,901	
Accumulated depreciation:							
As at 31 March 2019	36,789,898,186	336,799,389,934	205,310,171,014	29,185,770,274	3,017,085,766	611,102,315,174	
- Depreciation for the period	2,783,007,488	45,059,301,243	26,792,692,020	4,208,082,724	153,252,434	78,996,335,909	
- Disposal	-	(50,480,298)	-	(1,330,510,877)	-	(1,380,991,175)	
As at 30 September 2019	39,572,905,674	381,808,210,879	232,102,863,034	32,063,342,121	3,170,338,200	688,717,659,908	
Net carrying amount:							
As at 31 March 2019	173,936,421,653	376,305,624,261	402,531,768,351	14,160,228,204	3,574,485,830	970,508,528,299	
As at 30 September 2019	174,534,861,799	398,633,924,493	412,429,071,305	11,706,017,969	3,421,233,396	1,000,725,108,962	
<i>In which:</i>							
<i>Pledged/mortgaged as loan security</i>	158,592,775,681	285,332,663,969	3,356,109,610	-	-	447,281,549,260	

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

The Group also used certain tangible fixed assets of CMC Telecommunication Infrastructure Corporation - a subsidiary of the Group as collaterals for bank loans as presented in Note 22.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

12. INTANGIBLE FIXED ASSETS

Cost:	Copy right, patent, exploitation right (*)	Trademark	Computer software	Others	Total
As at 31 March 2019	176,320,706,381	551,086,545	47,766,979,533	9,089,268,639	233,728,041,098
- New purchase	1,981,562,948	-	6,519,412,167	-	8,500,975,115
- Transfer from construction in progress	-	-	1,329,445,952	-	1,329,445,952
As at 30 September 2019	178,302,269,329	551,086,545	55,615,837,652	9,089,268,639	243,558,462,165
In which:					
Fully amortised	4,958,049,393	551,086,545	4,750,046,873	-	10,259,182,811
Accumulated amortisation:					
As at 31 March 2019	47,753,193,302	551,086,545	29,089,298,626	4,282,525,323	81,676,103,796
- Amortisation for the period	7,444,216,752	-	4,064,251,651	353,046,365	11,861,514,768
As at 30 September 2019	55,197,410,054	551,086,545	33,153,550,277	4,635,571,688	93,537,618,564
Net carrying amount:					
As at 31 March 2019	128,567,513,079	-	18,677,680,907	4,806,743,316	152,051,937,302
As at 30 September 2019	123,104,859,275	-	22,462,287,375	4,453,696,951	150,020,843,601
In which:					
Pledged/mortgaged as loan security	138,639,315,862	-	-	3,356,109,610	141,995,425,472

(*) This includes the exploitation right of the APG cable network, which arises from the business co-operation contract between CMC Telecommunication Infrastructure Corporation and Viettel Group and FPT Telecom Joint Stock Company. This asset was used as collateral for the loan from Joint Stock Commercial Bank for Investment and Development of Vietnam – BIDV (Note 22.2).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

13. CONSTRUCTION IN PROGRESS

	<i>Currency: VND</i>	
	<i>30 September 2019</i>	<i>31 March 2019</i>
"CMC creative space" project (*)	109,343,738,850	81,927,199,279
Customer data storage project	35,886,101,136	32,175,095,557
Repair costs for office and data center	15,644,985,664	19,447,338,533
Cable transmission project	11,249,817,671	8,570,682,332
Materials for construction of cable networks	10,175,470,983	5,041,525,873
Edocman product development project	6,467,040,000	6,995,040,000
"Development of registration management of land and assets on lands system" project	5,028,834,407	4,984,944,407
Optical fibre transmission project	1,487,045,275	4,769,257,086
Others	17,523,288,238	16,476,756,346
TOTAL	<u>212,806,322,224</u>	<u>180,387,839,413</u>

(*) The Company used all assets being formed in the future from this project as collaterals for long-term loan at the commercial bank as disclosed in Note 22.4.

14. INVESTMENTS IN ASSOCIATES

	<i>30 September 2019</i>		<i>31 March 2019</i>	
	<i>Ownership (%)</i>	<i>Voting rights (%)</i>	<i>Ownership (%)</i>	<i>Voting rights (%)</i>
Netnam Joint Stock Company	41.1%	41.1%	41.1%	41.1%

Netnam Joint Stock Company is a joint stock company established in pursuant to the Business License No. 0100896284 issued by Hanoi Department of Planning and Investment for the first time on 2 June 2010. This company's headquarter is at 18 Hoang Quoc Viet street, Nghia Do ward, Cau Giay district, Hanoi. Its principal activity is to provide internet services. As at 30 September 2019, the Company holds 41.1% equity interest in this associate.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

14. INVESTMENTS IN ASSOCIATES (continued)

Details of investment in an associate are as follows:

	<i>Currency: VND</i>
	<i>Netnam Joint Stock Company</i>
Investment costs:	
As at 31 March 2019	<u>7,258,356,000</u>
As at 30 September 2019	<u>7,258,356,000</u>
Accumulated share in profit of associates:	
As at 31 March 2019	31,316,452,087
Profit from associate	12,949,957,295
Dividends received	(7,034,978,000)
Reserve appropriation at associate	<u>(1,435,059,050)</u>
As at 30 September 2019	<u>35,796,372,332</u>
Ending value:	
As at 31 March 2019	<u>38,574,808,087</u>
As at 30 September 2019	<u>43,054,728,332</u>

15. PREPAID EXPENSES

	<i>Currency: VND</i>	
	<i>30 September 2019</i>	<i>31 March 2019</i>
Short-term		
Prepaid rental for office and infrastructure	9,239,679,540	9,191,168,100
Tools and supplies	4,051,010,986	2,416,649,070
Repairs and maintenance	1,589,351,159	1,102,991,577
Others	<u>11,134,872,317</u>	<u>7,782,468,066</u>
TOTAL	<u>26,014,914,002</u>	<u>20,493,276,813</u>
Long-term		
Channel and server rental fees	85,444,726,254	39,845,176,401
Tools and supplies	80,541,313,295	79,986,146,861
Prepaid land rental	7,685,057,646	7,777,916,412
CMC Internet Security Enterprise anti-virus software development costs	2,812,384,101	3,214,153,257
Incident response and repair costs	2,534,413,834	3,188,660,430
Project implementation expenses	3,963,277,782	2,518,346,265
Agent fees for office lease contracts	253,924,578	517,317,474
Others	<u>8,043,641,075</u>	<u>7,873,643,402</u>
TOTAL	<u>191,278,738,565</u>	<u>144,921,360,502</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

16. GOODWILL

Currency: VND

	<i>Goodwill from acquisition of CMC Telecommunication Infrastructure Joint Stock Company</i>	<i>Goodwill from acquisition of CMC Information Security Joint Stock Company</i>	<i>Total</i>
Costs:			
As at 31 March 2019	3,328,783,614	2,807,478,449	6,136,262,063
As at 30 September 2019	3,328,783,614	2,807,478,449	6,136,262,063
Accumulated allocation:			
As at 31 March 2019	2,330,148,527	1,403,739,225	3,733,887,752
- Allocation in the period	166,439,180	140,373,922	306,813,102
As at 30 September 2019	2,496,587,707	1,544,113,147	4,040,700,854
Carrying value:			
As at 31 March 2019	998,635,087	1,403,739,224	2,402,374,311
As at 30 September 2019	832,195,907	1,263,365,302	2,095,561,209

17. SHORT-TERM TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

17.1 Short-term trade payables

Currency: VND

	<u>30 September 2019</u>		<u>31 March 2019</u>	
	<i>Balance</i>	<i>Payable amount</i>	<i>Balance</i>	<i>Payable amount</i>
Trade payables to suppliers	492,172,265,887	492,172,265,887	585,414,718,147	585,414,718,147
Trade payables to related parties (Note 35)	-	-	89,100,000	89,100,000
TOTAL	492,172,265,887	492,172,265,887	585,503,818,147	585,503,818,147

17.2 Short-term advances from customers

Currency: VND

	<u>30 September 2019</u>	<u>31 March 2019</u>
Advances from other customers	33,264,884,390	67,366,085,045
TOTAL	33,264,884,390	67,366,085,045

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

18. STATUTORY OBLIGATIONS

Currency: VND

	31 March 2019	Payable for the period	Payments made in the period	30 September 2019
Corporate income tax (Note 34.2)	30.048.981.761	24.800.292.668	(26.006.665.849)	28.842.608.580
Personal income tax	3.277.804.243	17.795.291.237	(15.021.630.017)	6.051.465.463
Import, export tax	162.768.853	245.404.647	(267.414.753)	140.758.747
Value added tax	1.605.492.849	109.711.196.274	(104.276.266.483)	7.040.422.640
Value added tax for imported goods	93.899.303	13.568.970.322	(14.452.337.036)	(789.467.411)
Foreign contractor tax	6.122.915.950	22.852.568.194	(21.853.660.409)	7.121.823.735
Other taxes	740.217.467	1.212.944.054	(1.640.860.308)	312.301.213
TOTAL	42.052.080.426	190.186.667.396	(183.518.834.855)	48.719.912.967
<i>In which:</i>				
Receivables	(488,280,975)			(944,554,199)
Payables	42,540,361,401			49,664,467,166

19. SHORT-TERM ACCRUED EXPENSES

Currency: VND

	30 September 2019	31 March 2019
Expenses for external services	174,423,799,500	156,806,368,562
Expenses for integrated projects	103,979,538,512	87,090,613,765
Accruals for costs of completed assets	22,916,435,652	12,495,771,309
Interest payable	11,722,131,444	8,963,287,280
VMS5 project expenses	12,206,155,883	9,920,665,802
Others	6,433,686,606	7,303,550,766
TOTAL	331,681,747,597	282,580,257,484
<i>In which:</i>		
Short-term accrual to related parties (Note 35)	204,700,000	65,000,000
Short-term accrual to third parties	331,477,047,597	282,515,257,484

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

20. OTHER PAYABLES

	30 September 2019	31 March 2019
	<i>Currency: VND</i>	
Short-term		
Dividend payable	107,154,305,655	28,741,618,560
Interest-free loan payable	26,380,949,621	21,860,815,658
Payable to a joint venture partner	1,040,282,085	5,480,866,749
Discount, support costs collected on behalf of customers	2,704,308,722	4,484,859,565
Social, health, unemployment insurance	2,028,902,012	2,992,763,797
Deposits, mortgages received	4,005,018,991	2,968,828,278
Trade union fee	3,604,417,700	2,789,211,068
Payable to Public-utility Telecommunication Service Fund	2,115,341,375	1,904,258,892
Interest payable	802,933,135	818,410,714
Others	9,401,992,315	6,500,780,195
TOTAL	<u>159,238,451,611</u>	<u>78,542,413,476</u>
Long-term		
Deposits, mortgages received	8,550,932,187	9,161,886,549
TOTAL	<u>8,550,932,187</u>	<u>9,161,886,549</u>
<i>In which:</i>		
<i>Other short-term payables to related parties (Note 35)</i>	26,380,949,621	21,860,815,658
<i>Other payables to third parties</i>	141,408,434,177	65,843,484,367

21. UNEARNED REVENUE

	30 September 2019	31 March 2019
	<i>Currency: VND</i>	
Short-term		
Unearned revenue from provision of telecommunication services	73,650,059,759	71,077,965,871
Unearned revenue from office rental	6,688,038,359	7,047,133,893
Unearned revenue from system integration services	5,980,091,573	2,873,378,080
TOTAL	<u>86,318,189,691</u>	<u>80,998,477,844</u>
Long-term		
Unearned revenue from provision of telecommunication services	28,046,890,529	19,127,495,202
TOTAL	<u>28,046,890,529</u>	<u>19,127,495,202</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

22. LOANS AND FINANCE LEASES

	31 March 2019		Movement during the period		30 September 2019	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
	Currency: VND					
Short-term loans						
Bank overdrafts (Note 22.1)	108,070,701,316	108,070,701,316	285,495,784,293	(316,561,640,277)	77,004,845,332	77,004,845,332
Loans from banks (Note 22.2)	231,999,693,821	231,999,693,821	1,100,580,947,991	(1,050,593,656,872)	281,986,984,940	281,986,984,940
Loans from others (Note 22.3)	43,305,599,393	43,305,599,393	25,121,331,990	(21,414,727,892)	47,012,203,491	47,012,203,491
Current portion of long-term loans from banks (Note 22.4)	28,939,750,000	28,939,750,000	28,726,917,076	(34,060,250,000)	23,606,417,076	23,606,417,076
TOTAL	412,315,744,530	412,315,744,530	1,439,924,981,350	(1,422,630,275,041)	429,610,450,839	429,610,450,839
Long-term loans						
Loans from banks (Note 22.4)	291,294,030,002	291,294,030,002	130,153,926,424	(28,726,917,076)	392,721,039,350	392,721,039,350
Bonds (Note 22.5)	296,800,000,000	296,800,000,000	680,000,002	-	297,480,000,002	297,480,000,002
TOTAL	588,094,030,002	588,094,030,002	130,833,926,426	(28,726,917,076)	690,201,039,352	690,201,039,352

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

22. LOANS (continued)

22.1 Bank overdrafts

These represent bank overdrafts from Joint Stock Commercial Bank for Investment and Development of Vietnam and Vietnam Maritime Commercial Joint Stock Bank, bearing interests from 6.4% to 6.9% per annum. The Group used certain bank deposits and a portion of its tangible fixed assets as collaterals for these overdrafts.

22.2 Short-term loans from banks

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

Bank	30 September 2019 (VND)	Principal and interest repayment term	Interest rate per annum	Description of collateral
Military Commercial Joint Stock Bank	136,931,601,913	Term of each withdrawal is within 6 months, with the final withdrawal being repayable on 10 March 2020. Interest is payable on a monthly basis.	6.4%-7.3%	Unsecured
Vietnam Joint Stock Commercial Bank for Industry and Trade	73,907,952,179	Term of each withdrawal is within 6 months, with the final withdrawal being repayable on 21 March 2020. Interest is payable on a monthly basis.	6.5%-7%	Unsecured
Joint Stock Commercial Bank for Investment and Development of Vietnam	49,263,975,033	Term of each withdrawal is from 6 to 12 months, with the final withdrawal being repayable on 5 July 2020. Interest is payable on a monthly basis.	5.9%-7.8%	A part of tangible fixed assets (Note 11) and the value of the right to exploit APG's marine APG cable line (Note 12) of CMC Corporation
Vietnam Prosperity Joint Stock Commercial Bank	19,025,000,000	Term of each withdrawal is within 6 months with the final withdrawal being repayable on 8 November 2019. Interest is payable on a monthly basis.	7.8%	Unsecured
Vietnam Technological and Commercial Joint Stock Bank	2,858,455,815	Term of each withdrawal is from 3 to 6 months, with the final withdrawal being repayable on 15 March 2020. Interest is payable on a monthly basis.	7.8%	Unsecured
TOTAL	281,986,984,940			

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

22. LOANS (continued)

22.3 Short-term loans from others

These represent unsecured loans from individuals with terms from 3 months to less than 1 year, with the final withdrawal falling due on 15 October 2020. These loans bear interest at rates from 6.5% - 8.4% per annum and interest is payable on a monthly basis.

22.4 Long-term loans from banks

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

Bank	30 September 2019 (VND)	Principal and interest repayment term	Interest rate per annum	Description of collateral
Joint Stock Commercial Bank for Foreign Trade of Vietnam	231,421,752,459	Loan principal and interest are payable on a quarterly basis up to 29 March 2023.	8.4%	A part of tangible fixed assets of CMC Telecommunication Infrastructure Corporation.
	106,411,299,985	Loan principal and interest are payable on a quarterly basis in accordance with the repayment schedule notified by the Bank.	8%	A part of tangible fixed assets of CMC Telecommunication Infrastructure Corporation.
	29,874,883,982	Loan principal and interest are payable on a semi-annual basis in accordance with the repayment schedule notified by the Bank.	8% for the first year and from the second year, at the 12 months VND saving interest from individual and interest is payable at maturity date, plus interest rate at 2.6% per annum.	All machineries, equipment, land use right and assets on the land being formed in the future from the "CMC creative space" project of the Company.
Joint Stock Commercial Bank for Investment and Development of Vietnam	48,619,520,000	Loan principal and interest are payable on a quarterly basis in accordance with the repayment schedule notified by the Bank.	8.5%	A part of tangible fixed assets (Note 11) and the value of the right to exploit APG's marine APG cable line (Note 12) of CMC Telecommunication Infrastructure Corporation.
TOTAL	416,327,456,426			
<i>In which:</i>				
- Current portion of long-term loans	23,606,417,076			
- Long-term loans	392,721,039,350			

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

22. LOANS (continued)

22.5 Bonds

This represents bonds issued by the Company on 29 March 2019 for Joint Stock Commercial Bank for Investment and Development of Vietnam with term of 5 years and bear fixed interest rate at 8.8% per annum, being applicable for the first 2 interest calculation periods and from the following period, at the average 12 months VND saving interest from individual and interest is payable at maturity date, of 4 Vietnam Commercial Banks. The Company used all assets on the land of CMC Tower Building and share ownership, benefits arising from the investment in CMC Global Company Limited, CMC Software Solutions Company Limited and CMC Technology and Solution Company Limited as collaterals for this bond. The bond principal is fully payable at the maturity date and interest is payable semi-annually.

23. SHORT-TERM PROVISIONS

	<i>Currency: VND</i>	
	<i>30 September 2019</i>	<i>31 March 2019</i>
Provisions for warranty costs	8,050,898,332	10,065,211,922
TOTAL	8,050,898,332	10,065,211,922

24. BONUS AND WELFARE FUND

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 September 2019</i>	<i>For the six-month period ended 30 September 2018</i>
Beginning balance	13,603,795,038	13,660,819,430
Utilized during the period	(8,333,278,310)	(6,830,691,488)
Ending balance	5,270,516,728	6,830,127,942

25. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 September 2019</i>	<i>For the six-month period ended 30 September 2018</i>
Beginning balance	19,330,296,410	14,201,080,515
Utilized during the period	(2,357,860,411)	(2,902,724,511)
Ending balance	16,972,435,999	11,298,356,004

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

26. OWNERS' EQUITY

26.1 Increase and decrease in owners' equity

	Share capital	Share premium	Other owners' capital	Foreign exchange differences reserve	Undistributed earnings	Non-controlling interests	Currency: VND
	For the six-month period ended 30 September 2018						Total
As at 31 March 2018	673,419,530,000	34,444,340,400	111,266,061,120	471,314,384	156,183,722,979	272,758,367,591	1,248,543,336,474
- Increase during the period	-	-	-	-	-	4,900,000,000	4,900,000,000
- Profit for the period	-	-	-	-	78,340,553,419	23,322,241,681	101,662,795,100
- Dividend declared (*)	47,132,570,000	-	-	-	(101,006,132,400)	-	(53,873,562,400)
- Appropriation of bonus and welfare fund	-	-	-	-	(555,550,130)	(461,421,707)	(1,016,971,837)
- Changes due to the bonus share issue at subsidiary (**)	-	-	23,541,539,701	-	(23,541,539,701)	-	-
- Other decrease	-	-	-	(79,566,214)	(110,266,769)	-	(189,832,983)
As at 30 September 2018	720,552,100,000	34,444,340,400	134,807,600,821	391,748,170	109,310,787,398	300,519,187,565	1,300,025,764,354

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

26. OWNERS' EQUITY (continued)

26.1 Increase and decrease in owners' equity (continued)

	Share capital	Share premium	Other owners' capital	Foreign exchange differences reserve	Undistributed earnings	Non-controlling interests	Currency: VND
For the six-month period ended 30 September 2019							
As at 31 March 2019	720,552,100,000	34,444,340,400	134,807,600,821	372,410,000	167,459,270,889	304,919,784,488	1,362,555,506,598
- Profit for the period	-	-	-	-	53,387,898,946	31,802,272,481	85,190,171,427
- Share offering under private placement (i)	250,000,000,000	600,000,000,000	-	-	-	-	850,000,000,000
- Capitalisation of share premium reserve (ii)	29,446,560,000	(29,446,560,000)	-	-	-	-	-
- Dividend declared (ii)	-	-	-	-	(108,082,814,999)	-	(108,082,814,999)
- Share issue costs	-	(5,442,000,000)	-	-	-	-	(5,442,000,000)
- Adjustment due to change in ownership at subsidiary	-	-	-	-	-	-	-
- Other decrease	-	-	-	(674,205,163)	(6,793,201)	(13,206,799)	(20,000,000)
As at 30 September 2019	999,998,660,000	599,555,780,400	134,807,600,821	(301,795,163)	(243,823,099)	(1,800,000,000)	(2,718,028,262)
				(301,795,163)	112,513,738,536	334,908,850,170	2,181,482,834,764

(i) As at 20 August 2019 and 22 August 2019, the Board of Directors of the Company approved the Resolution No. 36/2019/NQ-HĐQT on the share offering under private placement to the potential investor and the Resolution No. 37/2019/NQ-HĐQT on the result of the share offering under private placement. Accordingly, total share offered and distributed to the potential investor, namely Samsung SDS Asia Pacific Pte., a company established in Singapore, is 25,000,000 shares with the selling price of VND 34,000/share.

(ii) The Company declared dividends from undistributed earnings for the year ended 31 March 2019 and capitalized share premium reserve in accordance with the Resolution No. 01/2019/NQ-HĐCĐ of the Annual General Meeting of shareholders for the year 2019 dated 26 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

26. OWNERS' EQUITY (continued)

26.2 Details of owners' shares capital

	30 September 2019			31 March 2019		
	Total	Ordinary shares	Preference shares	Total	Ordinary shares	Preference shares
Samsung SDS Asia Pacific Pte.Ltd	29,999,959	29,999,959	-	-	-	-
MVI Investment Company Limited	13,542,066	13,542,066	-	13,942,849	13,942,849	-
Hanoi General Import Export Joint Stock Company	10,092,155	10,092,155	-	10,051,147	10,051,147	-
Funds PYN Elite	4,355,273	4,355,273	-	4,396,555	4,396,555	-
My Linh Investment Company Limited	3,986,783	3,986,783	-	3,970,584	3,970,584	-
Vietnam Bank for Agriculture and Rural Development	3,644,248	3,644,248	-	3,629,440	3,629,440	-
Bao Viet Group	3,644,248	3,644,248	-	3,629,440	3,629,440	-
Other shareholders	30,735,134	30,735,134	-	32,435,195	32,435,195	-
TOTAL	99,999,866	99,999,866	-	72,055,210	72,055,210	-

26.3 Capital transactions with owners and distribution of dividends, profits

	Currency: VND	
	For the six-month period ended 30 September 2019	For the six-month period ended 30 September 2018
Contributed capital		
Beginning balance	720,552,100,000	673,419,530,000
Increase during the period	279,446,560,000	47,132,570,000
Ending balance	999,998,660,000	720,552,100,000
Dividends/ profit declared	108,082,814,999	101,006,132,400
Dividends/ profit paid	59,116,687,905	84,708,894,170

26.4 Shares

	30 September 2019	31 March 2019
Issued shares	99,999,866	72,055,210
Ordinary shares	99,999,866	72,055,210
Treasury shares	-	-
Ordinary shares	-	-
Shares in circulation	99,999,866	72,055,210
Ordinary shares	99,999,866	72,055,210

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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27. OFF BALANCE SHEET ITEMS

ITEMS	30 September 2019	31 March 2019
Foreign Currency - US Dollar (USD)	787,182	825,352

28. REVENUE

28.1 Revenue from sale of goods and rendering of services

	Currency: VND	
	For the six-month period ended 30 September 2019	For the six-month period ended 30 September 2018
Gross revenue	2,296,181,066,665	2,492,435,336,217
<i>In which:</i>		
Sale of goods	1,214,409,186,253	1,533,775,056,369
Rendering of services	1,081,771,880,412	958,660,279,848
Less	1,352,445,681	9,317,358,521
Trade discounts	-	320,540,845
Sales returns	1,352,445,681	8,996,817,676
Net revenue	<u>2,294,828,620,984</u>	<u>2,483,117,977,696</u>
<i>In which:</i>		
Sales to others	2,292,720,618,956	2,480,732,959,317
Sales to related parties (Note 35)	2,108,002,028	2,385,018,379

28.2 Finance income

	Currency: VND	
	For the six-month period ended 30 September 2019	For the six-month period ended 30 September 2018
Interest income	14,677,095,136	8,114,611,541
Foreign exchange gains	1,623,040,732	2,562,555,058
TOTAL	<u>16,300,135,868</u>	<u>10,677,166,599</u>

29. COST OF GOODS SOLD AND SERVICES RENDERED

	Currency: VND	
	For the six-month period ended 30 September 2019	For the six-month period ended 30 September 2018
Cost of goods sold	1,066,814,764,636	1,324,062,305,364
Cost of services rendered	821,271,107,320	766,224,399,643
TOTAL	<u>1,888,085,871,956</u>	<u>2,090,286,705,007</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

30. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 September 2019</i>	<i>For the six-month period ended 30 September 2018</i>
Interest expenses	32,329,200,646	21,480,059,947
Realized foreign exchange losses	758,105,118	934,267,602
Payment discount	-	125,446,769
TOTAL	<u>33,087,305,764</u>	<u>22,539,774,318</u>

31. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 September 2019</i>	<i>For the six-month period ended 30 September 2018</i>
Selling expenses incurred during the period	170,617,384,232	153,572,072,550
Labour costs	105,293,654,040	93,072,044,995
Raw materials expenses	6,634,560,094	4,048,979,553
Tools and supplies expenses	596,311,771	772,082,614
Depreciation and amortisation expenses	3,205,712,436	2,532,617,462
Expenses for external services	36,163,439,960	34,332,765,158
Others	18,723,705,931	18,813,582,768
General and administrative expenses incurred during the period	127,092,462,862	123,689,731,687
Labour costs	73,703,840,734	87,076,404,408
Raw materials expenses	3,863,199,917	3,478,843,803
Depreciation and amortisation expenses	4,692,971,021	4,170,867,859
Reversal of provision	(4,658,129,439)	(27,263,168,437)
Expenses for external services	29,235,047,204	36,916,049,655
Others	20,255,533,425	19,310,734,399
TOTAL	<u>297,709,847,094</u>	<u>277,261,804,237</u>

32. OTHER INCOME AND EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 September 2019</i>	<i>For the six-month period ended 30 September 2018</i>
Other income	7,500,610,944	9,371,079,766
Support fees from suppliers	4,762,028,729	-
Support fees for marketing activities	183,233,704	8,188,727,814
Other income	2,555,348,511	1,182,351,952
Other expenses	2,681,009,562	1,358,928,808
Tax penalty	780,152,076	-
Other expenses	1,900,857,486	1,358,928,808
OTHER NET INCOME	<u>4,819,601,382</u>	<u>8,012,150,958</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

33. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 September 2019</i>	<i>For the six-month period ended 30 September 2018</i>
Raw materials	48,702,869,557	44,477,038,184
Labour costs	283,042,267,425	239,017,872,433
Depreciation and amortisation	90,857,850,677	77,041,431,111
Expenses for external services	615,040,795,202	496,678,040,307
Others	69,405,351,210	67,408,885,672
TOTAL	<u>1,107,049,134,071</u>	<u>924,623,267,707</u>

34. CORPORATE INCOME TAX

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

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

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

34.1 CIT expenses

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 September 2019</i>	<i>For the six-month period ended 30 September 2018</i>
Current tax expenses	24,800,292,668	20,261,424,548
Deferred tax expense	24,826,620	24,826,620
TOTAL	<u>24,825,119,288</u>	<u>20,286,251,168</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

34. CORPORATE INCOME TAX (continued)

34.2 Current tax expenses

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

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

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 September 2019</i>	<i>For the six-month period ended 30 September 2018</i>
Accounting profit before tax	110,015,290,715	121,949,046,268
Adjustments to increase/(decrease) accounting profit	(18,435,554,616)	2,185,214,545
<i>Adjustments to increase:</i>		
Non-deductible expenses	202,359,727	999,905,802
Allowance for non-executive members of the Board of Directors and Supervisory Board	217,380,000	407,400,000
Impact of consolidation entries	(18,968,513,280)	757,929,146
Other increase adjustments	217,975,727	202,509,235
<i>Adjustments to decrease:</i>		
Other decrease	(104,756,790)	(182,529,638)
Adjusted profit before tax losses carried forward	91,579,736,099	124,134,260,813
Carried forward tax losses	(287,620)	(47,986,330,406)
Taxable profit	91,579,448,479	76,147,930,407
<i>In which:</i>		
Taxable income at the tax rate of 20%	122,530,197,867	100,829,308,077
Taxable income at the tax rate of 10%	1,072,030,879	1,911,258,654
Losses of subsidiaries	(32,022,780,267)	(26,592,636,324)
Estimated current CIT	24,613,242,661	20,356,987,481
Adjustment of CIT reduction	(53,601,543)	(95,562,933)
Adjustment of CIT payables in prior periods	240,651,550	-
Current CIT after reduction	24,800,292,668	20,261,424,548
CIT payable at beginning of period	30,048,981,761	24,929,321,177
CIT paid during the period	(26,006,665,849)	(23,565,545,836)
CIT payable at end of period	28,842,608,580	21,625,199,889

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

34. CORPORATE INCOME TAX (continued)

34.3 Deferred tax

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

Currency: VND

	<i>Interim consolidated balance sheet</i>		<i>Interim consolidated income statement</i>	
	<i>30 September 2019</i>	<i>31 March 2019</i>	<i>Current period</i>	<i>Previous period</i>
Deferred tax assets				
Unrealised profit from intra-group transactions	613,023,587	666,848,377	(53,824,790)	(53,824,790)
Deferred tax liabilities				
Temporary difference due to depreciable lives of fixed assets	(1,560,253,455)	(1,589,251,625)	28,998,170	28,998,170
Net deferred tax (charge)/credit to consolidated income statement			(24,826,620)	(24,826,620)

34.4 Unrecognised deferred tax assets

Tax losses carried forward

The Company and its subsidiaries have tax losses carried forward from previous years and these tax losses are to be carried forward to the subsequent years to offset against taxable profits arising within 5 years subsequent to the year in which the loss was incurred. During the six-month period ended 30 September 2019, the subsidiaries which incurred tax losses are CMC Technology and Solution Company Limited, CMC Information Security Joint Stock Company, CMC Software Solution Company Limited, CMC Production and Service Company Limited and CMC Global Company Limited. These are the temporary tax losses and have not been finalized by the local tax authorities as of the date of these interim consolidated financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

35. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties for the six-month periods ended 30 September 2019 and 30 September 2018 were as follows:

Related parties	Relationship	Transactions	Currency: VND	
			For the six-month period ended 30 September 2019	For the six-month period ended 30 September 2018
Netnam Joint Stock Company	Associate	Sales of goods and services	2,108,002,028	2,385,018,379
		Purchase of goods and services	2,941,997,508	722,200,000
		Dividend received	7,034,978,000	7,034,974,200

Terms and conditions of transactions with related parties

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

Outstanding balances at 30 September 2019 are unsecured, interest free and will be settled in cash. For the six-month period ended 30 September 2019, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (as at 31 March 2019: nil). This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

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

Related parties	Relationships	Transactions	Currency: VND	
			30 September 2019	31 March 2019
Short-term trade receivables (Note 6.1)				
Netnam Joint Stock Company	Associate	Receivables from providing services	-	2,779,000,000
TOTAL			-	2,779,000,000
Other short-term receivables (Note 7)				
Other related parties	Other related parties	Advances	1,919,056,870	2,413,418,241
TOTAL			1,919,056,870	2,413,418,241
Short-term trade payables (Note 17.1)				
Netnam Joint Stock Company	Associate	Purchases of services	-	89,100,000
TOTAL			-	89,100,000
Short-term accrued expenses (Note 19)				
Netnam Joint Stock Company	Associate	Purchases of services	204,700,000	65,000,000
TOTAL			204,700,000	65,000,000
Other short-term payables (Note 20)				
Other related parties	Other related parties	Interest-free loans	26,380,949,621	21,860,815,658
TOTAL			26,380,949,621	21,860,815,658

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

35. TRANSACTIONS WITH RELATED PARTIES (continued)

Transactions with other related parties

Remuneration to members of the Board of Directors and Management:

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 September 2019</i>	<i>For the six-month period ended 30 September 2018</i>
Salaries and bonus of Board of Management	2,357,500,000	2,166,000,000
Remuneration to Board of Directors	491,100,000	486,600,000
TOTAL	<u>2,848,600,000</u>	<u>2,652,600,000</u>

36. EARNINGS PER SHARE

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

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

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

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 September 2019</i>	<i>For the six-month period ended 30 September 2018 (Restated)</i>
Net profit after tax attributable to ordinary shareholders	53,387,898,946	78,340,553,419
Distribution to bonus and welfare fund	-	(3,933,757,626)
Bonus of Board of Management, Board of Directors and Board of Supervision	-	(783,405,534)
Appropriation of scientific and technological development fund	-	(5,757,588,347)
Net profit attributable to ordinary equity holders for basic earnings	<u>53,387,898,946</u>	<u>67,865,801,912</u>
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	78,551,779	74,999,866
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	<u>78,551,779</u>	<u>74,999,866</u>
Earnings per share		
- Basic earnings per share	680	905
- Diluted earnings per share	680	905

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

36. EARNINGS PER SHARE (continued)

Net profit used to compute earnings per share for the six-month period ended 30 September 2018 was restated following the actual allocation to funds from retained earnings of the year ended 31 March 2019 in accordance with the Resolution of the Annual General Meeting of Shareholders of the Company dated 26 June 2019.

Net profit used to compute earnings per share for the six-month period ended 30 September 2019 has not been adjusted as the Company has not declared distributions to Bonus and welfare fund and other funds from profits of the current period.

The weighted average number of ordinary shares (excluding treasury shares) for computing basic earnings per share for the six-month period ended 30 September 2018 has been also adjusted to reflect the effect of an increase in share capital from share premium during the current period.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

37. SEGMENT INFORMATION

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

37.1 Business segment

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

	Information technology and distribution and assembling and IT services	Telecommunication services	Other services	Consolidation adjustments	Total
As at 31 September 2019 and for the six-month period then ended					
Revenue					
Sales to external customers	1,476,664,501,711	782,556,837,342	35,607,281,931	-	2,294,828,620,984
Inter-segment sales	95,092,574,471	4,502,270,252	26,396,485,665	(125,991,330,388)	-
Total revenue	1,571,757,076,182	787,059,107,594	62,003,767,596	(125,991,330,388)	2,294,828,620,984
Expense					
Segment expenses	(1,565,879,967,749)	(688,184,034,664)	(57,733,337,991)	126,001,621,354	(2,185,795,719,050)
Results					
Segment net profit before tax	5,877,108,433	98,875,072,930	4,270,429,605	10,290,966	109,032,901,934
Net profit before corporate income tax	5,877,108,433	98,875,072,930	17,220,386,900	(11,957,277,548)	110,015,290,715
Assets and liabilities					
Segment assets	1,277,545,876,344	1,621,688,027,613	518,522,332,690	-	3,417,756,236,647
Unallocated assets					1,195,366,462,802
Total assets					4,613,122,699,449
Segment liabilities	869,044,829,775	1,039,760,258,041	505,862,340,870	-	2,414,667,428,686
Unallocated liabilities					16,972,435,999
Total liabilities					2,431,639,864,685

Currency: VND

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

37. SEGMENT INFORMATION (continued)

37.1 Business segment (continued)

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

Currency: VND

	Information technology and distribution and assembling and IT services	Telecommunication services	Other services	Consolidation adjustments	Total
As at 31 March 2019 and for the six-month period ended as at 30 September 2018					
Revenue					
Sales to external customers	1,777,966,131,021	666,311,519,554	38,840,327,121	-	2,483,117,977,696
Inter-segment sales	64,297,397,467	3,232,318,401	28,821,042,734	(96,350,758,602)	-
Total revenue	1,842,263,528,488	669,543,837,955	67,661,369,855	(96,350,758,602)	2,483,117,977,696
Expense					
Segment expenses	(1,793,025,325,788)	(600,610,110,346)	(70,274,122,682)	96,361,049,572	(2,367,548,509,244)
Results					
Segment net profit/(loss) before tax	49,238,202,700	68,933,727,609	(2,612,752,827)	10,290,970	115,569,468,452
Net profit before corporate income tax	49,238,202,700	79,163,762,186	(2,612,752,827)	(3,840,165,791)	121,949,046,268
Assets and liabilities					
Segment assets	879,963,554,014	1,522,257,205,237	1,034,067,804,597	-	3,436,288,563,848
Unallocated assets					272,630,794,993
Total assets					3,708,919,358,841
Segment liabilities	740,194,861,337	977,265,499,797	609,573,194,699	-	2,327,033,555,833
Unallocated liabilities					19,330,296,410
Total liabilities					2,346,363,852,243

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 September 2019 and for the six-month period then ended

38. COMMITMENTS AND CONTINGENCIES

Operating lease commitment as a lessor

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

	Currency: VND	
	30 September 2019	31 March 2019
Less than 1 year	18,766,040,053	27,458,030,388
From 1 - 5 years	11,796,110,204	19,465,163,656
TOTAL	<u>30,562,150,257</u>	<u>46,923,194,044</u>


Operating lease commitment as a lessee


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


	Currency: VND	
	30 September 2019	31 March 2019
Less than 1 year	1,052,595,000	1,052,595,000
From 1 - 5 years	4,210,380,000	4,210,380,000
More than 5 years	32,755,094,408	33,283,700,230
TOTAL	<u>38,018,069,408</u>	<u>38,546,675,230</u>

39. EVENTS AFTER THE INTERIM BALANCE SHEET DATE

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


Preparer
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Chief Executive Officer
Nguyen Trung Chinh



28 November 2019