THE MINISTRY OF FINANCE	THE SOCIALIST REPUBLIC OF VIETNAM Independence - Freedom - Happiness
No. 202/2014/TT-BTC	Hanoi, December 22, 2014

CIRCULAR

Guiding the method for preparation and presentation of consolidated financial statements

Pursuant to the Accounting Law dated June 17, 2003;

Pursuant to the Government's Decree No. 129/2004/ND-CP dated May 31, 2004, detailing a number of articles of the Accounting Law;

Pursuant to the Government’s Decree No. 215/2013/ND-CP dated December 13, 2013, defining the functions, tasks, powers and organizational structure of the Ministry of Finance;

At the proposal of the Accounting and Auditing Policy Department,

Minister of Finance hereby promulgates the Circular guiding the method for preparation and presentation of consolidated financial statements.

Chapter I

GENERAL PROVISIONS

Article 1. Scope of regulation and subjects of application

1. This Circular guides the method for preparing and presenting consolidated financial statements for investments in subsidiaries, joint ventures, associates and accounting method for handling transactions between units in the corporation, and between the corporation and joint ventures, associates.

2. This Circular applies to enterprises operating in the form of parent companies - subsidiaries of different industries and economic sectors when preparing and presenting consolidated financial statements.

3. Enterprises may apply consolidated principles provided in this Circular to prepare general financial statements between an enterprise and its affiliated units without legal status and dependent accounting.

Article 2. Interpretation of terms

In this Circular, the terms below are construed as follows:

1. Tier 1-subsidiary means a subsidiary controlled directly by the parent company through the direct voting right of the parent company.

2. Tier 2-subsidiary means a subsidiary controlled indirectly by the parent company through subsidiaries.

3. State-owned parent companies mean one-member limited liability companies in which the State holds 100% of charter capital, including the parent company of economic corporations and the parent company of the State Corporation, the parent company in the parent company-subsidiary model as prescribed by law.

4. Corporation includes the parent company and subsidiaries.

5. Multi-level corporation means a group consisting of a parent company, tier-1 subsidiaries and tier-2 subsidiaries.

6. Downstream transaction means a transaction between units within a corporation in which the seller is the parent company or the transaction between the investor and the joint venture or associate in which the seller or capital contributor is the investor.

7. Upstream transaction means a transaction between units within a corporation in which the seller is the subsidiary or a transaction between the investor and the joint venture or associate, in which the seller is the joint venture or associate.

8. Units with public interest mean enterprises and organizations with nature and scale of operations related to the public interests, including:

- Public companies, listing organizations, organizations issuing securities to the public, securities companies, securities investment companies, funds and fund

management companies, insurance enterprises and reinsurance enterprises and insurance brokerage enterprises;

- Other enterprises and organizations related to the public interests due to their nature and scale of operations as prescribed by law.

The concept of public company is prescribed in Clause 1, Article 2 of the Ministry of Finance's Circular No. 52/2012/TT-BTC dated April 05, 2012, guiding the disclosure of information on the securities market and amending, supplementing and replacing documents (if any).

9. Profit from low-cost purchases means the difference between the cost of the investment in the subsidiary that is less than the parent company's portion of equity and the fair value of the subsidiary's net assets at the date of acquisition (this term was formerly known as negative goodwill or goodwill).

10. Non-controlling shareholders mean shareholders who do not have the right control over subsidiaries (formerly known as minority shareholders).

Article 3. Requirements for a consolidated financial statement

1. Summarizing and presenting in a general and comprehensive manner the position of assets, liabilities, owner's equity at the end of the accounting period, business results and cash flows in the accounting period of the corporation as an independent enterprise without regard to the legal boundaries of separate legal entities that are the parent company or its subsidiaries.

2. Providing economic and financial information for the assessment of the financial position, business results and cash-generating ability of the corporation in the past accounting period and forecast in the future, which serve as a basis for issuing decisions on management, running the business or investing in a corporation of current and future owners, investors, creditors, and other users of the financial statements.

Article 4. Reporting period of consolidated financial statements

1. Consolidated financial statements comprise annual consolidated financial statements and interim consolidated financial statements (quarterly statements, including quarter IV and biannual statements). Annual consolidated financial statements are prepared in the full form, and interim consolidated financial statements are prepared either in the full form or summary form.

2. Annual consolidated financial statements and interim consolidated financial statements comprise:

- Consolidated balance sheets;

- Consolidated business performance reports;

- Consolidated cash flow reports;

- Written explanation on consolidated financial statements.

Article 5. Responsibility for compilation of consolidated financial statements

1. At the end of the accounting period, the parent company is responsible for compiling consolidated financial statements of the entire corporation. To be specific:

a) The parent company shall be the listing organization on the securities market, large-sized public company and State-owned parent company must prepare annual consolidated financial statements and interim consolidated financial statements in the full form, and quarterly consolidated financial statements in the summary form (or quarterly consolidated financial statements in the full form in case of need).

b) For a parent company other than those specified at Point a:

- Annual consolidated financial statements in the full form are required;

- It is encouraged to prepare interim consolidated financial statements in the full form or summary form (in case of need).

2. The parent company is not required to prepare the consolidated financial statements if the following conditions are fully satisfied:

a) The parent company is not a unit with public interest;

b) The parent company is not owned by the State or its control shares are not held by the State;

c) The parent company is concurrently the subsidiary owned by another company and the failure to prepare consolidated financial statements obtains agreement from shareholders, including shareholders who do not have the voting right;

d) Equity instruments or debt instruments of that parent company is not traded on the market (including domestic market, foreign market, over-the-counter market, local and regional markets);

dd) The parent company fails to compile dossiers or is not in the process of submitting dossiers to the competent agencies for issuance of financial instruments to the public;

d) The company owning that parent company compiles the consolidated financial statements in order to disclose information to the public in accordance with Vietnamese accounting standards.

Article 6. Time limit for submission and publicization of consolidated financial statements

1. Annual consolidated financial statements shall be submitted to the owners and competent State management agencies within 90 days from the last day of the annual accounting period, and shall be publicized within 120 days from the last day of an annual accounting period. The parent company that is a unit with public interest and operates in the securities sector must submit annual consolidated financial statements and publicize them in accordance with the securities law.

2. Interim consolidated financial statements shall be submitted to the owners and competent State management agencies within 45 days from the last day of the accounting period. The parent company that is a unit with public interest and operates in the securities sector must submit interim financial statements and publicize them in accordance with the securities law.

Article 7. Places of receipt of consolidated financial statements

Annual and interim (quarterly) consolidated financial statements shall be submitted to the finance agencies, tax offices, statistical agencies and agencies granting investment licenses or business registration certificates, the State Securities Commission and Stock Exchanges. To be specific:

1. Finance agencies:

Corporations, State-owned parent companies that are established by the provincial-level People's Committees must submit consolidated financial statements to the provincial-level Finance Departments. Corporations and State-owned parent companies that are established by ministries, ministerial-level agencies and government-attached agencies, or are established under the Prime Minister's decisions

must submit consolidated financial statements to the Ministry of Finance (the Department of Corporate Finance), except for the following cases:

- Corporations and State-owned parent companies that operate in banking, investment and finance sectors shall submit consolidated financial statements to the Ministry of Finance (the Department of Banking and Financial Institutions). For the State Capital and Investment Corporation (SCIC); Vietnam Debt and Asset Trading Corporation (DATC); Baoviet Holdings, apart from submission of consolidated financial statements in accordance with the aforementioned regulations, they are also required to submit such statements to the Department of Corporate Finance;

- Corporations and State-owned parent companies that operate in the insurance sector shall submit consolidated financial statements to the Ministry of Finance (the Insurance Supervisory Authority).

- Corporations and State-owned parent companies that operate in the securities sector shall submit consolidated financial statements to the State Securities Commission and the Stock Exchange.

2. Apart from submitting reports in accordance with Clause 1 of this Article, the State-owned parent companies shall submit consolidated financial statements for units performing the ownership right according to assignment and decentralization in the Government's Decree No. 99/2012/ND-CP dated November 15, 2012 and amending and supplementing documents (if any).

3. Tax agencies and statistical agencies:

a) Corporations and State-owned parent companies that are established by ministries, ministerial-level agencies and government-attached agencies, or are established under the Prime Minister's decisions must submit consolidated financial statements to the General Department of Taxation, local tax offices, General Statistics Office and local statistical agencies.

b) Other corporations and parent companies must submit consolidated financial statements to the local tax offices and statistical agencies.

4. Agencies issuing investment licenses or business registration certificates:

Parent companies that are not owned by the State shall submit consolidated financial statements to the agencies issuing investment licenses or business registration certificates.

5. Public companies, listing organizations, organizations issuing securities to the public, securities companies, securities investment companies, funds and fund management companies shall submit consolidated financial statements to the State Securities Commission and Stock Exchanges where their securities are listed.

Article 8. Identifying the parent companies

1. A company shall be considered as the parent company of another company if it has the right to control such company through the control of operating and financial policies so as to obtain economic benefits from such company's activities, and not only considering the legal form, or the name of the company. The parent company shall have the right to control operating and financial policies in the following cases:

a) Holding more than 50% of direct or indirect voting right in the subsidiary. In case there is a difference between the percentage of voting right in the business registration certificate and the percentage of voting right calculated on the actual contributed capital, the voting right shall be determined according to the company charter or an agreement between parties;

b) Having the right of directly or indirectly appointing or dismissing most of members of the Board of Directors, Directors or General Directors of the subsidiaries;

c) Having the right to cast a majority of votes at meetings of the Board of Directors or equivalent management level;

d) Having the right to decide on amending or supplementing the subsidiaries' charters;

dd) Other investors agree to spend more than 50% of the voting right to the parent company;

e) Having the right to control operating and financial policies according to the agreed regulations.

2. When determining the parent company's control right, in addition to provisions of Clause 1 of this Article, enterprises must review the potential voting right arising from call option or debt instruments and equity instruments that can be converted into ordinary shares at the current time. If the above-mentioned debt instruments and equity instruments are not allowed to convert into ordinary shares at the current time, for example, cannot be converted before a time in the future or until the occurrence of a future event, they shall not be used to identify the control right.

Article 9. Principles for determining the control right and measuring the interest percentage of the parent companies and non-controlling shareholders in subsidiaries

1. The control right is formed when the parent company directly or indirectly holds more than 50% of the voting right in the subsidiary through other subsidiaries, except for special cases where it is proved that the holding of voting right as mentioned above is not associated with the control right.

2. The parent company and non-controlling interests in the subsidiary include direct and indirect interests gained through other subsidiaries. The determination of parties' interests shall be based on the corresponding (direct and indirect) contributed capital ratio of each party in the subsidiary, unless otherwise agreed by the parties. In case there is a difference between the percentage of contributed capital in the business registration certificate and the actual contributed capital percentage, the interest percentage shall be determined according to the company charter or an agreement between parties.

3. When having the potential voting right or other derivative financial instruments with potential voting right, the parent company's interests shall only be determined on the basis of the (directly or indirectly) owned capital contribution portions in the subsidiary at the current time, regardless the implementation or transfer of potential voting right, unless otherwise agreed with non-controlling shareholders.

4. If the subsidiary has unpaid accumulated dividends and preferred shares that are held by outsiders, the parent company shall only determine its loss or interest after adjusting the payable preferred dividends of the subsidiary, regardless of the dividends' publicization.

5. Determining the control right and interest percentage of the parent companies and non-controlling shareholders in a number of cases:

a) Determining the voting right: The parent company may hold the direct voting right in the subsidiary through the number of capitals directly invested in the subsidiary.

- For example: Company A holds 2,600 ordinary shares carrying voting right out of 5,000 ordinary shares carrying voting right that are currently circulating of the joint-stock company B. In such case, company A directly holds 52% (2,600/5,000) of the voting rights in company B. Thereby, company A is the parent company of company B, and joint-stock company B is the subsidiary of company A. The interest percentage of the parent company and non-controlling shareholders shall be equivalent to the ratio of contributed capital of the parties, unless otherwise agreed by parties.

- For example: The parent company may indirectly hold the voting right in a subsidiary through another subsidiary in the corporation.

Joint-stock company X holds 8,600 voting stocks out of 10,000 voting stocks that are currently circulating of the joint-stock company Y. Company Y invests in limited liability company Z VND 600 million out of VND 1,000 million of paid-up charter capital of company Z. Joint-stock company X directly invests in limited liability company Z VND 200 million out of VND 1,000 million of paid-up charter capital of company Z.

The direct voting right of company X in joint-stock company Y is determined as follows:

(8,000 stocks/10,000 stocks) x 100% = 80%.

The direct voting right of company Y in limited liability company Z is determined as follows:

(600/1,000) x 100% = 60%.

Therefore, the voting right of joint-stock company X and limited liability company Z comprises: 20% of direct voting right (200/1,000); 60% of indirect voting right through joint-stock company Y. The total voting percentage that is directly and indirectly held by company X is equal to 80% of the voting right of limited liability company Z. Therefore, company Z is the subsidiary of company X.

b) Determination of the parent company and non-controlling interests toward subsidiaries

- Determination of the direct interest percentage:

The parent company shall be entitled to the direct interests in its subsidiary if it partially or wholly owns the net assets of such subsidiary. If the subsidiary is not wholly owned by the parent company, the subsidiary's non-controlling shareholders shall be entitled to the direct interests in the subsidiary. Direct interests shall be determined based on the ownership percentage of the investors in the net asset value of the invested party.

For example: Parent company A directly invests in 3 subsidiaries named B1, B2 and B3 with the rate of holding net assets is 75%, 100% and 60%, respectively. Direct interests of parent company A and direct non-controlling interests in companies B1, B2 and B3 are determined as follows:

	B1	B2	B3
Parent company's direct interest	75%	100%	60%
Direct non-controlling interest	25%	0%	40%
	100%	100%	100%

Accordingly, parent company A's direct interest percentage in company B1, company B2 and company B3 is 75%, 100% and 60%, respectively. Direct non-controlling interest in company B1, company B2 and company B3 is 25%, 0% and 40%, respectively.

- Determination of the indirect interest percentage: The parent company shall be entitled to indirect interests in a subsidiary if a part of such subsidiary's net assets are directly owned by another subsidiary in the corporation.

The parent company's indirect interest percentage in the subsidiary shall be determined through the interest percentage of the directly invested subsidiary.

The percentage (%) of indirect interests of the parent company in its subsidiary	=	The percentage (%) of interests in the directly invested subsidiary	x	The percentage (%) of interests of the directly invested subsidiary in the indirectly invested subsidiary

For example: Parent company A owns 80% of the company B's net asset value. Company B owns 75% of the company C's net asset value. Company A controls company C through company B, therefore, company C is the company A's subsidiary. In this case, interests of parent company A in subsidiaries B and C are determined as follows:

	B	**C**
Parent company A		
Direct interest	80%	-
Indirect interest		60%
Non-controlling shareholder	-	
Direct interest	20%	25%
Indirect interest		15%
	100%	**100%**

The indirect interest percentage of parent company A in subsidiary C = 60% (80% x 75%).

The non-controlling interest percentage in company C is 40%, in which, the indirect interest percentage = 15% ((100% - 80%) x 75%) and the direct interest percentage = 25% (100% - 75%).

For example: Company A owns 80% of company B's net asset value and 15% of company C's net asset value. Company B owns 60% of the company C's net asset value. In this case, company A controls company C. The percentage of interests of parent company A in subsidiaries B and C are determined as follows:

	B	**C**
Parent company A		
Direct interest	80%	15%
Indirect interest		48%
Non-controlling shareholder	-	
Direct interest	20%	25%
Indirect interest		12%
	100%	**100%**

The percentage of direct interests of company A in company B and company C is 80% and 15%, respectively. The percentage of indirect interests of parent company A in company C = 48% (80% x 60%). The interest percentage of parent company A in company C = 63% (15% x 48%).

The direct non-controlling interest percentage in company B and company C is 20% (100% - 80%) and 25% (100% - 60% - 15%), respectively;

The indirect non-controlling interest percentage in company C = 12% {(100% - 80%) x 60%}.

Article 10. General principles for preparing and presenting consolidated financial statements

1. When preparing consolidated financial statements, the parent company must consolidate its separate financial statement and financial statements of its Vietnam-based and overseas subsidiaries, that are directly or indirectly controlled by the parent company, except for the following cases:

a) The control right of the parent company is tended to be temporary because the subsidiary is acquired and held exclusively for the purpose of resale for a maximum term of 12 months.

- The temporary control right must be determined at the time of acquisition the subsidiary and the investment amount with the temporary control right is not presented as an investment in the subsidiary but classified as the short-term investment held for the business purpose.

- If, at the time of acquisition, the parent company has classified it as an investment in the subsidiary, then the parent company expects to carry out the divestment within a period of less than 12 months, or the subsidiary is expected to become bankrupt, or dissolve, separate, merge or terminate its operations within a period of less than 12 months, it shall not be considered as the temporary control right.

b) The subsidiary's operation is restricted for a period of more than 12 months, and such restrictions greatly affect the ability of capital transfer to the parent company.

2. The parent company is not excluded from consolidated financial statements in the following cases:

a) Its subsidiary conducts business operations other than the operations of the parent company and other subsidiaries in the corporation;

b) The subsidiary is a trust fund, mutual fund, venture capital fund or equivalent enterprise.

3. Consolidated financial statements must be prepared and presented according to accounting principles applicable to financial statements of an independent enterprise according to the Vietnamese accounting standards “presentation of financial statements” and regulations of relevant accounting standards.

4. Consolidated financial statements shall be prepared on the basis of applying the uniform accounting policy for similar transactions and events in similar circumstances throughout the corporation.

a) In case the subsidiary applies accounting policies other than those consistently applied throughout the corporation, the financial statements that are used to consolidate must be adjusted according to the corporation’s general policy. The parent company shall be responsible for guiding its subsidiary to adjust the financial statements based on the nature of transactions and events.

For example: Using a uniform accounting policy:

- An overseas subsidiary applies the revaluation model for fixed assets, the Vietnam-based parent company applies the cost model. Before consolidating financial statements, the corporation must convert its subsidiaries' financial statements according to the cost model.

- The Vietnam-based parent company applies the interest capitalization method for the construction of unfinished assets, the overseas subsidiary records interest expenses on unfinished assets as an expense in the period. Before consolidating financial statements, the corporation must convert its subsidiaries' financial statements according to the interest capitalization method for unfinished assets.

b) In case the subsidiary cannot apply the same accounting policy as the corporation's general policy, the written explanation on the consolidated financial statements must specify items recorded and presented according to different accounting policies and clearly explain such accounting policies.

5. The parent company's separate financial statement and subsidiaries' financial statements that are used for consolidation must be made for the same accounting period.

If the last days of the accounting periods are different, subsidiaries must prepare an additional financial statement for the consolidation purpose that has the same accounting period as the parent company's. In case of failure to prepare such additional financial statement, financial statements prepared in different period of time may be used, provided that the time difference is not more than 3 months. In such case, financial statements that are used for consolidation must be adjusted so as impacts of important transactions and events occur in the period between the last day of the subsidiary's accounting period and the last day of the corporation's accounting period. The length of the reporting period and the difference in the timing of the preparation of the financial statements must be consistent across periods.

6. The subsidiary's business performance must be recorded in the consolidated financial statement from the date on which the parent company controls the subsidiary to the date on which the parent company stops controlling the subsidiary. An investment in the enterprise must be accounted for according to the accounting standards "Financial instruments" from the time on which such enterprise is no longer a subsidiary and does not become a joint venture or associate.

7. The portion of equity held by the parent company and non-controlling shareholders in the subsidiary's identifiable net assets on the date of acquisition shall be presented according to the fair value. To be specific:

a) The subsidiary's net assets at the date of acquisition are recorded on the consolidated balance sheet with the fair value. If the parent company does not wholly own the subsidiary, the difference between the book value and the fair value must be distributed to the parent shareholders and non-controlling shareholders.

b) After the date of acquisition, if the subsidiary's assets at the purchasing date (with fair value different from the book value) are depreciated, liquidated or sold, the difference between the fair value and book value shall be considered as implemented and must be adjusted into:

- The undistributed after-tax profits corresponding to the parent shareholders' portion of equity;

- Non-controlling interest corresponding to the non-controlling shareholders' shares.

8. If there is a difference between the fair value and book value of the subsidiary's net assets at the date of acquisition, the parent company must record the deferred enterprise income tax arising from the business combination transactions.

9. Goodwill or interests from low-cost purchases shall be the difference between the investment cost and identifiable fair value of net assets of the subsidiary at the date of acquisition, that are owned by the parent company (at the time the parent company obtains the right to control over the subsidiary).

a) Duration for amortizing goodwill must not exceed 10 years, from the date on which the parent company controls the subsidiary according to the principle of distribution by years. The parent company must carry out periodic evaluation of goodwill impairment in the subsidiary, if there is any evidence showing that the impaired goodwill is greater than the annually amortized amount, then the amortization shall be carried out according to the impaired goodwill in the arising period. Some evidence of impairment of goodwill include:

- After the date of controlling the subsidiary, if the cost of the additional investment is less than the parent company's portion of equity in the book value of the subsidiary's net assets allowed for additional acquisition;

- The market value of the subsidiary is reduced (for example, the market value of the subsidiary's shares is significantly reduced due to the subsidiary's continuous loss of business);

- The credit rating is reduced for a long time; the subsidiary is insolvent, suspends its operations, or is likely to dissolve, become bankrupt or terminate its operations;

- Financial criteria are reduced seriously and systematically, etc.

For example: It is assumed that the arising goodwill is VND 10 billion and is amortized in 10 years (VND 1 billion/year). After three years' amortization (VND 3 billion), if there is any evidence showing that the goodwill is fully impaired, the goodwill to be amortized in the 4th year will be VND 7 billion.

b) In the transactions of business combination achieved in stages, when determining the goodwill or interests from the low-cost purchases (negative goodwill), the cost of an investment in the subsidiary shall be total of the investment cost at the date of acquiring the right to control the subsidiary plus the investment costs of the previous exchanges that are re-evaluated according to the fair value at the date the parent company controls the subsidiary.

10. After acquiring the right to control the subsidiary, if the parent company continues to invest in the subsidiary to raise the owned benefit percentage, the difference between the additional investment cost and the book value of the subsidiary's additionally acquired net assets must be directly included in the undistributed after-tax profits and considered as owner's equity transactions (not recorded as goodwill or interest from low-cost purchases). In such case, the parent company shall not record the subsidiary's net assets according to the fair value like the time of controlling the subsidiary.

11. The items in the consolidated balance sheets and consolidated business performance reports shall be prepared by adding each item in the balance sheet and business performance reports of the parent company and subsidiaries in the corporation, then make adjustments to the following:

a) The book value of the parent company's investment in each subsidiary and the parent company's share in owner's equity of the subsidiary must be eliminated in full, and at the same time, the goodwill or interest from low-cost purchases (if any) must be recorded;

b) Amortization of goodwill;

c) Non-controlling interest must be presented in the consolidated balance sheet as a separate item of the owner's equity. The non-controlling shareholders' portion of equity in the corporation's business performance report is also required to be presented as a separate item in the consolidated business performance report;

d) The balance of receivables, payables and loans, etc. among units in the corporation must be eliminated in full;

dd) Revenues, income, and expenses arising from intercompany transactions must be eliminated in full;

e) Unrealized gains resulting from intercompany transactions that are included in the asset value (such as inventories, fixed assets, etc.) must be eliminated in full. Unrealized losses resulting from intercompany transactions that are reflected in the asset value (such as inventories, fixed assets, etc.) should also be eliminated unless cost cannot be recovered.

12. The difference between the revenue from the divestment in the subsidiary and net asset value of the divested subsidiary plus (+) the unamortized goodwill shall be recorded in the arising period on the following principles:

- In case the divestment transaction does not affect the parent company's control right over its subsidiary, the above-mentioned difference shall be recorded in the item "Undistributed after-tax profits" of the consolidated balance sheets.

- In case the divestment transaction leads to the loss of the parent company's control right over its subsidiary, the above-mentioned difference shall be recorded in the consolidated business performance reports. Investments in subsidiaries shall be accounted for as normal financial investment or accounted for by the equity method from the time the subsidiary is no longer controlled by that parent company.

13. After completing all adjusting entries, the difference arising due to the adjustment of items in the business performance reports must be carried forward into the undistributed after-tax profits.

14. The consolidated cash flow reports shall be prepared based on the consolidated balance sheets, consolidated business performance reports and cash flow reports of the parent companies and subsidiaries according to the following principles:

The consolidated cash flow reports shall only present the cash flows between the corporation and outsiders, including cash flows arising from transactions with joint ventures, associates, and non-controlling shareholders of the corporation, and shall be

presented on the consolidated cash flow reports with the 3 types of operations: Business, investment and financial activities. All cash flows arising from intercompany transactions between the parent company and its subsidiaries must be fully eliminated from the consolidated cash flow reports.

15. In case the parent company's subsidiaries prepare financial statements in currencies other than the one stated in its statement, before consolidating financial statements, the parent company must convert all of them into the currency used in its statement in accordance with Chapter VI of this Circular.

16. The written explanation on the consolidated financial statements shall be made to clarify financial and non-financial information, based on the consolidated balance sheets, consolidated business performance reports, consolidated cash flow reports and relevant materials in the course of consolidating financial statements.

Article 11. Procedures for consolidating balance sheets and business performance reports between the parent company and subsidiaries

1. Combining items in the balance sheets and business performance reports of the parent company and subsidiaries in the corporation.

2. Eliminating all the book value of the parent company's investment in each subsidiary and the parent company's share in owner's equity of the subsidiary, and recording the goodwill or interest from low-cost purchases (if any).

3. Amortizing goodwill (if any).

4. Separating benefits of non-controlling shareholders.

5. Eliminating all intercompany transactions.

6. Making the summarization of adjusting entries and summarization of consolidated items. After making adjusting entries, based on the difference between the increasing and decreasing adjustment amounts of the items in the business performance reports, the accountant will make a carry-forward entry to reflect the total effects arising from the adjustment of revenue and expenses on undistributed after-tax profits.

7. The consolidated financial statements shall be prepared based on the summarization of consolidated items, after being adjusted and eliminated for transactions arising within the corporation.

Article 12. Summarization of adjusting entries and consolidated items

1. The summarization of adjusting entries shall be made for each item to summarize adjustments and eliminate when consolidating financial statements (made according to Form No. BTH 01-HN provided in Appendix 2 to this Circular).

2. The summarization of consolidated items shall be made to summarize items in the financial statements of the parent company and subsidiaries in the corporation, at the same time, reflect the total effects of eliminating and adjusting entries when consolidating each item in the consolidated financial statements (made according to Form No. BTH 02-HN provided in Appendix 2 to this Circular).

Article 13. Consolidated financial statement forms

1. The consolidated financial statement shall apply financial statement forms of an independent enterprise as specified in the enterprise accounting regime and add the following items:

a) Adding items in the consolidated balance sheets:

- Adding item VI - “Goodwill” - Code 269 in the section of “Assets” to reflect goodwill arising in the business combination transactions;

- Adding the item “non-controlling interest” - Code 429, and such item shall be presented as an item of the owner’s equity to reflect the non-controlling shareholders’ benefit value in subsidiaries.

b) Adding items in the consolidated business performance reports:

- Adding the item “Loss or gain in the joint venture or associate” - Code 24 to reflect the loss or gain in the investor’s portion of equity in the loss or gain of the venture or associate when the investor applies the equity method.

- Adding the item “After-tax profit of the parent company's shareholders” - Code 61 to reflect the parent company's after-tax profit value in the period.

- Adding the item “After-tax profit of non-controlling shareholders” - Code 62 to reflect the non-controlling shareholders’ after-tax profit value in the period.

2. Information required to be presented in the written explanation on the consolidated financial statements shall comply with regulations provided in Appendix 1 to this Circular.

Chapter II

METHODS FOR CONSOLIDATING FINANCIAL STATEMENTS FOR A NUMBER OF BASIC TRANSACTIONS BETWEEN THE PARENT COMPANIES AND SUBSIDIARIES

SECTION 1. ELIMINATING THE PARENT COMPANY'S INVESTMENTS IN THE SUBSIDIARIES

Article 14. Principle of eliminating the parent company's investments in the subsidiary in business combination transaction in which the control right acquired after one purchase

1. In the consolidated balance sheets, the book value of the parent company's investment in the subsidiary and the parent company's portion of equity in the fair value of the subsidiary's net assets at the date of acquiring must be eliminated in full, according to the following principles:

- The parent company must record assets and liabilities of its subsidiary according to the fair value at the date of acquiring;

- The parent company must separately record the non-controlling shareholders' portion of equity in the difference between the fair value and book value of the subsidiary at the date of acquiring;

- The parent company shall record deferred income tax liability for the subsidiary's assets and liabilities of which the fair value is higher than the book value; record the differed tax asset for the subsidiary's assets and liabilities of which the fair value is less than the book value;

- If after the date of acquiring, the subsidiary depreciates, liquidates, transfers or pays assets and liabilities that have been recorded according to the fair value, the difference between the fair value and book value of items of assets and liabilities at the date of acquiring that is corresponding to the parent company's portion equity shall be considered complete, and shall be directly recorded into the item "Undistributed after-tax profits".

2. The goodwill or interest arising from low-cost purchases in the course of acquiring the subsidiary (if any) shall be recorded while eliminating the parent company's investment in the subsidiary. In case after obtaining the right to control over the subsidiary, the parent company continues to buy additional net assets of the subsidiary from non-controlling shareholders to increase the ownership percentage, the following provisions shall be applied:

- If the additional investment cost is higher than the purchased net assets’ book value, the difference shall be directly adjusted to reduce undistributed after-tax profits.

- If the additional investment cost is less than the purchased net assets’ book value, the difference shall be directly adjusted to increase undistributed after-tax profits. This is the sign of goodwill impairment, the parent company must evaluate goodwill, if the goodwill value is higher than the periodically distributed amount, the goodwill impairment amount must be recorded.

- In case the parent company additionally invests in the subsidiary because the subsidiary mobilizes additional capital from owners, provisions of Article 54 of this Circular shall be complied with.

3. Fluctuations resulting in the change of owner’s equity of the subsidiary that occur after the date of acquisition, including Fluctuations of funds and undistributed after-tax profits, differences in asset revaluation, exchange rate difference (if any), shall not be eliminated from the consolidated balance sheets.

4. In case the subsidiary use share capital surplus, investment and development funds or undistributed after-tax profits arising after the date of acquisition in order to increase the owner's investment, when eliminating the parent company's investment in the subsidiary, the parent company shall record the additional investment value of the owner (of the subsidiary), equivalent to the portion that the parent company is entitled to, into the item of other capitals of the owner.

For enterprises in which the State holds 100% of charter capital, the turnover for the stock dividends must be recorded as prescribed by law, the recorded decrease in the stock dividend turnover is required.

5. For the parent company equitized from the State-owned companies, the parent company, when carrying out enterprise evaluation, the parent company must re-valuate investment value in the subsidiary. The difference between the book value of the parent company's investment and the parent company's portion of equity in the owner’s equity of the subsidiary (if any) shall be presented in the item “Differences in asset revaluation” of the consolidated balance sheets.

6. In case of the owner’s equity structure of the subsidiary at the date of acquisition changes (due to the distribution of after-tax profits at the date of acquisition, use of share capital surplus and funds at the acquiring date to increase owner's investment), when eliminating the book value of the investments in the subsidiary, the accountant must re-determine the parent company’s portion of equity in each item of the owner’s equity of the subsidiary at the acquiring date to implement the eliminated accounting entry in a reasonable manner.

Article 15. Principle of eliminating the parent company's investments in the subsidiary in transactions of business combination achieved in stages

1. In the transaction of business combination achieved in stages, before eliminating the parent company’s and subsidiary’s investment, the accountant must make some adjustments to the parent company’s investment cost in the consolidated financial statement as follows:

a) If, before the parent company obtains the control right, the parent company does not cause any significant effect on the subsidiary and the investment is presented according to the historical cost method: When obtaining the right to control over the subsidiary, in the consolidated financial statement, the parent company must re-valuate the previous investment according to the fair value at the date on which the control right is obtained. The difference between the re-evaluated cost and historical cost of the investment shall be recorded in the consolidated business performance report.

b) If, before the date on which the parent company obtains the control right, the fact that the subsidiary is the associate of the parent company has been presented according to the equity method: When obtaining the control right, in the consolidated financial statement, the parent company must re-valuate the investment according to the fair value. The difference between the re-evaluated cost and investment cost calculated by the equity method shall be recorded in the consolidated business performance report. The difference between the investment cost calculated by the equity method and the historical cost of the investment shall be directly recorded in items of the owner’s equity on the consolidated balance sheet.

2. After adjusting the investment cost, the parent company shall eliminate the investment in the subsidiary on the general principles specified in Article 14 of this Circular.

Article 16. Accounting method of eliminating the parent company’s investments in the subsidiaries

1. Before eliminating the parent company's investment in the subsidiary, in the consolidated financial statement, the accountant must adjust the parent company's investment cost in the subsidiary, specifying that the subsidiary's control is implemented through many times of acquisition (business combination achieved in stages).

a) If, before the date of control, the parent company does not cause any significant effect on the subsidiary and the investment is presented according to the historical cost method: When preparing the consolidated financial statement, the parent company must re-evaluated the previous investment according to the fair value at the date of obtaining the control right, and record the difference between the fair value and historical cost of the investment:

- In case the fair value is higher than the historical cost of the investment, the accountant shall record gain in the consolidated business performance report as follows:

Debit Investment in subsidiary

Credit Turnover of the financial operations (gain) (control period)

Credit Undistributed after-tax profit accumulated to the end of the previous period (the following period)

- In case the fair value is less than the historical cost of the investment, the accountant shall record loss in the consolidated business performance report as follows:

Debit Financial expenses (loss) (the period of obtaining the control right)

Debit Undistributed after-tax profit accumulated to the end of the previous period (the following period)

Credit Investment in subsidiary.

b) If, before the date on which the control right is obtained, the subsidiary is the associate of the parent company, and the investment is presented according to the equity method: When preparing the consolidated financial statement, the parent company must re-evaluated the previous investment according to the fair value at the date of obtaining the control right, and make the following adjustments:

b1) Adjusting the investment cost according to the equity method (difference between the historical cost and the investment cost calculated according to the equity method):

- In case of increasing the previous investment in the associate:

Debit Investment in subsidiary

Credit Relevant items of the owner's equity

- In case of decreasing the previous investment in associate:

Debit Relevant items of the owner's equity

Credit Investment in subsidiary.

b2) Recording the difference between the fair value and investment cost in associate according to the equity method in the consolidated business performance report:

- In case the fair value is higher than the historical cost of the investment, the accountant shall record gain in the consolidated business performance report as follows:

Debit Investment in subsidiary

Credit Turnover of the financial operations (gain) (control period)

Credit Undistributed after-tax profit accumulated to the end of the previous period (the following period)

- In case the fair value is less than the historical cost of the investment, the accountant shall record loss in the consolidated business performance report as follows:

Debit Financial expenses (loss) (the period of obtaining the control right)

Debit Undistributed after-tax profit accumulated to the end of the previous period (the following period)

Credit Investment in subsidiary.

2. To eliminate the book value of item "Investment in subsidiary" in the parent company's financial statement for the parent company's portion of equity in the net assets' fair value at the acquiring date of subsidiaries, the accountant must calculate the parent company's equity portion value in each item of the owner's equity at the acquiring date of subsidiaries, at the same time, calculate the goodwill (or interest from low-cost purchases, if any) arising from the acquiring date, determine the

difference between the fair value and book value of each asset and liability of the subsidiaries at the acquiring date, record:

Debit Items of owner's equity (according to the book value)

Debit Goodwill (in case of arising goodwill)

Debit Asset items (if the fair value is higher than the book value)

Debit Liability items (if the fair value is less than the book value)

Debit Non-controlling interest (the portion of equity in the difference between the net assets' fair value less than the book value)

Credit Liability items (if the fair value is higher than the book value)

Credit Asset items (if the fair value is less than the book value)

Credit Other income (in case of arising interest from low-cost purchases)

Credit Investment in subsidiary.

Credit Non-controlling interest (the portion of equity in the difference between the net assets' fair value higher than the book value)

- In case items of the owner's equity at the acquiring date have negative value, when eliminating such items, the accountant shall record "Credit" in that item instead of "Debit" like the above accounting entry. When making the consolidated financial statements for the following periods, when buying the subsidiary's net assets, the interest arising from low-cost purchases shall be adjusted as an increase in the item "Undistributed after-tax profits accumulated to the end of the previous period", not recording an increase in "Other income".

- When restructuring the owner's equity of the subsidiary at the acquiring date with fluctuations, the accountant must re-calculate items to be eliminated in a reasonable manner.

2. In case the parent company and subsidiary invest in the same subsidiary, but in the subsidiary's separate financial statement, the investment in that subsidiary in the corporation is reflected in the item "Investment in joint venture or associate" or "Other investment in equity instrument", then when eliminating the investment value recognized by the corporation's subsidiary, recording:

Debit Items of owner’s equity (according to the book value)

Debit Goodwill (in case of arising goodwill)

Debit Asset items (if the fair value is higher than the book value)

Debit Liability items (if the fair value is less than the book value)

Debit Non-controlling interest (the portion of equity in the difference between the net assets’ fair value less than the book value)

Credit Liability items (if the fair value is higher than the book value)

Credit Asset items (if the fair value is less than the book value)

Credit Other income (in case of arising interest from low-cost purchases)

Credit Investment in subsidiary.

Credit Non-controlling interest (the portion of equity in the difference between the net assets’ fair value higher than the book value)

Credit Investments in joint ventures and associates

Credit Investments in equity of other entities.

3. In case the subsidiary use share capital surplus, investment and development funds or undistributed after-tax profits arising after the date of acquisition in order to additionally issue shares, the parent company shall record the increased capital value of the subsidiary, equivalent to the portion that the parent company is entitled to, into the item of other capitals of the owner, record:

Debit Owner’s contributed capital

Credit Other kinds of equity.

4. For parent companies equitized from the State-owned companies, when arising the difference between the book value of the parent company's investment and portion of equity in the owner’s equity of the subsidiary (if any), record:

Debit Items of owner’s equity (according to the book value)

Debit Differences in asset revaluation (the difference between the investment value higher than the value of the portion of equity of the parent company in the owner's equity of the subsidiary)

Credit Differences in asset revaluation (the difference between the investment value less than the value of the portion of equity of the parent company in the owner's equity of the subsidiary)

Credit Investments in subsidiary.

5. If after the date of controlling the subsidiary, the parent company continues to invest in the subsidiary:

When additionally investing in the subsidiary, the accountant must determine the additional investment cost and the increased portion of equity in the book value of the subsidiary's net assets (not at fair value as at the acquiring date). The difference between the additional investment cost and the net assets' book value shall be directly recorded in the undistributed after-tax profits (like transactions among internal shareholders)

Debit Non-controlling interest

Debit Undistributed after-tax profits for the current period (if the amount additionally invested in the subsidiary is higher than the non-controlling shareholders' net asset value transferred to the parent company)

Credit Undistributed after-tax profits for this period (if the amount additionally invested in the subsidiary is less than the non-controlling shareholders' net asset value transferred to the parent company)

Credit Investments in subsidiary.

Article 17. Accounting for a subsidiary or affiliated company's contraction of repurchasing issued stocks (treasury stocks) and making reverse investment in the parent company

1. In case the subsidiary repurchases treasury stocks

a) When a subsidiary repurchases treasury stocks from a non-controlling shareholder, the parent company's ownership percentage of net assets in the subsidiary will be increased. However, after the subsidiary purchases treasury stocks, the part of net asset value of the subsidiary that is held by the parent company may increase or

decrease in comparison with the one stated before the subsidiary purchases treasury stocks, depending on the purchase price of the treasury stocks.

b) The parent company must determine its ownership portion in the net asset value of the subsidiary before and after the subsidiary purchases treasury stocks. The difference in the net asset value is recorded directly in the item “Undistributed after-tax profits” in the consolidated balance sheet.

- In case the net asset value held by the parent company in a subsidiary increase after the subsidiary purchases treasury stocks, to record:

Debit Non-controlling interest

Credit Undistributed after-tax profits of this period (the period when the subsidiary purchases treasury stocks)

Credit Accumulated undistributed after-tax profits to the end of the previous period (periods after the time when the subsidiary purchases treasury stocks)

- If the net asset value held by the parent company in a subsidiary decrease after the subsidiary purchases treasury stocks, to record:

Debit Undistributed after-tax profits of this period (the period of purchasing treasury stocks)

Debit Accumulated undistributed after-tax profits to the end of the previous period (next period)

Credit Non-controlling interest

2. In case the affiliated company repurchases treasury stocks

In case the affiliated company repurchases treasury stocks, the investor’s ownership percentage of net assets in the affiliated company will be increased, and if such rate is enough for control, the investor shall become the parent company, the affiliated company becomes the subsidiary. In this case, the investor shall apply the accounting method of business combinations achieved in stages as prescribed in Articles 15 and Clause 1, Article 16 of this Circular.

3. In case the subsidiary makes reverse investment in the parent company

a) For a subsidiary whose repurchase of the parent company’s stocks is not restricted by law, the book value of the amount of the parent company’s stocks that are

purchased by the subsidiary must be presented in the item “Treasury stocks” of the Consolidated balance sheet. Based on the Balance sheet of the subsidiary, record a decrease in the value of stocks of the parent company being held by the subsidiary (representing in the relevant items), record:

Debit Treasury stocks

Credit Trading securities, or

Credit Investments in other entities

b) In cases a subsidiary contributes capital to the parent company that is not a joint-stock company, comply with the entries specified at Point a but in the Written explanation on consolidated financial statements, clearly state that the item “Treasury stocks” reflecting the value of the subsidiary’s contributed capital amounts in the parent company is in the form other than the investment of stock purchase.

Article 18. Recording deferred enterprise income tax arising from business combination transaction

1. In cases the book value of assets and liabilities in a separate financial statement of a subsidiary is different from their fair value, when preparing the consolidated financial statement, the parent company must record the deferred income taxes:

a) In cases the identifiable fair value of net assets of the subsidiary is higher than the book value, when eliminating the parent company’s investment amount in the subsidiary, the deferred tax liability shall be recorded, record:

Debit items of equity (according to the book value)

Debit Goodwill (in cases where the goodwill arises)

Debit Net asset (if the fair value is higher than the book value)

Credit Other revenues (in cases when the interest from low-cost purchases arises)

Credit Investment in subsidiaries.

Credit Non-controlling interest (portion of equity in the difference between the net assets’ fair value higher than the book value)

Credit Deferred income tax liability

a) In cases the identifiable fair value of net assets of the subsidiary is less than the book value, when eliminating the parent company's investment amount in the subsidiary, the deferred tax assets shall be recorded, record:

Debit line items of equity (according to the book value)

Debit Goodwill (in cases where the goodwill arises)

Debit Non-controlling interest (portion of equity in the difference between the net assets' fair value less than the book value)

Debit Deferred income tax assets

Credit Net asset (the fair value is less than the book value)

Credit Other revenues (in cases when the interest from low-cost purchases arises)

Credit Investment in subsidiaries.

2. The parent company shall not recognize deferred tax liability for the goodwill arising from a business combination transaction.

SECTION 2. HANDLING OF EFFECT OF THE DIFFERENCE BETWEEN THE FAIR VALUE AND BOOK VALUE UPON ASSET RECOVERY, PAYMENT OF LIABILITIES AND IMPACT OF DEFERRED INCOME TAX ARISING FROM BUSINESS COMBINATION TRANSACTION

Article 19. Adjusting effect of the difference between fair value and book value upon asset recovery and payment of liabilities of subsidiaries when making the Consolidated financial statements

1. For fixed assets and investment properties

a) When consolidating financial statements, the subsidiaries' fixed assets and investment properties shall be presented at fair value. Since the amortization and recognition of accumulated depreciation in subsidiaries' Financial statements are based on the book value of the assets, the amortization and recognition of accumulated depreciation in Consolidated financial statements are based on to fair value, it is necessary to make some appropriate adjustments, specifically:

- All amortization and accumulated depreciation of fixed assets and investment properties must be adjusted in conformity with the fair value. Such adjustment may terminate when the subsidiaries have liquidated or sold these assets.

- The parent company shall not adjust the deferred income tax for the difference between the fair value and the book value of fixed assets and investment properties.

b) Accounting method of adjusting effect of the difference between the amortization at fair value and the amortization at book value

- Adjusting the accumulated depreciation and amortization in cases the fair value of fixed assets and investment properties is higher than the book value, record:

Debit cost items (The difference between the amortization at fair value and the one at book value arising in the period)

Debit Accumulated undistributed after-tax profits to the end of the previous period (the difference accumulated to the beginning of the period)

Credit Accumulated depreciation (the difference accumulated to the end of the period)

- Adjusting the accumulated depreciation and amortization in cases the fair value of fixed assets and investment properties is less than the book value, record:

Debit Accumulated depreciation (the difference accumulated to the end of the period)

Credit cost items (The difference between the amortization at fair value and the one at book value arising in the period)

Credit Accumulated undistributed after-tax profits to the end of the previous period (the difference accumulated to the beginning of the period)

- When fixed assets and investment properties have been fully amortized but have not been liquidated or sold, to implement the adjustment of accumulated depreciation and record all in undistributed after-tax profits.

+ If the fair value of fixed assets, investment properties is less than their book value:

Debit Accumulated depreciation (the difference between the fair value and book value)

Credit Accumulated undistributed after-tax profits to the end of the previous period

+ If the fair value of fixed assets, investment properties is higher than their book value:

Debit Accumulated undistributed after-tax profits to the end of the previous period

Credit Accumulated depreciation (the difference between the fair value and book value)

2. For other assets and liabilities

a) The difference between the book value and the fair value of the assets and liabilities at the date of acquisition made during the elimination of the parent company's investment in the subsidiary shall be in accordance with Section 1 of this Chapter.

b) If, after the date of acquisition, the subsidiary liquidates, sells or settles its assets and liabilities, the difference between the fair value and the book value of items of assets and liabilities at the date of acquisition shall be considered as to be realized and directly recorded in "Undistributed after-tax profits" for the portion owned by the parent company. Such recognition is made immediately in the entry of elimination of the parent company's investment in the subsidiary, record:

- In cases the fair value is higher than the book value, record:

Debit items of equity (the value at the date of acquisition)

Debit Accumulated undistributed after-tax profits to the end of the previous period (the difference between the fair value of assets and liabilities higher than the book value of the parent company)

Credit Investment in subsidiaries.

- In cases the fair value is less than the book value, record:

Debit items of equity (the value at the date of acquisition)

Credit Accumulated undistributed after-tax profits to the end of the previous period (the difference between the fair value less than the book value of assets and liabilities of the parent company)

Credit Investment in subsidiaries.

- The parent company does not adjust the difference between the fair value and the book value of assets and liabilities upon asset recovery or payment of liabilities

3. Revert the deferred enterprise income tax arising at the time of holding control of the subsidiary

a) If, at the date of acquisition, the fair value of the subsidiary’s net assets is higher than its book value, and the deferred tax liability has been recognized, when the assets are recovered or the liabilities are settled, revert the deferred tax liability, record:

Debit Deferred income tax liability (total accumulated reversion amount)

Credit Deferred enterprise income tax expense (reversion amount of the reporting period)

Credit Accumulated undistributed after-tax profits to the end of the previous period (reversion amount accumulated to the end of the previous period)

b) If, at the date of acquisition, the fair value of the subsidiary’s net assets is less than its book value, and the deferred tax assets have been recognized, when the assets are recovered or the liabilities are settled, revert the deferred tax assets, record:

Debit Deferred enterprise income tax expense (reversion amount of the reporting period)

Debit Accumulated undistributed after-tax profits to the end of the previous period (reversion amount accumulated to the end of the previous period)

Credit Deferred income tax asset (Total accumulated reversion amount)

SECTION 3. GOODWILL AMORTIZATION

Article 20. Accounting method of goodwill amortization

1. Goodwill arising at the date of acquisition shall be amortized in the consolidated business performance results on a straight-line basis over periods up to 10 years. In case the amount of goodwill lost during a year is higher than the annual amortized amount on a straight-line basis, the lost amount shall be amortized.

2. For goodwill amortization in the first period, determine goodwill to be amortized in the period, record:

Debit General and administrative expenses (Goodwill amortized in the period)

Credit Goodwill (Goodwill arising in the period)

3. For goodwill amortization from the second period onwards, record the amount amortized in this period and the accumulated amortized amounts from the date of acquisition to the first day of the reporting period and record as follows:

Debit Accumulated undistributed after-tax profits to the end of the previous period (amortized goodwill amount accumulated to the end of the previous period)

Debit General and administrative expenses (Goodwill amount amortized in the reporting period)

Credit Goodwill (amortized goodwill accumulated to the end of the reporting period)

4. After the goodwill amortization is completed, adjusting entries shall be as follows:

Debit Accumulated undistributed after-tax profits to the end of the previous period

Credit Goodwill.

SECTION 4. SEPARATION OF NON-CONTROLLING INTEREST

Article 21. Principles of determination and separation of non-controlling interest at the end of a period

1. In a Consolidated balance sheet, the non-controlling interest in the fair value of the net assets of the subsidiaries shall be identified and presented in a separate item of equity. The value of non-controlling interest in the consolidated value of net assets of subsidiaries, including:

- The non-controlling interest at the date of acquisition that is determined according to the fair value of net assets of subsidiaries at the date of acquisition;

- The non-controlling interest in the fluctuation of total equity from the date of acquisition to the beginning of reporting period;

- The non-controlling interest in the fluctuation of total equity incurred at the reporting period.

2. The loss incurred at a subsidiary must be distributed in proportion to the ownership portion of non-controlling shareholders, even if the loss is greater than the ownership portion of non-controlling shareholders in the subsidiary's net assets.

3. In a Consolidated business performance report, the non-controlling interest is determined and presented separately in the item "After-tax profits of non-controlling shareholders". The non-controlling interest shall be determined based on the percentage of non-controlling interest and the profits after corporate income tax of subsidiaries. Income of non-controlling shareholders in the business performance results of subsidiaries is reflected in the item "After-tax profits of non-controlling shareholders - Code 62".

4. When determining the value of non-controlling interest at the end of the period, it is necessary to eliminate the effect of:

- Preferred dividends;

- The reward and welfare fund appropriated in the period.

5. In addition to the provisions from Clauses 1 to 4 of this Article, the non-controlling interest is also affected by other internal transactions.

Article 22. Accounting method of separating non-controlling interest in the book value of the subsidiary's net assets at the end of the period

1. Method 1:

Non-controlling interest at the end of the period	=	Non-controlling interest at the beginning of the period	+	Non-controlling interest arising in the period

a) Separating non-controlling interest at the first date of the reporting period

- Based on the non-controlling interest that has been determined at the first date of the reporting period, record:

Debit items of equity

Credit Non-controlling interest.

In case the value of items of equity of the subsidiary at the beginning of the period is negative, record Credit in such items instead of recording Debit in those items as in the above-mentioned entry.

- In case at the time of acquisition, the fair value of net assets in subsidiaries is not equal to its book value, make an adjusted entry in accordance with Section 1 of this Chapter to recognize the difference between the fair value and the book value of the assets and liabilities owned by non-controlling shareholders.

b) Recognizing the non-controlling interest from business results during the period.

- In case the business performance in the year makes a profit, determine the non-controlling interest in the after-tax income of the subsidiary arising in the period, record:

Debit After-tax profits of non-controlling shareholders

Credit Non-controlling interest.

- In case the business performance in the year make a loss, determine the loss amounts bore by non-controlling shareholders in the total loss of the subsidiary arising in the period, record:

Debit Non-controlling interest

Credit After-tax profits of non-controlling shareholders.

- If, in the period, the unit appropriates funds from undistributed after-tax profits, record:

Debit Funds of equity (details for each Fund)

Credit Accumulated undistributed after-tax profits to the end of the previous period.

- In case in the year the unit distributes profits and pays dividends in cash to shareholders, based on amounts distributed to non-controlling shareholders, record:

Debit Non-controlling interest

Credit Accumulated undistributed after-tax profits to the end of the previous period

(Details about profits of the previous period or this period)

2. Method 2: Applicable to cases in which there are no upstream transaction during the period (the subsidiary is not the seller) and the subsidiary does not receive dividends from units in the corporation.

a) The amount of non-controlling interest at the end of the period in the book value of the subsidiary's net assets (other than the portion of equity in the difference between the fair value and the book value of the net assets at the date of acquisition) is determined by the following formula:

Non-controlling interest at the end of the period	=	Equity of the subsidiary at the end of the period	x	Ownership percentage of non-controlling shareholders at the end of the period

b) Since the non-controlling interest at the end of the period is separated from the equity of the subsidiary at the end of the period, the adjusted entries that are performed when the subsidiary appropriates funds and pays dividends to non-controlling shareholders do not continue to be carried out.

c) To separate the value in the item "Non-controlling interest" in the net assets of the subsidiary in the Consolidated balance sheet, decrease the value in the items of equity such as "Owner's investment", "Development investment fund", "Undistributed after-tax profits", etc. and increase the value in the item "Non-controlling interest" in the Consolidated balance sheet.

d) Based on the separate financial statement of each subsidiary at the end of the period, separate the non-controlling interest at the end of the reporting period, record:

Debit Capital of project owner

Debit Share capital surplus

Debit Undistributed after-tax profits

Debit Other fund of equity

Debit Differences resulting from asset revaluation

Debit Exchange rate differences

....

Credit Non-controlling interest.

In case the value of items of equity of the subsidiary at the beginning of the period is negative, record Credit in such items instead of recording Debit in those items as in the above-mentioned entry.

SECTION 5. HANDLING OF PREFERRED DIVIDENDS OF NON-CONTROLLING SHAREHOLDERS AND REWARD AND WELFARE FUND

Article 23. Principles for handling of preferred dividends and reward and welfare fund

Before determining the ownership portion of the parent company and non-controlling shareholders in the subsidiary, the parent company must make the following adjustments:

1. Preferred dividends of non-controlling shareholders

a) For preferred dividends classified as a liability: Preferred dividends are accounted as financial expenses, the parent company must not make adjustments when consolidating financial statements.

b) For preferred dividends classified as the equity: The parent company must determine separately preferred dividends of non-controlling shareholders on the principle of:

- Determining the portion of preferred dividends from after-tax profits in the period before distributing after-tax profits to shareholders holding ordinary stocks. The value of preferred dividends distributed to non-controlling shareholders is based on the percentage of preferred stock holding.

- The accumulated preferred dividends of previous periods which have not been paid to non-controlling shareholders must be separated from the undistributed after-tax profits at the beginning of the period on the subsidiary's Balance sheet before calculating the ownership portion of shareholders holding ordinary stocks.

- The separation of preferred dividends must be performed before appropriating the reward and welfare fund.

- Since the holding percentage of preferred stocks and ordinary stocks of the parent company and non-controlling shareholders may differ, the determination of shareholders' ownership portion of the subsidiary's net assets and goodwill (if any) shall be performed on the following principles:

+ Distribute shareholders holding preferred stocks the value of preferred share capital in proportion to the ownership ratio of each shareholder;

+ Distribute shareholders holding ordinary stocks the total remaining value of equity after deducting the preferred share capital.

2. For the reward and welfare fund

- In case in financial statements of the subsidiary used for consolidation, the appropriation of the reward and welfare fund according to the charter has already been performed, when preparing Consolidated financial statements, the parent company only adjusts the Non-controlling interest.

- In case in financial statements of the subsidiary used for consolidation, the appropriation of the reward and welfare fund according to the charter has not been performed, when preparing Consolidated financial statements, the parent company must estimate the subsidiary's appropriation amount for the reward and welfare fund during the period and excluded it from undistributed after-tax profits before determining the ownership portion of the parent company and non-controlling shareholders.

Article 24. Method of accounting of preferred dividends of non-controlling shareholders

1. If the subsidiary has accumulated preferred dividends of previous periods but has not yet paid them, when preparing Consolidated financial statements, the parent company must separate the accumulated preferred dividends that the subsidiary has not yet paid to non-controlling shareholders before determining the ownership portion of shareholders holding ordinary stocks, record:

Debit Undistributed after-tax profits

Credit Non-controlling interest

2. After-tax non-controlling interests arising during a period equal preferred dividends plus (+) ownership portion in the after-tax profits (or loss) in the subsidiary's business performance report that are distributed to non-controlling shareholders. The entries for

separation of non-controlling interest arising in the period shall comply with Section 4 of this Chapter.

Article 25. Method of adjusting the reward and welfare fund not yet appropriated from undistributed after-tax profits

1. In case in financial statements of the subsidiary used for consolidation, the appropriation of the reward and welfare fund according to the charter has not been performed, when preparing Consolidated financial statements, the parent company shall estimate the subsidiary's appropriation amount for the reward and welfare fund during the period before determining the ownership portion of the parent shareholders and non-controlling shareholders.

- For the amount of reward and welfare fund corresponding to the parent company's ownership portion in the subsidiary's after-tax profits, record:

Debit Undistributed after-tax profits

Credit Reward and welfare fund

- For the amount of reward and welfare fund corresponding to the ownership portion of non-controlling shareholders, record:

Debit Non-controlling interest

Credit Reward and welfare fund

2. In case in financial statements of the subsidiary used for consolidation, the appropriation of the reward and welfare fund according to the charter has already been performed, when preparing Consolidated financial statements, the company adjusts the non-controlling interest so that it is corresponding to ownership portion of non-controlling shareholders, record:

Debit Non-controlling interest

Credit Reward and welfare fund.

SECTION 6. EXCLUDING INTERNAL TRANSACTIONS

Article 26. Excluding the effect of inventories sales transactions within the corporation

1. Exclusion principles

- In consolidated financial statements, the turnover and cost of capital of consumables within the corporation must be entirely excluded. Unrealized gain or loss from sales transactions that are reflected in the value of the inventories must also be entirely excluded.

- The unrealized gain or loss in ending inventories value shall be determined as follows:

Unrealized gain or loss in ending inventories	=	The value of the ending inventories based on the internal selling price	-	The value of the ending inventories calculated at Cost of capital of the seller

- The unrealized gain or loss in the ending inventories value must be excluded from the ending inventories value, and the unrealized gain or loss in the opening inventories value must also be excluded from the cost of capital of goods sold during the period.

- The exclusion of unrealized gain or loss in transactions in which the parent company sells good to its subsidiaries shall not affect Distribution of benefits to the non-controlling shareholders of the subsidiaries because the entire unrealized gain and loss belongs to the parent company.

- In the cases where the subsidiaries record profits or losses from internal sales transactions within the corporation, the unrealized gain or loss in the value of inventories must be distributed between the parent company and the non-controlling shareholders in proportion to the interests of the parties.

- The unrealized losses arising from internal sales transactions must also be excluded, unless the costs of constituting the loss cannot be recovered. In the cases where the internal selling price is lower than the historical cost of purchased goods, the accountant must assess the possibility that Buyer might sell these inventories at a price higher than the historical cost of the corporation. In the cases where the buyer cannot sell the goods at a price higher than the historical cost of the corporation, it is appropriate to record the unrealized loss in accordance with the recognition of inventories at the lower price between historical cost and realizable net value of the corporation from which no exclusion is required.

- If by the end of the accounting period, the buyer still has not paid in full, the accounts receivable from customers and the accounts payable to the seller in the consolidated balance sheet must also exclude the amount Owed between entities in the corporation.

- The book value of inventories in the consolidated financial statements has excluded the unrealized gain or loss arising from internal transactions, however the tax base of inventories shall be determined on the basis of purchase invoices with profit or losses from internal sales transactions.

- The exclusion of unrealized interest in the ending inventories value arising from sales transactions between entities within the corporation shall make the book value of the ending inventories in the consolidated financial statements smaller than its tax base. In such case, a deductible temporary difference shall arise in accordance with the provisions of Accounting Standard "Corporate Income Tax". This deductible temporary difference shall generate a deferred income tax asset and reduce deferred corporate income tax in this period for the entire corporation. Therefore, the accountant must reflect Deferred income tax asset in the consolidated balance sheet.

- The exclusion of losses in the ending inventories value arising from internal transactions shall only be made when it is certain that Corporation's cost of capital for the shipment is still less than their realizable net value. In that case, the exclusion of the losses in the ending inventories value arising from the sale transaction between entities within the corporation shall make the book value of the inventories in the consolidated financial statements bigger than its tax base. This situation shall create a taxable temporary difference, generate deferred tax liabilities, and increase the deferred tax expense of the corporation as a whole. Therefore, the accountant must reflect Deferred income tax liabilities in the consolidated balance sheet.

2. Adjusting entries

a) Excluding turnover, cost of capital of goods sold and unrealized gain or loss arising from internal sales transactions during the period: Accountants must calculate and determine the amount of unrealized gain or loss in the ending inventories value arising from internal sales transactions, record:

- In case of making profits:

Debit Sales revenues (Internal sales revenues).

Credit Cost of goods sold (Internal sales revenues - unrealized gains in the ending inventories)

Credit the inventories (Unrealized gains in ending inventories).

- In case of incurring losses:

+ If the realizable net value of the inventories is less than the historical cost of the inventories for internal consumption (the value at the seller), the accountant shall not exclude the unrealized loss but only exclude the sales turnover and cost of capital sales as follows:

Debit Sales revenues (internal sales turnover).

Credit Cost of goods sold (Internal sales revenues).

+ When the realizable net value of the ending inventories arising from internal sales transactions in the period is greater than the historical cost of the internal inventories (the value at the seller), the accountant shall exclude the unrealized loss. In this case, the account shall record:

Debit Sales revenues (internal sales turnover)

Debit Inventories (unrealized loss in the ending inventories)

Credit Cost of goods sold (Internal sales revenues + unrealized loss in the ending inventories).

b) Excluding the cost of capital of goods sold and undistributed after-tax profit at Beginning of the period due to the effect of unrealized gains in the value of inventories at Beginning of the period when selling goods in the following period.

The unrealized gains in the value of inventories at Beginning of the period shall be transferred to the cost of capital of goods sold during the period when the buyer sells the inventories goods purchased from internal entities to outside the corporation, increasing the cost of capital of sales of the whole corporation. Therefore, in the consolidated Business performance report, the accountant must exclude the effect Of unrealized gains in the value of inventories at Beginning of the period which has been recorded in the cost of capital of goods sold for this period by writing down the cost of capital of goods sold, and at the same time writing down the undistributed profit (at Beginning of the period).

- In the cases where the previous year has excluded the unrealized gains in the value of inventories at Beginning of this period, the accountant shall record:

Debit Undistributed after-tax profit accumulated to the end of the previous period (unrealized gains in the inventories at Beginning of the period)

Credit Cost of capital in the goods sold (unrealized gains in the inventories at Beginning of the period).

- In case the previous year has excluded the unrealized loss from the value of inventories at Beginning of this period, the accountant shall record:

Debit Cost of goods sold (unrealized loss in the inventories at Beginning of the period)

Credit Undistributed after-tax profit accumulated to the end of the previous period (unrealized loss in the inventories at Beginning of the period).

c) Adjusting for the effect of corporate income tax due to the exclusion of unrealized profits in the ending inventories.

- In the cases where the exclusion of unrealized profits in the ending inventories in the consolidated financial statement gives rise to a deductible temporary difference, the accountant must determine the deferred income tax asset and record as follows:

Debit Deferred income tax asset

Credit Deferred corporate income tax expenses.

- In the cases where the exclusion of the unrealized loss in the ending inventories value in the consolidated financial statement gives rise to a taxable temporary difference, the accountant must determine the deferred income tax liability and record as follows:

Debit Deferred income tax asset

Credit Deferred income tax liability

d) Adjusting the effect of corporate income tax due to the exclusion of unrealized gain or loss in the inventories at Beginning of the period.

In the period after the buyer has sold the inventories purchased from the internal entities to outside the corporation, along with the exclusion of unrealized gain or loss in the inventories at Beginning of the period, the accountant must calculate the effect of deferred corporate income tax and record as follows:

- In the cases where the previous year has excluded the unrealized gains from the inventories, the accountant must calculate the deferred income tax asset to be reverted in the period, record:

Debit Deferred corporate income tax expense

Credit Undistributed after-tax profit accumulated to the end of the previous period.

- In the cases where the previous year has excluded the unrealized loss in the inventories, the accountant must calculate the deferred income tax liability to be reverted in this period, record:

Debit Undistributed after-tax profit accumulated to the end of the previous period

Credit Deferred corporate income tax expense.

dd) Adjusting the effect of the exclusion of unrealized gains in transactions in which the subsidiaries sell goods to the parent company on the interests of non-controlling shareholders.

When excluding the unrealized gains of subsidiaries, the accountant shall calculate the effect of the exclusion of unrealized gains on the interests of non-controlling shareholders and record:

Debit Non-controlling interest

Credit After-tax profits of non-controlling shareholders.

When excluding unrealized loss of subsidiaries, the accountant shall calculate the effect of excluding unrealized loss on the interests of non-controlling shareholders and record:

Debit After-tax profits of non-controlling shareholders

Credit Non-controlling interest.

Article 27. Excluding the effect of internal sale transactions of fixed assets

1. Adjustment principles

- Other incomes, other expenses, unrealized gain, or loss arising from the sale transactions of fixed assets within the corporation must be entirely excluded. In consolidated financial statements, the book value of fixed assets (historical cost,

accumulated depreciation) must be adjusted as if there were no sales transactions of fixed assets within the corporation.

- In the cases where the fixed assets are sold with a profit, the depreciation expense recorded in the separate financial statement Of the buyer of such fixed assets shall be higher than the depreciation expense regarding the whole corporation, therefore, in the consolidated financial statement, the accountant must adjust to reduce accumulated depreciation and amortization expenses due to the effect Of the sale transaction of fixed assets within the corporation.

- When excluding the unrealized gains in the sale transaction of fixed assets within the corporation, the book value of the fixed assets in the consolidated financial statement shall be smaller than its tax base, so the accountant must reflect Deferred income tax asset corresponding to the amount of unrealized gains excluded from the value of such fixed assets. In the Business performance report, the item of the deferred corporate income tax expense must also be recorded with a decrease in the amount corresponding to the deferred corporate income tax arising from the exclusion of the corporation's unrealized profit. The deferred income tax assets arising from the sale transaction of fixed assets between entities within the corporation shall be reverted on each period when the accountant adjusts to reduce the corporation's depreciation expense.

- In the cases where the sale transaction of fixed assets between entities of the corporation causes a loss, the book value of such fixed assets regarding the whole corporation shall be larger than its tax base, and the consolidated financial statement must reflect Deferred income tax portion corresponding to the unrealized loss in the fixed assets value. The Business performance report must reflect the increase in the deferred corporate income tax expense corresponding to the increase in the corporation's profit. The deferred income tax arising from the sale transaction of fixed assets between entities within the corporation shall be reverted on each period when the accountant adjusts to increase the corporation's depreciation expense.

- In the cases where there is unrealized gains or loss arising from the transaction in which subsidiaries sell fixed assets within the corporation, when determining the benefits of non-controlling shareholders, the accountant must determine the unrealized gains or loss that needs to be allocated to the non-controlling shareholders and adjust the interests of non-controlling shareholders.

2. Adjusting entries

a) Excluding other incomes, other expenses, unrealized profits and adjusting the book value of fixed assets arising from the sale transaction of fixed assets between entities within the corporation during this period.

- In the cases where the sale transaction of fixed assets yields profits and the selling price is lower than the historical cost of the fixed assets, the account shall record:

Debit Historical cost of fixed assets (the difference between the historical cost - selling price)

Debit Other incomes (the difference between the selling price which is higher than the residual value of fixed assets and the cost of liquidation and sale of fixed assets)

Credit Accumulated depreciation of fixed assets (accumulated depreciation to the date of sale)

- In the cases where the sale transaction of fixed assets yields profits and the selling price is greater than the historical cost of such fixed assets, the accountant shall record:

Debit Other incomes (the difference between the selling price which is higher than the residual value of fixed assets and the cost of liquidation and sale of fixed assets)

Credit Historical cost of fixed assets (the difference between the selling price - the historical cost)

Credit Accumulated depreciation of fixed assets (accumulated depreciation to the date of sale)

- In the cases where the sale transaction of fixed assets suffers losses, the accountant shall record:

Debit Historical cost of fixed assets (the difference between the historical cost - selling price)

Credit Accumulated depreciation of fixed assets (accumulated depreciation to the date of sale)

Credit Other expenses (the difference between the selling price which is lower than the residual value of fixed assets and the cost of liquidation and sale of fixed assets)

b) Excluding the unrealized gain or loss arising from the sale transaction of fixed assets between entities within the corporation in the previous period.

- In the cases where the sale transaction of fixed assets yields profits and the historical cost of such fixed asset is higher than the selling price, the accountant shall record:

Debit Historical cost of fixed assets (the difference between the historical cost – the selling price)

Debit Undistributed after-tax profit accumulated to the end of the previous period (profits accumulated from selling fixed assets)

Credit Accumulated depreciation of fixed assets (accumulated depreciation).

- In the cases where the sale transaction of fixed assets yields profits and the historical cost of the fixed asset is smaller than the selling price, the accountant shall record:

Debit Undistributed after-tax profit accumulated to the end of the previous period (profit from selling fixed assets internally)

Credit Historical cost of fixed assets (the difference between the selling price – the historical cost)

Credit Accumulated depreciation of fixed assets (accumulated depreciation).

- In the cases where the sale transaction of fixed assets causes losses, the accountant shall record:

Debit Historical cost of fixed assets (the difference between the historical cost – the selling price)

Credit Undistributed after-tax profit accumulated to the end of the previous period (losses from internally selling fixed assets)

Credit Accumulated depreciation of fixed assets (accumulated depreciation).

c) Adjusting the accumulated amortization and depreciation expenses due to the effects of unrealized profits in the sale transactions of fixed assets.

The accountant must determine the effect of unrealized gains reflected in the value of fixed assets on the depreciation expense during the period and the accumulated amortization to the end of the period. Depending on whether the fixed assets are used in production, business or in business management or sales, the accountant shall exclude depreciation expenses from the corresponding expense items. Because the financial statement is prepared from the separate financial statements of the parent company and its subsidiaries, when making the consolidated financial statements for

the reporting period, in addition to adjusting the depreciation expenses in the accounting period, the effects of accumulated depreciation which have been adjusted to the beginning of the reporting period must also be adjusted.

- In the cases where the assets are used in management and sales activities, the accountant shall record:

Debit Accumulated depreciation of fixed assets (adjusted amount accumulated to the end of the period)

Credit Business administration expenses (adjustment incurring during the period)

Credit the selling expenses (adjustment incurring during the period)

Credit Undistributed after-tax profit accumulated to the end of the previous period (the depreciation accumulated to the end of the previous period).

- In the cases where the assets are used in the manufacturing of products, or in provision of services, the accountant must determine the effect of the depreciation expenses on the cost of capital of goods sold, record:

Debit Accumulated depreciation of fixed assets (adjusted amount accumulated to the end of the period)

Credit Cost of capital of goods sold (adjustment incurring during the period)

Credit Undistributed after-tax profit accumulated to the end of the previous period (the depreciation accumulated to the end of the previous period)

- If the exclusion of depreciation expenses exerts a major effect on the inventories item, the accountant must allocate the subtracted depreciation expense between the cost of capital of goods sold and the inventories for appropriate exclusion. In such case the exclusion entry shall be as follows:

Debit Accumulated depreciation of fixed assets (adjusted amount accumulated to the end of the period)

Credit Cost of capital of goods sold (adjustment incurring during the period)

Credit the inventories (adjustment incurring during the period)

Credit Undistributed after-tax profit accumulated to the end of the previous period (accumulated depreciation to the end of the previous period).

d) Adjusting the accumulated amortization and depreciation due to the effect of unrealized losses in the residual value of fixed assets.

The accountant must determine the effect of the unrealized loss reflected in the residual value of the fixed assets on the amortization expense for the period and accumulated depreciation to the end of the period. Depending on whether the fixed assets are used in production, business or in business management or sales, the accountant shall add depreciation expense to the corresponding expense items. Because the financial statement is prepared from separate financial statements of the parent company and its subsidiaries in the corporation, when making the consolidated financial statement for the reporting period, in addition to adjusting the depreciation expenses in the accounting period, the effects of accumulated depreciation which have been adjusted to the beginning of the reporting period must also be adjusted.

- In the cases where the property is used in the management or for the sales department, the accountant shall record:

Debit Business administration expenses (adjustment incurring during the period)

Debit Selling expenses (adjustment incurring during the period)

Debit Undistributed after-tax profit accumulated to the end of the previous period (the depreciation accumulated to the end of the previous period)

Credit Accumulated depreciation of fixed assets (adjusted amount accumulated to the end of the period).

- In the cases where the assets are used for manufacturing, the accountant shall record:

Debit Cost of capital goods sold (adjustment incurring during the period)

Debit Undistributed after-tax profit accumulated to the end of the previous period (the depreciation accumulated to the end of the previous period)

Credit Accumulated depreciation of fixed assets (adjusted amount accumulated to the end of the period).

- If the exclusion of the depreciation expense causes a major effect on the inventories item, the accountant must allocate the effect of the depreciation expense which have been excluded between the cost of capital of goods sold and the ending inventories and record:

Debit Cost of capital goods sold (adjustment incurring during the period)

Debit Inventories (adjustment incurring during the period)

Debit Undistributed after-tax profit accumulated to the end of the previous period (the depreciation accumulated to the end of the previous period)

Credit Accumulated depreciation of fixed assets (adjusted amount accumulated to the end of the period).

dd) Recording the effect of corporate income tax due to the effect of the sale transactions of fixed assets within the corporation when the assets are still in use.

- The accountant must determine the deferred corporate income tax arising from the sale transaction of fixed assets between entities within the corporation and reflect the effect of the deferred corporate income tax in the financial statements. Together with the exclusion of unrealized gains in the sale transaction of fixed assets among internal entities in the corporation, the accountant shall record:

Debit Deferred income tax assets

Credit Deferred corporate income tax expenses.

In the following periods, the accountant shall adjust the effects of tax arising from the exclusion of unrealized profits in the sale transaction of fixed assets of the previous period and record:

Debit Deferred income tax asset

Credit Undistributed after-tax profit accumulated to the end of the previous period.

- Together with the exclusion of unrealized losses in the sale transaction of fixed assets among internal entities in the corporation, the accountant shall record:

Debit Deferred income tax expense

Credit Deferred income tax liability.

In the following periods, the accountant shall adjust the effects of tax arising from the exclusion of unrealized losses in the sale transaction of fixed assets of the previous period and record:

Debit Undistributed after-tax profit accumulated to the end of the previous period

Credit Deferred income tax liability.

e) Recording the effect of corporate income tax due to the effect of adjusting the depreciation expense when the fixed assets are still in use: When the assets are still in use and being depreciated, when adjusting the effect of fixed asset depreciation expenses and the accumulated depreciation of fixed assets, the accountant must adjust corporate income tax effect of the above adjustment.

- In the cases where the exclusion of profit from internal sale transactions of fixed assets leads to a reduction in the accumulated depreciation and amortization expenses, the accountant shall adjust the tax effect as follows:

Debit Undistributed after-tax profit accumulated to the end of the previous period (the effect of the income tax resulted from the exclusion of depreciation expenses accumulated to the beginning of the period)

Debit Deferred corporate income tax expense (the income tax effect resulted from the exclusion of depreciation expense for the period)

Credit Deferred income tax asset (the effect of deferred corporate income tax accumulated to the end of the period).

- In the cases where the exclusion of losses from internal sale transactions of fixed assets leads to an increase in the accumulated depreciation and amortization expenses, the accountant shall adjust the tax effect as follows:

Debit Deferred income tax liability (the effect of the income tax accumulated to the end of the period)

Credit Undistributed after-tax profit accumulated to the end of the previous period (the effect of income tax resulted from the exclusion of depreciation expenses accumulated to the beginning of the period)

Credit Deferred corporate income tax expense (the effect of income tax resulted from the exclusion of depreciation expenses for the period).

When fixed assets are still in use but have been entirely depreciated in accordance with the historical cost, all the unrealized profits arising from the sale transactions of fixed assets within the corporation have been converted into real profits of the corporation through the reduction of periodical depreciation expenses. From this point On, there is no longer a deferred income tax.

g) The effects of the exclusion of unrealized profits on the interests of non-controlling shareholders.

- The sale transactions of fixed assets between entities within the corporation may affect the interests of non-controlling shareholders.

- If the subsidiaries are the seller, the exclusion of unrealized profits or losses shall affect Business results of the subsidiaries and thereby affect Determination of the interests of non-controlling shareholders arising during the period.

- If the subsidiaries are the buyer, the exclusion of unrealized profits or losses shall affect Depreciation expenses of fixed assets of the subsidiaries and thereby affect Determination of interests of non-controlling shareholders arising during the period.

- After determining the effect of the exclusion of unrealized gains or loss in sale transactions of fixed assets between entities within the corporation, if the interests of non-controlling shareholders are reduced, the accountant shall record:

Debit Non-controlling interest

Credit After-tax profits of non-controlling shareholders.

- After determining the effect of the exclusion of unrealized gains or loss in the sale transaction of fixed assets between entities within the corporation, if the interests of non-controlling shareholders are increased, the accountant shall record:

Debit After-tax profit of non-controlling shareholders

Credit the interests of non-controlling shareholders.

h) The effect of the sale transaction of fixed assets between entities within the corporation in previous years for fixed assets that have been entirely depreciated by the buyer in accordance with the historical cost and are still in use.

- In the cases where the internal selling price is higher than the historical cost, the accountant must adjust by recording:

Debit Historical cost of fixed assets (the difference between the historical cost- selling price)

Credit Accumulated depreciation of fixed assets (the historical cost – the selling price).

- In case the previous internal selling price is smaller than the historical cost, the accountant shall record:

Debit Accumulated depreciation of fixed assets (between the selling price – the historical cost)

Credit Historical cost of fixed assets (the selling price – the historical cost).

These cases shall not generate temporary differences and shall not affect Deferred income tax.

i) In the cases where the fixed assets purchased from an internal entity within the corporation are sold before being entirely depreciated.

When the fixed assets purchased from an internal entity within the corporation are sold before being entirely depreciated, the accountant must reflect the reversal of the residual value of the deferred corporate income tax assets which arises from the expulsion of unrealized profits and is still in the residual value of such fixed assets, the accountant shall record:

Debit Deferred corporate income tax expense

Credit Deferred income tax assets.

Article 28. Adjusting and excluding the effects of transactions of converting inventories into fixed assets within the corporation

1. Principles for adjustment

- In the cases where an entity within the corporation sells goods and finished products to other entities within the corporation to use as fixed assets, the entire turnover of goods sales, cost of goods sold and unrealized gains in the historical cost of fixed assets shall be entirely excluded.

- If internal sales transactions are profitable, the depreciation expense recorded in the separate financial statement of the fixed assets purchaser may be higher than the depreciation expense with regard to the entire corporation, therefore in the consolidated financial statements the accountants shall adjust Accumulated amortization and depreciation due to the effects of the transaction of converting inventories into fixed assets within the corporation.

- When excluding unrealized gains from the historical cost of fixed assets in the corporation, the book value of fixed assets in the consolidated financial statements may be smaller than its tax base, so the accountants shall reflect Deferred income tax assets corresponding to the unrealized gains included in the historical cost of fixed assets. In the business performance report, the item of deferred corporate income tax expenses shall also be recorded as a decrease in the amount corresponding to the deferred corporate income tax arising from the reduction in corporate profits. Deferred income tax assets arising due to the exclusion of unrealized gains included the cost of fixed assets of the purchaser may be reversed on a quarterly basis when the accountants reduce the depreciation expense of the corporation.

In the cases where inventories are sold at a loss, the future economic benefits of the assets may be less than their historical cost. In this case, the accountants shall not exclude losses from internal sales transactions within the corporation unless they can confirm that such losses can be recovered.

- When excluding unrealized gains (loss) arising from profits in the transactions of subsidiaries selling goods and finished products, the accountants shall determine the unrealized gains or losses that needs to be amortized to non-controlling shareholders when determining non-controlling interest.

2. Adjusting entries

a) Exclude the entries of turnover, cost of goods sold and unrealized gains in the historical cost of fixed assets arising from internal sales transactions in which the goods and finished goods of the seller are used as fixed assets of the purchaser.

In the cases where internal transactions generate unrealized gain, the accountants adjust as follows:

Debit Sales revenues (Internal sales revenues)

Credit Cost of sold goods (Cost of internally consumed goods)

Credit Historical cost of fixed assets (unrealized gain).

b) Exclude the entry of unrealized gains arising from internal transactions in which goods and finished goods of the seller are used as fixed assets of the purchaser in the previous period.

Debit Undistributed after-tax profits accumulated to the end of the previous period (unrealized gains from previous period)

Credit Historical cost of fixed assets (unrealized gain).

c) Adjust Accumulated amortization and depreciation due to the effects of unrealized gains in fixed assets.

Accountants shall determine the effects of unrealized gains reflected in the historical cost of fixed assets on the depreciation expense during the period and the accumulated amortization to the end of the period. Depending on fixed assets are used whether in production and business or in business management or sales, the accountants may exclude the depreciation expense from the respective cost items. Since the financial statements are formulated from the separate financial statements of the parent company and its subsidiaries within the corporation, when formulating the consolidated financial statement for the reporting period, in addition to adjusting the depreciation expense during the accounting period, it is also necessary to adjust the effects of the accumulated depreciation that has been adjusted to the beginning of the reporting period.

- In the cases where the assets are used in management or sales activities, record:

Debit Accumulated depreciation of fixed assets (adjusted balance accumulated to the end of the period)

Credit Business administration expenses (adjustment incurred during the period)

Credit Selling expenses (adjustment incurred during the period)

Credit Undistributed after-tax profits accumulated to the end of the previous period.

- In the cases where the assets are used in the production of products, the accountants shall determine the effects of depreciation expense on the cost of goods sold as follows:

Debit Accumulated depreciation of fixed assets (adjusted balance accumulated to the end of the period)

Credit Cost of goods sold (adjustment incurred during the period)

Credit Undistributed after-tax profits accumulated to the end of the previous period.

- If the exclusion of depreciation expense has a material effect on the item of inventories, the accountants shall amortize the excluded amount between the cost of

goods sold and the inventories accordingly. In this case, the accountants shall exclude the following entries:

Debit Accumulated depreciation of fixed assets (adjusted balance accumulated to the end of the period)

Credit Cost of goods sold (adjustment incurred during the period)

Credit Inventories (adjustment incurred during the period)

Credit Undistributed after-tax profits accumulated to the end of the previous period.

- In the cases where fixed assets have been depreciated at Historical cost, but they are still being used, adjusting entries shall be make as follows:

Debit Accumulated depreciation of fixed assets (gains included internal transactions)

Credit Undistributed after-tax profits accumulated to the end of the previous period.

d) Record the effects of corporate income tax due to the effects of the exclusion of profits from the sale of goods when the fixed assets of the purchaser are still being used and depreciated.

- Accountants shall determine the deferred corporate income tax arising from transactions of selling fixed assets among internal entities within the corporation and reflect the effects of deferred corporate income tax in the financial statements. Together with the exclusion of unrealized gains in transactions of selling fixed assets among internal entities within the corporation, the accountants shall record:

Debit Deferred income tax assets

Credit Deferred corporate income tax.

- In the following periods, when adjusting the effects of tax arising from the exclusion of unrealized gains in transactions of selling fixed assets in the previous period and the following entries shall be recorded:

Debit Deferred income tax assets

Credit Undistributed after-tax profits accumulated to the end of the previous period.

dd) Record the effects of corporate income tax due to the effects of adjusting depreciation expenses when fixed assets are still being used and depreciated.

When assets are still being used and depreciated, together with adjusting the effects of depreciation expense and accumulated depreciation of fixed assets, the accountants shall adjust the effects of such adjustment on the corporate income tax and record:

Debit Undistributed after-tax profits accumulated to the end of the previous period (the effects of income tax from the exclusion of the depreciation expense accumulated to the beginning of the period)

Debit Deferred corporate income tax (the effects of income tax from the exclusion of the depreciation expense during the period)

Credit Deferred income tax assets (the effects of income tax accumulated to the end of the period).

e) The effects of the exclusion of unrealized gains on non-controlling interest.

- If the subsidiaries are sellers, the exclusion of unrealized gains or losses may affect Business results of the subsidiaries and thereby affect Determination of non-controlling interest arising during the period.

- If the subsidiaries are purchasers, the exclusion of unrealized gains or losses may affect the fixed asset depreciation expense of subsidiaries and thereby affect Determination of non-controlling interest incurred during the period.

- After the effects of the exclusion of unrealized gains or losses in transactions of selling fixed assets among internal entities within the corporation are determined, if non-controlling interest is reduced, record:

Debit Non-controlling interest

Credit After-tax profits of non-controlling shareholders.

- After the effects of the exclusion of unrealized gains or losses in transactions of selling fixed assets among internal entities within the corporation are determined, if non-controlling interest increases, record:

Debit After-tax profits of non-controlling shareholders

Credit Non-controlling interest.

g) The effects of corporate income tax if fixed assets are being used but have been entirely depreciated at Historical cost.

When fixed assets are still being used but have been entirely depreciated at Historical cost, all unrealized gains arising from transactions of selling fixed assets within the corporation shall be converted into net profits of the corporation through the quarterly deduction of the depreciation expense. From this point On, there is no longer a deferred income tax.

Article 29. Adjustment and exclusion of the effects of transactions of contributing non-monetary assets as capital to subsidiaries

1. Principles for adjustment:

- When contributing non-monetary assets as capital to the subsidiaries, the parent company shall record such investment in the subsidiaries and deduct the value of investments in the subsidiaries, and record goodwill (or gains from the low-cost purchases, if any).

- In the cases where there are differences between the revaluated cost and the residual value of assets to be contributed as capital, gains or losses may be incurred on the separate financial statements of the parent company. However, those gains or losses may be considered unrealized and therefore should be entirely excluded when formulating the consolidated financial statement.

- Because the gains and losses arising from such transactions may be considered unrealized, the book value of assets on the consolidated financial statement may be different from its tax base. Therefore, the accountants shall record the deferred tax assets or deferred tax payables for temporary differences arising from such transactions.

- Because the new book value of assets on the purchaser's financial statements may be different from the original book value on the seller's financial statements, when formulating the consolidated financial statement, the accountants shall adjust the new book value of assets to the original book value and exclude the effects of changes in the accumulated depreciation and the depreciation expense.

2. Accounting method

- The exclusion of the value of investments in subsidiaries and recording of goodwill (or gains from low-cost purchases, if any) in transactions of contributing non-monetary assets as capital shall be done in accordance with the provisions of Section I of this Chapter.

- The exclusion of unrealized gains or losses, adjustment of the book value of assets, accumulated depreciation, depreciation expense, recording and reversal of deferred tax shall be done in the same way as transactions of selling fixed assets within the corporation.

Article 30. Excluding dividends distributed to the parent company from profits after the date of purchase of subsidiaries

1. All dividends distributed from profits after the date of purchase from subsidiaries within the corporation shall be entirely excluded from the consolidated financial statement. If the parent company has not yet received such dividend or distributed profits because its subsidiaries have not yet transferred money, when formulating the consolidated financial statement, the amount Of receivables and payables shall be reduced to the amount Of dividends and distributed profits reflected in the item of receivables in the separate financial statement Of the parent company and the items of other payables in the separate financial statements of the subsidiaries that have to distribute the profits.

2. In the cases where subsidiaries pay the dividends in stock:

a) If State-owned parent companies have recorded an increase in revenues from financing activities and in the value of the investments in their separate financial statements, when formulating the consolidated financial statement, they shall record a decrease in all revenues from financing activities (during the incurring period) or record a decrease in undistributed after-tax profits (in the following periods) and a decrease in the value of investments recorded in the separate financial statements.

b) Parent companies other than those mentioned in Point a above may not record revenues from financing activities in their separate financial statements.

c) The value of additional shares issued by the subsidiaries to pay dividends, which is presented in the item “Investments of owners” in the balance sheet of subsidiaries, shall be presented in the item “Other capital sources of owners” in the consolidated balance sheet.

3. Adjusting entries

a) When the subsidiaries pay dividends in cash to the parent company after the date of purchase, the accountants shall exclude the dividends and profits distributed to the parent company from the subsidiaries during the period and the following entries shall be recorded:

Debit Revenues from financing activities

Credit Undistributed after-tax profits this period.

b) In the cases where subsidiaries pay dividends in stock to the parent company after the date of purchase:

- In the cases where the parent company is not an enterprise with 100% charter capital held by the State, it shall reflect the value of the after the date of purchase stock as other capital sources of owners and the following entries shall be recorded:

Debit Capital contributions of owners

Credit Other capital sources of owners

- In the cases where the parent company is an enterprise with 100% charter capital held by the State, if the parent company has recorded an increase in revenues from financing activities and an increase in the value of investments outside the enterprise corresponding to the distributed dividends on the separate financial statements, when formulating the consolidated financial statement, the parent company shall reduce revenues from financing activities and the value of investments in its subsidiaries:

Debit Revenues from financing activities

Credit Investments in subsidiaries.

Article 31. Internal loans

1. Unpaid loans within the corporation shall be entirely excluded when formulating the consolidated financial statement. Accordingly, the income from loans and borrowings shall also be entirely excluded from the consolidated financial statement.

2. If the entities within the corporation have borrowing relations with each other, the loan balance within the corporation shall be reflected in the items "Short-term borrowings and loans", "Long-term borrowings and finance lease liabilities", the item "Short-term loan receivables", "Other long-term loan receivables" shall be excluded entirety.

3. In the cases where internal borrowings are made to invest in construction or production of idle assets:

- Borrowings qualified to be capitalized in the idle assets shall be excluded entirely.

- In the cases where an entity within the corporation borrows a third party (other than the corporation) to lend it to other entities also within the corporation, the amount of interest paid to the third party shall be recorded as a financial expense on the separate financial statement of the borrower but shall be capitalized on the consolidated financial statement. Therefore, adjusting entries shall be made for the loan interest expenses recorded as financial expenses during the period.

- The item “Revenues from financing activities” in the business performance report of the lessor shall be excluded. This case may give rise to deferred income tax assets because the book value of idle assets on the consolidated financial statement is lower than its tax base. At the end of the asset investment or construction period, these unrealized gains may be converted into realized gains through the depreciation expense. The depreciation period of fixed assets is the reversal period of deferred income tax assets.

4. In the cases where the loan interest has not been paid and is reflected in the entries of receivables and payables, the entries containing these receivables and payables shall also be entirely excluded.

5. Adjusting entries

a) Excluding the balance of loans among entities within the corporation, record:

Debit Short-term borrowings and financial lease liabilities

Debit Long-term borrowings and financial lease liabilities

Credit Short-term loan receivables

Credit Long-term loan receivables.

If loans are shown in different items, the accountants shall exclude them accordingly to ensure that there are no outstanding loans within the corporation in the consolidated balance sheet.

b) Excluding financial revenues and financial expenses arising from internal loans used for normal production and business activities:

When formulating financial statements, the accountants shall exclude revenues from activities recorded at the lessor and record financial expenses at Borrower, and the following entries shall be recorded:

Debit Revenues from financing activities

Credit Financial expenses.

c) Excluding financial revenues and capitalized interest arising from internal loans used for investment, construction, and production of idle assets:

c1) In the cases where the lessors lend their own capital

- In the cases where the borrowings arising from internal loans are capitalized into the value of idle assets, the accountants shall exclude the income from lending activities during the period and the accumulative effects of the exclusion of borrowings in the accumulated idle assets up to the beginning of the reporting period, and the following entries shall be recorded:

Debit Undistributed after-tax profits accumulated to the end of the previous period

Debit Revenues from financing activities (earnings arising during the period)

Credit Construction in progress (accumulated internal borrowings already reflected in the value of idle assets and construction in progress).

Credit Production and business in progress (loan interest incurred during the period capitalized into inventories).

- In the consolidated financial statement, the accountants shall record deferred tax assets arising from the exclusion of interest of loans within the corporation, record:

Debit Deferred income tax assets

Credit Deferred corporate income tax (adjustment incurred during the period)

Credit Undistributed after-tax profits accumulated to the end of the previous period

- When the assets are completed, handed over and put into operation, the loan interest expenses shall not continue to be capitalized. When excluding internal loan interest, the provisions of Point b of this Article shall be complied.

- In the following periods, when assets come into operation, the accountants shall exclude and reduce the cost of assets to exclude the capitalized internal interest, reduce the depreciation expense and accumulated depreciation, reverse deferred income tax assets and make other adjustments… following the same instructions of

this Circular for the exclusion of transactions of purchasing and selling assets within the corporation.

c2) In the cases where the lessors lend loans from a third party (other than the corporation) to other entities within the corporation:

- Lessors shall account the loan interest paid to a third party as a financial expense; Borrowers shall capitalize the internal payable loan interest. However, the cash flows for paying internal interest shall be reflected as capitalized on the consolidated financial statements. Therefore, the exclusion of interest arising internally shall be made by recording a decrease in financial expenses:

Debit Revenues from financing activities

Credit Financial expenses.

- Accountants may not exclude internal gains, and the adjustments to the historical cost of assets, depreciation expense and accumulated depreciation, deferred tax assets shall be made in accordance with the provisions in Point c1, because the interest capitalized in the consolidated financial statement arises from loans outside the corporation.

Article 32. Adjustments to other internal entries

1. The balance of entries arising from transactions among internal entities within the corporation, such as receivables and payables, Unearned revenues, prepaid expenses… shall be entirely excluded when formulating the consolidated financial statement.

2. Accountants need to formulate summary sheets and reconcile the balance of entries arising from transactions among internal entities within the corporation, and then execute the exclusion thereof.

3. The turnover, income, cost of goods sold, expenses arising from other transactions within the corporation, such as revenues from financing activities, and financing expenses arising from revaluation of foreign currency denominated monetary entries, rental revenues, service provision revenues... within the corporation shall be entirely excluded.

4. Adjusting entries

Debit Payables to suppliers

Debit Other short-term payables

Debit Payable expenses

Debit Unearned revenues

Debit Sales revenues

Debit Revenues from financing activities

…

Credit Receivables from customers

Credit Other receivables

Credit Long-term prepaid expenses

Credit Cost of goods sold

Credit Financial expenses

…

Article 33. Carry-forward entries

1. Principle: Carry-forward entries are formulated to convert the sum of the effects of adjusting entries in the business performance report to the item of undistributed after-tax profits on the balance sheet.

2. After adjusting and excluding the entries, if the total adjustment to the items in the business performance report increases the business performance, record:

Debit Profits after corporate income tax

Credit Undistributed after-tax profits in the current period.

3. On the contrary, if the total adjustment to the items in the business performance report reduces the business performance, record:

Debit Undistributed after-tax profits in the current period

Credit Profits after corporate income tax.

Chapter III

METHODS OF HANDLING PROVISIONS ARISING FROM INTERCOMPANY TRANSACTIONS UPON PREPARING AND PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

SECTION 1. METHODS OF HANDLING PROVISIONS FOR DOUBTFUL DEBTS FROM INTERCOMPANY TRANSACTIONS UPON PREPARING AND PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Article 34. Principles for handling provisions for doubtful debts from intercompany transactions in consolidated financial statements

1. The parent company must eliminate the entire balance of provisions for doubtful debts appropriated in the parent company's separate financial statements and in the financial statements of its subsidiaries (including indirectly-owned subsidiaries) if the provisions for doubtful debts arise from intercompany transactions (between the parent company and its subsidiaries or among subsidiaries).

Particularly, the provisions for doubtful debts between the units within the corporation and the corporation's joint ventures or associates shall be kept unchanged and presented in the consolidated financial statements.

2. The parent company shall be responsible for eliminating all expenses incurred in the period related to the provisions for doubtful debts which are eliminated from the consolidated financial statements.

3. The reversal of provisions for doubtful debts arising in the period related to intercompany receivables must be eliminated when preparing the consolidated financial statements.

4. The accountant must determine the impacts of the elimination of provisions for doubtful debts on the business performance report in order to record or reverse the deferred tax payable on a case-by-case basis.

5. The parent company and its subsidiaries must make a consolidated report on the provisions for doubtful debts arising from intercompany transactions with the following contents:

- Opening balance;

- Provisions for additional appropriation or reversal in the period;

- Ending balance;

- CIT rate the unit is entitled to.

Article 35. Accounting methods of provisions for doubtful debts from intercompany transactions in consolidated financial statements

1. Handling of provisions for doubtful debts appropriated in the period

a) With regard to the provisions for doubtful debts appropriated in the period related to intercompany receivables, when preparing the consolidated financial statements, the accountant shall make adjusting entries to eliminate the provisions appropriated in the period and record:

Debit Provisions for doubtful debts

Credit Business administration expenses

b) When preparing the consolidated financial statements, the accountant shall record the deferred tax payable arising from the elimination of provisions for doubtful debts appropriated in the period if such provisions are calculated as deductible expenses when determining the taxable income of the unit in charge of appropriation. The amount of the deferred income tax liability is determined as the provisions appropriated in the period multiplied by (x) the CIT rate:

Debit Deferred CIT expenses

Credit Deferred income tax liability

2. Handling of provisions for doubtful debts appropriated in the previous period

a) With regard to the provisions for doubtful debts appropriated in the previous period related to intercompany receivables, when preparing the consolidated financial statements, the accountant shall make adjusting entries to eliminate the provisions, record:

Debit Provisions for doubtful debts

Credit Undistributed after-tax profit accumulated to the end of the previous period

b) When preparing the consolidated financial statements, the accountant shall record the deferred tax payable arising from the elimination of provisions for doubtful debts appropriated in the previous period if such provisions are calculated as deductible expenses when determining the taxable income of the unit in charge of appropriation. The amount of the deferred income tax liability is determined as the provisions appropriated in the previous period multiplied (x) by the CIT rate:

Debit Undistributed after-tax profit at the end of the previous period Credit Deferred income tax liability

3. Handling of reversal of provisions for doubtful debts in the period

a) In the case where there is a reversal of the provisions for doubtful debts related to intercompany receivables, when preparing the consolidated financial statements, the accountant shall make adjusting entries to eliminate the provision reversal in the period and record:

Debit Business administration expenses

Credit Undistributed after-tax profit accumulated to the end of the previous period

b) If the provisions appropriated in the previous period have not been fully reversed, when preparing the consolidated financial statements, the accountant must eliminate the remaining balance of the provisions as prescribed at Point a, Clause 2 of this Article.

c) Handling of deferred income tax liability upon reversal of provisions for doubtful debts:

- When preparing the consolidated financial statements, the accountant must record the deferred tax payable equal to the entire balance of the provisions at the beginning of the period (excluding the amount reversed in this period), record:

Debit Undistributed after-tax profit at the end of the previous period Credit Deferred income tax liability

- When reversing the provisions for doubtful debts, the accountant must record a decrease in the amount of deferred tax payable equal to the to-be-reversed provisions multiplied (x) by the CIT rate, record:

Debit Deferred income tax liability

Credit Deferred CIT expenses

SECTION 2. METHODS OF HANDLING PROVISIONS FOR FINANCIAL INVESTMENTS IN CONSOLIDATED FINANCIAL STATEMENTS

Article 36. Principles for handling provisions related to investments in subsidiaries, joint ventures and associates

1. For investments in a subsidiary:

a) Due to the corporation's complex structure, the subsidiary may be owned directly or indirectly, when preparing the consolidated financial statements, the parent company must identify all provisions appropriated in relation to the subsidiary, such as:

- With regard to a directly-owned subsidiary, the appropriated provisions are the provisions for loss of investments in other entities;

- With regard to an indirectly-owned subsidiary, the provisions may be appropriated in the form of provisions for loss of investments in other entities or the provisions for devaluation of trading securities.

b) All provisions related to the subsidiaries that have been appropriated in the parent company's separate financial statements or the financial statements of other subsidiaries shall be excluded from the consolidated financial statements.

2. For investments in a joint venture or an associate (including directly or indirectly-owned companies): When preparing the consolidated financial statements, the parent company must eliminate all provisions for loss of investments made by the joint venture or associate in the parent company's separate financial statements and the financial statements of other subsidiaries within the corporation

3. Financial expenses or decrease in financial expenses (due to reversal of provisions) incurred in proportion to the amount of provisions adjusted in the period must also be eliminated from the consolidated financial statements.

4. The accountant must determine the impacts of the elimination of financial investment provisions on the business performance report in order to record or reverse the deferred tax payable on a case-by-case basis.

5. The parent company and its subsidiaries must make a consolidated report on financial investment provisions related to investments in subsidiaries, joint ventures and associates with the following contents:

- Opening balance; provisions for additional appropriation or reversal in the period;

- Ending balance;

- CIT rate the unit is entitled to.

Article 37. Methods of accounting for provisions related to investments in subsidiaries, joint ventures and associates

1. The methods of handling the provisions specified in this Article apply to both the provisions for long-term financial investments and the provisions for devaluation of trading securities (collectively referred to as the provisions for financial investments) related to investments in subsidiaries, joint ventures and associates.

2. Handling of provisions for financial investments appropriated in the period

a) With regard to the provisions for financial investments appropriated in the period related to the investments in the corporation’s subsidiaries, joint ventures and associates, when preparing the consolidated financial statements, the accountant shall make adjusting entries to eliminate the provisions appropriated in the period and record:

Debit Provisions for long-term financial investment

Credit Financial expenses

b) When preparing the consolidated financial statements, the accountant shall record the deferred tax payable arising from the elimination of financial investment provisions appropriated in the period if such provisions are calculated as deductible expenses when determining the taxable income of the unit in charge of appropriation.

The amount of the deferred income tax liability is determined as the provisions appropriated in the period multiplied (x) by the CIT rate:

Debit Deferred income tax expense

Credit Deferred income tax liability

3. Handling of provisions for financial investment appropriated in the previous period

a) With regard to the provisions for financial investments appropriated in the previous period related to investments in the corporation's subsidiaries, joint ventures and associates, when preparing the consolidated financial statements, the accountant shall make adjusting entries to eliminate the provisions appropriated in the previous periods, record:

Debit Provisions for long-term financial investment

Credit Undistributed after-tax profit accumulated to the end of the previous period

b) When preparing the consolidated financial statements, the accountant shall record the deferred tax payable arising from the elimination of financial investment provisions appropriated in the previous period if such provisions are calculated as deductible expenses when determining the taxable income in the previous period of the unit in charge of appropriation. The amount of the deferred income tax liability is determined as the provisions appropriated in the previous period multiplied (x) by the CIT rate:

Debit Undistributed after-tax profit at the end of the previous period Credit Deferred income tax liability

4. Handling of reversal of financial investment provisions in the period

a) In the case where there is a reversal of financial investment provisions related to investments in the corporation's subsidiaries, joint ventures and associates, when preparing the consolidated financial statements, the accountant shall make adjusting entries to eliminate the provision reversal during the period, record:

Debit Financial expenses

Credit Undistributed after-tax profit accumulated at the end of the previous period

b) If the provisions appropriated in the previous period have not been fully reversed, when preparing the consolidated financial statements, the accountant must eliminate

the remaining balance of the provisions as prescribed at Point a, Clause 2 of this Article.

c) Handling of deferred income tax liability upon reversal of financial investment provisions:

- When preparing the consolidated financial statements, the accountant must record the deferred tax payable equal to the entire balance of provisions at the beginning of the period (excluding the amount reversed in this period), record:

Debit Undistributed after-tax profit accumulated to the end of the previous period

Credit Deferred income tax liability

- When reversing the financial investment provisions, the accountant must record a decrease in the amount of deferred tax payable equal to the to-be-reversed provisions multiplied (x) by the CIT rate:

Debit Deferred income tax liability

Credit Deferred CIT expenses.

SECTION 3. METHODS OF HANDLING PROVISIONS FOR DEVALUATION OF INVENTORIES UPON PREPARING AND PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Article 38. Principles of handling provisions for devaluation of inventories

1. When preparing the consolidated financial statements, the parent company must adjust the balance of the provisions for devaluation of inventories (made on the separate financial statements of the units within the corporation) for inventories purchased from the units within the corporation but not yet sold outside the corporation at the end of the period.

2. With regard to the provisions for devaluation of inventories, the appropriated provisions shall only apply to the inventories purchased within the corporation that show signs of decrease in value compared to the book value of the purchaser. The amount of provisions accepted in the consolidated financial statements must ensure

that, when added to the net realizable value of inventories in the financial statements of the acquirer, is not greater than the historical cost of inventories of the seller.

3. In cases of inventory sale at a loss

In cases of selling inventories, if the seller considers that the net realizable value of inventories is less than the book value, and accepts to sell the inventories at the net realizable value, when preparing the consolidated financial statements, it's not required to adjust the loss due to the inventory sale because this is a realized loss. At the end of the period, if the net realizable value of inventories of the acquirer continues to decrease compared to the book value (the purchase price), the purchaser must make the provisions for devaluation of inventories. In such case, the provisions for devaluation of inventories do not require adjustment in the consolidated financial statements.

4. In cases of inventory sale at a profit

In the cases where the inventory sale is profitable, when preparing the consolidated financial statements, the accountant shall eliminate the unrealized profit. At the end of the period, if the net realizable value of inventories is less than the book value of the purchaser, the purchaser shall make the provisions for devaluation of inventories and the adjustment of such provisions in the consolidated financial statements are implemented as follows:

- In the cases where the net realizable value of inventories is less than the book value of the purchaser but greater than the historical cost of the seller, when preparing the consolidated financial statements, the accountant must eliminate the entire value of the provisions appropriated in the separate financial statements of the purchaser because the value of inventories reflected in the consolidated financial statements is the historical cost of the seller.

- In the cases where the net realizable value of inventories is less than both the book value of the purchaser and the historical cost of the seller, when preparing the consolidated financial statements, the accountant must eliminate the value of the provisions appropriated in the separate financial statements of the purchaser corresponding to the unrealized profit. Only the difference between the net realizable value of the ending inventories and the historical cost of the seller is presented in the item of provisions for devaluation of inventories in the consolidated financial statements.

5. The record and reversal of deferred income tax liability related to the provisions for devaluation of inventories shall be performed similarly to the provisions for doubtful debts and the provisions for financial investments.

Article 39. Accounting methods of provisions for devaluation of inventories in consolidated financial statements

1. In the cases where the net realizable value of inventories is less than the book value of the purchaser but greater than the historical cost of the seller, when preparing the consolidated financial statements, the accountant must eliminate the entire value of the provisions appropriated in the separate financial statements of the purchaser and record:

Debit Provisions for devaluation of inventories

Credit Cost of goods sold

2. With regard to the provisions for devaluation of inventories appropriated in the previous periods, by the following period, if such inventories are not still sold to a third party outside the corporation and the provisions have not been reversed, record:

Debit Provisions for devaluation of inventories

Credit Undistributed after-tax profit accumulated to the end of the previous period.

3. When reversing the provisions for devaluation of inventories

- Adjusting the provision reversal in the period

Debit Cost of goods sold

Credit Undistributed after-tax profit accumulated to at the end of the previous period

- Adjusting the provision balance that has not been fully reserved

Debit Provisions for devaluation of inventories

Credit Undistributed after-tax profit accumulated to the end of the previous period

4. The entries for the record and reversal of deferred tax liabilities related to the provisions for devaluation of inventories are made in the same way as for the provisions for doubtful debts and the provisions for financial investments.

SECTION 4. METHODS OF HANDLING PROVISIONS FOR WARRANTY OF PRODUCTS, GOODS AND CONSTRUCTION WORKS WHEN PREPARING AND PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Article 40. Principles of handling provisions for warranty of products, goods and construction works

1. When an enterprise sells goods or construction works, the enterprise must make provisions for warranty if the goods or construction works are damaged or faulty. The warranty can be carried out by the enterprise itself, by hiring a unit within or outside the corporation. When making the provisions for warranty of products, goods, and construction works, the enterprise may not be able to determine whether the warranty obligation actually occurs or not and the unit performing the warranty. Therefore, when making the provisions for warranty of products, goods and construction works, it’s not required to adjust on the consolidated financial statements.

2. When the warranty of products, goods, construction works occurs, if the enterprise carries out the warranty by itself or hires a third party outside the corporation to perform the warranty, the entire revenue and expenses are not intercompany transactions, so it’s not required to adjust on the consolidated financial statements.

3. In the cases where the enterprise hires a unit within the corporation to perform the warranty, there will be an intercompany transaction because revenue is recorded by the warranty performer while expenses are incurred by the warranty lessee. In this case, it is necessary to eliminate the items of revenue and expenses within the corporation when preparing the consolidated financial statements.

4. Enterprises shall not record deferred income tax liability related to the provisions for warranty of products, goods, and construction works.

Article 41. Accounting methods of provisions for warranty of products, goods and construction works

1. With regard to the warranty of products and goods, if the units within the corporation provide warranty, record:

Debit Revenue from sales of goods and provision of services

Credit Selling expenses (if the warranty arises during the provisioning period)

Credit Undistributed after-tax profit accumulated to the end of the previous period (if the warranty arise in the following period)

2. With regard to the warranty of construction works, if the units within the corporation provide warranty, record:

Debit Revenue from sales of goods and provision of services

Credit Cost of goods sold (if the warranty arises during the provisioning period)

Credit Undistributed after-tax profit accumulated to the end of the previous period (if the warranty arises in the following period)

Chapter IV

CONSOLIDATION OF FINANCIAL STATEMENTS OF MULTI-LEVEL AND CROSS-OWNED CORPORATIONS

SECTION 1. GENERAL PROVISIONS

Article 42. Determination of voting rights, investment cost, interests of the parent company and non-controlling shareholder interests in the multi-level corporation

1. When determining the voting rights of the parent company in a tier-2 subsidiary, the accountant must consider the voting rights of both the parent company and other companies because in the separate financial statements of the corporation's units, it is possible that investments in a tier-2 subsidiary are being presented as investments in a joint venture or an associate or an ordinary investment.

2. In the cases where the parent company does not hold 100% of the capital in the tier-1 subsidiary, the determination of the investment cost and the parent company's interests in the tier-2 subsidiary is performed as follows:

- The cost of the parent company’s investment in the tier-2 subsidiary includes the cost of the parent company’s direct investment and indirect investment (through other

tier-1 subsidiaries). The cost of indirect investment in the tier-2 subsidiary is determined according to the parent company's holding ratio in the tier-1 subsidiary's net assets.

The parent company's interests in the tier-2 subsidiary include both direct and indirect interests. The parent company's indirect interests in the tier-2 subsidiary are determined by the parent company's holding ratio of net assets in the tier-1 subsidiary multiplied (x) by the tier-1 subsidiary's holding ratio of net assets in the tier-2 subsidiary (unless otherwise agreed upon by the shareholders).

3. The interests of the non-controlling shareholder in the tier-2 subsidiary include both direct and indirect interests (in cases where the parent company does not control 100% of the tier-1 subsidiary), and such interests may be higher than the share owned by the parent company. The indirect interests of the non-controlling shareholder in the tier-2 subsidiary are determined by the non-controlling shareholder's holding ratio of net assets multiplied (x) by the tier-1 subsidiary's holding ratio of net assets in the tier-2 subsidiary (unless otherwise agreed upon by shareholders).

Article 43. Consolidation methods

1. The process, principles, methods and techniques for consolidating financial statements for tier-2 subsidiaries are similar to those applicable to tier-1 subsidiaries. In addition, when consolidating tier-2 subsidiaries, the parent company shall make some additional adjustments as prescribed in this Chapter.

2. The parent company may choose one of the following two methods to consolidate tier-2 subsidiaries

a) Direct method: The parent company consolidates directly with the financial statements of the tier-2 subsidiary. This method shall be applied in the following cases:

- The tier-2 subsidiary is a joint venture or an associate of the tier 1 subsidiary but such subsidiary is under indirect control of the parent company;

- The tier-2 subsidiary is a subsidiary of a tier-1 subsidiary but the tier-1 subsidiary is not required to prepare consolidated financial statements as prescribed by law provisions.

b) Indirect method: The tier-2 subsidiary is consolidated with the tier-1 subsidiary to create a consolidated financial statement, which is then consolidated with the parent company's report to obtain the corporation's consolidated financial statement.

SECTION 2. CONSOLIDATION OF FINANCIAL STATEMENTS OF TIER-2 SUBSIDIARIES THAT ARE NOT CROSS-OWNED BY OTHER UNITS WITHIN THE CORPORATION

Article 44. Consolidation of financial statements of tier-2 subsidiaries by the indirect method

1. When consolidating the financial statements of the tier-2 subsidiary by the indirect method, the parent company shall use the consolidated financial statements of the tier-1 subsidiary. If the parent company does not hold 100% of the tier-1 subsidiary, the parent company needs to adjust the goodwill and interests of non-controlling shareholders with the following principles:

- If the parent company does not hold 100% of the tier-1 subsidiary, the parent shareholder's investment cost in the tier-2 subsidiary only corresponds to the parent company's portion of equity in the tier-1 subsidiary, the remaining cost of the investment belongs to the non-controlling shareholders in the tier-1 subsidiary.

For example: The parent company holds 80% of the net assets of the tier-1 subsidiary, the tier-1 subsidiary invests VND 10 billion in the tier-2 subsidiary. In this case, the parent shareholders actually only invest VND 8 billion in the tier-2 subsidiary, the remaining investment value of VND 2 billion is the portion of non-controlling shareholders in the tier-1 subsidiary investing in the tier-2 subsidiary.

- The goodwill arising in relation to the tier-2 subsidiary in the tier-1 subsidiary's consolidated financial statements is determined as the total investment cost of the tier-1 subsidiary minus (–) the fair value of the tier-2 subsidiary's net assets held by the tier-1 subsidiary, resulting in the goodwill in the tier-1 subsidiary's consolidated financial statements includes the share of non-controlling shareholders.

However, the goodwill presented in the parent company's consolidated financial statements only corresponds to the portion of equity held by the parent shareholder, so both the goodwill corresponding to the portion held by the non-controlling shareholder in the tier-1 subsidiary and the non-controlling shareholder's interest must be recorded as a decrease.

2. Adjusting entries:

Debit Non-controlling shareholder interests

Credit Goodwill

Article 45. Consolidation of financial statements of tier-2 subsidiaries by direct method

Under the direct method, the parent company directly consolidates the financial statements of the tier-2 subsidiary without going through the tier-1 subsidiary's financial statements. In this case, in addition to the normal consolidation process as prescribed, the parent company needs to make some additional adjustments as follows:

1. Determination of goodwill in the tier-2 subsidiary

a) The parent company's investment cost in the tier-2 subsidiary is determined as the parent company's portion of equity in the tier-1 subsidiary's investment cost when buying the tier-2 subsidiary.

b) The net assets held by the parent company in the tier-2 subsidiary are determined according to the parent company's holding ratio in the tier-1 subsidiary multiplied (x) by the tier-1 subsidiary's holding ratio in the tier-2 subsidiary.

2. Determination of non-controlling shareholder interests in the tier-2 subsidiary

Non-controlling shareholder interests in the tier-2 subsidiary are determined as the sum of direct and indirect non-controlling shareholder interests.

3. Elimination of the cost of investments in tier-2 subsidiaries of non-controlling shareholders in tier-1 subsidiaries

When preparing the parent company's consolidated financial statements, the cost of investments in the tier-2 subsidiary must be allocated and eliminated in proportion to the portion of equity held by the parent shareholder and non-controlling shareholders in the tier-1 subsidiary. The elimination of the cost of the parent company's investment in the tier-2 subsidiary is performed normally while the elimination of the cost of non-controlling shareholders is performed as follows:

Debit Non-controlling shareholder interests

Credit Investments in the subsidiary (the share of non-controlling shareholders in the tier-1 subsidiary held in the tier-2 subsidiary)

4. Handling of intercompany transactions and balances in tier-2 subsidiaries.

In principle, the adjusting entries for intercompany transactions with the tier-2 subsidiary are similar to those of the tier-1 subsidiary. However, the parent company shall consider adjusting non-controlling shareholder interests due to the impacts of eliminating profit and loss from internal transactions as follows:

a) Non-controlling shareholder interests

When the tier-2 subsidiary sells goods and fixed assets, or provides services to another unit within the corporation, the profit of inventories is considered unrealized if the purchaser has not sold such inventories outside the corporation. In this case, the unrealized profit or loss must be adjusted for the non-controlling interests in the tier-2 subsidiary.

- In the cases where non-controlling shareholder interests must be reduced due to the elimination of unrealized gains, record:

Debit Non-controlling shareholder interests

Credit After-tax profit of non-controlling shareholders

- In the cases where non-controlling shareholder interests are increased due to the elimination of unrealized losses, record:

Debit After-tax profit of non-controlling shareholders

Credit Non-controlling shareholder interests

b) Dividend paid by tier-2 subsidiaries

- When the tier-2 subsidiary pays dividends to the tier-1 subsidiary, the parent company must make an entry to eliminate dividends paid by the tier-2 subsidiary, record:

Debit Financial revenues

Debit Non-controlling shareholder interests

Credit Undistributed after-tax profit in this period

- Because the income statements of the tier-1 subsidiary have been reduced to the dividends received from the tier-2 subsidiary, the non-controlling shareholder interest in the tier-1 subsidiary must also be reduced accordingly, and record:

Debit Non-controlling shareholder interests

Credit After-tax profit of non-controlling shareholders

5. A pre-purchase transaction is a transaction in which the tier-1 subsidiary buys and controls the tier-2 subsidiary before the parent company buys and controls the tier-1 subsidiary. In this case, the tier-2 subsidiary shall not be controlled by the parent company until the parent company buys the tier-1 subsidiary, so the profits earned by the tier-2 subsidiary before the parent company buys the tier-1 subsidiary are considered the pre-purchase profits in terms of the corporation as a whole. Therefore, when determining goodwill, the parent company must base on the net asset value of the tier-2 subsidiary at the date on which the tier-1 subsidiary is purchased.

SECTION 3. CONSOLIDATION OF FINANCIAL STATEMENTS OF SUBSIDIARIES THAT ARE CROSS-OWNED BY UNITS WITHIN THE CORPORATION

Article 46. Consolidation of financial statements of tier-1 subsidiaries which are joint-venture or associates or have capital contributions of other units within the corporation

1. Principles of consolidating financial statements: The parent company must fully comply with the process of consolidating financial statements as other subsidiaries, and implement the following principles:

a) Determination of the interests of parent shareholders and non-controlling shareholders:

- The parent company must determine the ownership percentage in the subsidiary equal to the sum of direct and indirect portion of equity;

- Non-controlling shareholder interests in the subsidiary are equal to the sum of direct and indirect portion of equity.

b) When eliminating investments, determining goodwill and other related issues, the parent company must apply the principles specified in Article 53 of this Circular.

c) In cases where the financial statements of other units within the corporation show that the investment in the subsidiary is an investment in a joint venture or an associate using the equity method, when preparing the consolidated financial statements, all impacts of applying the equity method must be adjusted.

2. Consolidation methods

a) Elimination of the corporation's investment in a subsidiary

- Elimination of the parent company’s investment in the subsidiary

Debit Owner's contributed capital (the corporation's ownership percentage in the subsidiary)

Debit Goodwill

Debit Non-controlling shareholder interests (indirect share of non-controlling shareholders in the subsidiary)

Credit Investments in the subsidiary (the parent financial statements)

Credit Investments in joint ventures and associates (in the financial statements of units within the corporation)

Credit Investment in capital contribution to other entities

Credit Profit from cheap purchases

- In addition, if there is a difference between the fair value and the book value of the subsidiary's assets and liabilities as at the acquisition date, the parent company must adjust the value of assets and liabilities according to the book value and record the non-controlling shareholder's share in this difference as prescribed in Article 15 of this Circular.

- After recognizing assets and liabilities at the fair value, the parent company continues to adjust the depreciation expense of fixed assets and investment properties and record deferred tax (if any) in accordance with regulations specified in Articles 18 and 19 of this Circular.

b) Separation of non-controlling shareholder interests at the beginning of the period in the subsidiary

Debit Indicators of equity (direct and indirect ownership percentage)

Credit Non-controlling shareholder interests

c) Determination of non-controlling shareholder interests arising from after-tax profit in the period:

- In the cases where the subsidiary is profitable

Debit After-tax profit of non-controlling shareholders (in proportion to direct and indirect ownership percentage)

Credit Non-Controlling shareholder interests

- In the cases where the subsidiary has a loss

Debit Non-controlling shareholder interests

Credit After-tax profit of non-controlling shareholders (in proportion to direct and indirect ownership percentage)

d) If the financial statements of other units in the corporation reflect investments in the subsidiary by the form of investments in joint-venture or associates, when preparing the consolidated financial statements, the parent company must completely eliminate the impacts of changes in the value of investments in associates by the equity method.

- If the consolidated financial statements of units in the corporation have been adjusted to increase the value of investments in joint-venture or associates, the parent company must eliminate the increased amount and record:

Debit Profit or loss in joint-venture or associates (the adjusted amount in the period included in the income statement)

Debit Undistributed after-tax profit accumulated to the end of the previous period (the adjusted amount in the income statements accumulated to the beginning of the period)

Debit Exchange rate difference (Accumulated to the end of the period - if any)

Debit Differences in revaluation of assets (Accumulated to the end of the period - if any)

Credit Investment in joint-venture or associates.

- If the consolidated financial statements of units in the corporation have been adjusted to reduce the value of investments in joint-venture or associates, the parent company must eliminate the reduced amount by the reverse entry.

dd) Adjustment of non-controlling shareholder interests due to the impacts of applying the equity method

- Adjustment of non-controlling shareholder interests at the beginning of the period due to adjustment of the value of investments in joint-venture or associates:

+ If the value of investments is reduced, record:

Debit Non-controlling shareholder interests

Credit Indicators of relevant equity

+ If the value of investments is increased, the opposite entry of the above entry shall be recorded.

- Adjustment of non-controlling shareholder interests arising in the period due to adjustment of the value of investments in joint-venture and associates

+ If the value of investments is reduced, record:

Debit Interests of minority shareholders

Credit After-tax profit of minority shareholders (The share held by non-controlling shareholders corresponds to the profit or loss in the period of the joint venture or associate that has been written down)

Credit Indicators of relevant equity (The share held by non-controlling shareholders corresponds to the portion recorded in the equity of the joint venture or associate that has been written down)

+ If the value of investments is increased, the opposite entry of the above entry shall be recorded.

Chapter V

CORPORATION RESTRUCTURING

Article 47. Forms of corporation restructuring

1. The corporation restructuring results in changes in the parent company's ownership ratio in its subsidiaries or changes in the ownership structure of the corporation.

2. The corporation restructuring may be performed in the following forms:

a) The parent company divests part or whole of its investment capital in the subsidiary (divestment);

b) The subsidiary mobilizes additional capital from owners, resulting in a change in the ownership ratio of the parent company and non-controlling shareholders in the subsidiary's net assets;

c) Transferring whole or part of the capital of a subsidiary to another unit (or other units) within the corporation, such as that a tier-1 subsidiary sells a tier-2 subsidiary to the parent company or the parent company sells a subsidiary to another subsidiary (business combination transactions under common control).

SECTION 1. DIVESTMENT

Article 48. Principles of presenting investment in subsidiaries after divestment and recording results from divestment in subsidiaries

1. The parent company is considered to be divested when it sells whole or part of its investment capital in a subsidiary to an independent third party (or more) outside the corporation. The cases of divestment for other units within the corporation are not considered divestments.

2. In the cases where the parent company divests part of capital from a subsidiary but still holds the control right, the parent company must consolidate the financial statements of the subsidiary and record the divestment results into the undistributed after-tax profi of consolidated balance sheet.

3. In the cases where the parent company divests part of capital from a subsidiary, resulting in that the parent company loses the control right and the subsidiary becomes a joint venture or an associate of the corporation, the parent company must present the investment in the joint venture or associate according to the equity method. The divestment results shall be recorded in the consolidated business performance report.

4. In the cases where the parent company divests part of capital from a subsidiary, resulting that the parent company loses the control right and the subsidiary becomes a normal investment of the corporation, the parent company must present such investment in accordance with the Accounting Standards and the Enterprise Accounting System. The divestment results shall be recorded in the consolidated business performance report.

5. In the cases where the parent company divest the whole of capital from a subsidiary, the divestment results shall be recorded in the consolidated business performance report if the parent company still has other subsidiaries and must establish the consolidated financial statement. If the parent company has only one subsidiary and divests the whole of capital from such subsidiary, after the divestment, the parent company is not required to prepare the consolidated financial statements. The divestment result is the amount recorded in the parent company's separate financial statements.

Article 49. Principles for determining the divestment results in consolidated financial statements

1. In the consolidated financial statements, the profit and loss upon divestment at a subsidiary shall be determined as the difference between the amount earned by the parent company from the divestment minus (-) the net assets of the subsidiary transferred to other parties by the parent company, and the goodwill portion not allocated to the time of divestment.

2. The parent company's non-monetary assets, equity instruments or debt instruments obtained from the divestment of capital in subsidiaries must be recorded at the fair value on the transaction date.

Article 50. Accounting procedures when divesting investment capital in subsidiaries

1. When divesting an investment from a subsidiary, the parent company must base itself on the subsidiary's financial statements at the time of divestment, or on the subsidiary's consolidated financial statements if the subsidiary is a parent company. In cases where the subsidiary is unable to prepare the financial statements at the time of

divestment, the parent company shall base on the subsidiary's latest quarterly financial statements to make adjustments for material transactions arising from the end of the latest quarter to the time of divestment.

2. With regard to cases where after divesting part of capital, the parent company still holds the control right over the subsidiary

a) The parent company must determine the book value of the subsidiary's net assets transferred to non-controlling shareholders by the value of the subsidiary's net assets at the time of divestment multiplied (x) by the capital transfer rate.

b) The parent company must determine the amount of reduced goodwill by the amount of goodwill unallocated at the time of divestment multiplied by (x) the ratio of the divested capital to the total capital held in the subsidiary.

c) The elimination of results from divestment shall be recorded in the parent company's separate financial statements. The profit and loss recorded in the consolidated financial statements shall be determined as the difference between the proceeds from the divestment and the value of net assets transferred to non-controlling shareholders plus the amount of reduced goodwill;

d) The parent company shall make divestment entries to:

- Record the divestment results on the basis of consolidation into the item "Undistributed after-tax profit in this period";

- Adjust the interests of non-controlling shareholders in subsidiaries;

- Reduce the amount of goodwill in proportion to the percentage of divested capital;

e) After the divestment, the parent company shall continue to consolidate all assets, liabilities, equity and business results of the subsidiary on a periodical basis. Non-controlling shareholder interests arising in the period include 2 parts as follows:

- Non-controlling shareholder interests from the beginning of the reporting period to the time of divestment: Determined on the basis of the ownership percentage of non-controlling shareholders before the time of divestment multiplied by the business results of the subsidiary from the beginning of the reporting period to the time of divestment.

- Non-controlling shareholder interests from the time of divestment to the end of the reporting period: Determined on the basis of the ownership percentage of non-

controlling shareholders after the time of divestment multiplied by the business results of the subsidiary from the time of divestment to the end of the reporting period.

3. In the case after divesting part of capital, the parent company loses the control right over the subsidiary and the subsidiary becomes an associate company of the parent company.

a) The parent company must determine the book value of net assets of the transferred subsidiary by the value of the subsidiary's net assets at the time of divestment multiplied by (x) the percentage of transferred capital.

b) Profit and loss recorded in the consolidated financial statements shall be determined as the difference between the proceeds from the divestment and the value of transferred net assets plus the amount of reduced goodwill (which is the entire unallocated amount of goodwill);

c) The value of investment in an associate according to the equity method: Determined as the investment in the parent company's separate financial statements that is adjusted accordingly for changes in the associate's equity since the date of investment (the date of holding the control right over the subsidiary) to the reporting date.

d) Eliminating the results from divestment recorded in the parent company's separate financial statements and recording the results from divestment on a consolidated basis in the consolidated income statements. Based on the time of divestment, the accountant may choose one of the following two methods:

- In cases the time of divestment is far from the reporting time: Because the subsidiary has become an associate, in the consolidated financial statements, the parent company does not continue to consolidate all subsidiaries but only consolidate the results of subsidiaries from the beginning of the period to the time of divestment. The financial statements of the parent company used for consolidation are the financial statements that have recorded the results of divestment at the subsidiaries. When applying this method, the parent company must:

+ Make adjusting entries for the investment in associates according to the equity method (Cumulative adjustment to the time of divestment and adjustment for changes arising after the time of divestment);

+ Make adjusting entries for the divestment results recorded in the parent company's separate financial statements to the extent recorded in the consolidated financial statements.

+ Consolidate the business results of subsidiaries from the beginning of the period to the time of divestment and losing the control right.

- In cases the time of divestment is close to the reporting time: Because the parent company has to consolidate almost all the business results of subsidiaries, the full consolidation method may be applied (including the balance sheet and business performance report), and then divestment entries may be used to eliminate the subsidiaries from the consolidated financial statements. The financial statements of the parent company used for consolidation are the separate financial statements on the basis that all impacts of divestment in the subsidiary have been eliminated. When applying this method, the parent company must:

+ Restore the value of investment in the subsidiaries before the divestment on the separate balance sheet and remove all results from the divestment as determined in the separate financial statements;

+ Consolidate the subsidiaries as still holding the control right;

+ Use the divestment entries to eliminate all assets and liabilities of the subsidiaries; eliminate goodwill and non-controlling shareholder interests; record the value of investment in associates according to the equity method, and record the divestment results on a consolidated basis.

e) In the cases where the parent company, which has previously divested part of capital in a subsidiary and recorded the divestment results in the undistributed after-tax profit of the consolidated balance sheet, continues to divest part of capital in such subsidiary, resulting in loss of the control right, the parent company must transfer the profit and loss previously recorded in the undistributed after-tax profit to the consolidated business performance report.

Article 51. Methods of preparing and presenting consolidated financial statements in case the parent company divests part of its investment capital in a subsidiary but still retains control

1. Eliminating the divestment profit and loss from the parent company's separate financial statements:

Debit Financial revenues (for eliminating profit)

Debit Investment in subsidiary (for restoring original investment)

Credit Financial expenses (for eliminating losses)

Credit Non-controlling shareholder interest (the amount spent by non-controlling shareholders to purchase the capital of the subsidiary)

2. Recording the divestment results on a consolidated basis, reducing goodwill and adjusting non-controlling interests:

- In cases of divestment at a profit, record:

Debit Non-controlling shareholder interests (the difference between the amount spent by the non-controlling shareholder and the increase in the non-controlling shareholder's share in the subsidiary's net assets)

Credit Undistributed after-tax profits (profit)

Credit Goodwill (reduced)

- In cases of divestment at a loss, record:

Debit Undistributed after-tax profits (loss)

Credit Goodwill (reduced)

Credit Non-controlling shareholder interests (the difference between the amount spent by the non-controlling shareholder and the increase in the non-controlling shareholder's share in the subsidiary's net assets)

3. The parent company must consolidate the financial statements of the subsidiary that is divested in accordance with regulations because it still holds the control right over such subsidiary. Other consolidated entries are performed in accordance with the Circular.

Article 52. Methods of accounting, preparing and presenting consolidated financial statements in case the parent company divests part of investment capital in subsidiaries, resulting in the loss of control

1. In the cases where a subsidiary becomes a joint venture or an associate

1.1. In cases where the time of divestment is far from the reporting time, the accountant only consolidates the business results from the beginning of the period to the time of divestment without consolidating all the subsidiary's net assets. The parent company shall make adjusting entries as follows:

a) Based on the accumulated change in the subsidiary's equity from the date of control to the beginning of the period, the accountant shall adjust the value of investment in the associate according to the remaining ownership percentage at the associate:

- In cases of increasing investment in the associate, record:

Debit Investment in joint ventures and associates

Credit Undistributed after-tax profit at the end of the previous period

Credit Other indicators of equity

- In cases of reducing investment in the associate, record:

Debit Undistributed after-tax profit at the end of the previous period

Debit Other indicators of equity

Credit Investment in joint ventures and associates

b) Based on the business results of the associate from the time of divestment to the end of the period, the accountant shall adjust the value of investment in the associate in the period according to the remaining ownership percentage at the associate:

- In case the associate's business is at a profit, the accountant shall adjust to increase the investment in the associate, record:

Debit Investment in joint ventures and associates

Credit Profits and losses in joint ventures and associates

- In case the associate's business is at a loss, record:

Debit Profits and losses in joint ventures and associates

Credit Investment in joint ventures and associates

c) Consolidating the business results from the beginning of the period to the time of divestment, and eliminating profits and losses from the separate financial statements to record such profits and losses on the consolidated financial statements.

c1) In the cases the subsidiary's business results from the beginning of the period to the time of divestment at a profit:

- In case the profit on the separate financial statements is higher than the profit determined on the consolidated basis, record:

Debit Expense items (from the beginning of the period to the time of divestment)

Debit After-tax profit of non-controlling shareholders (Business performance report)

Debit Investment in associates (increasing the value of investment in associates from the beginning of the period to the time of divestment)

Debit Financial revenues (details of profit from divestment)

Credit Other revenues and income items (from the beginning of the period to the time of divestment)

Credit Undistributed after-tax profit accumulated to the end of the previous period (the amount of profit from divestment must be adjusted to increase the undistributed profit after tax of the previous period in the consolidated financial statements)

- In case the profit on the separate financial statements is lower than the profit determined on the consolidated basis, the accounts shall be recorded:

Debit Expense items (from the beginning of the period to the time of divestment)

Debit After-tax profit of non-controlling shareholders (Business performance report)

Debit Investment in associates (increasing the value of investment in associates from the beginning of the period to the time of divestment)

Debit Undistributed after-tax profit accumulated to the end of the previous period (the divestment profit must be adjusted to reduce the undistributed after-tax profit of the previous period in the financial statements)

Credit Financial revenues (details of profit on divestment in the period)

Credit Other revenues and income items (from the beginning of the period to the time of divestment)

c2) In case the subsidiary's business result from the beginning of the period to the time of divestment is at a loss: The accountant shall make the same entries as in the above cases but only record Credit "Investment in joint ventures and associates"

1.2. In case the time of divestment is close to the reporting time, the accountant shall consolidate all the net assets of the subsidiary and make the following consolidated entries:

a) Adjusting the parent company’s separate financial statements as if it had not yet divested capital in the subsidiary;

b) Equally adding up the financial statements of the parent company and the divested subsidiary;

c) Performing normal consolidated entries in accordance with this Circular, such as: Eliminating the parent company's investment in the subsidiary; allocating goodwill, separating non-controlling shareholder interests, eliminating unrealized profit and loss and balance of internal items, etc.

d) Making divestment entries to record the divestment results in the consolidated financial statements, recording the value of investments in joint ventures and associates; eliminating goodwill and non-controlling shareholder interests; eliminating all assets and liabilities of the divested subsidiary from the consolidated financial statements.

- In cases of divestment at a profit, record:

Debit Proceeds from divestment

Debit Investment in joint ventures and associates (under the equity method)

Debit Non-controlling shareholder interests

Debit Accounts payable

Credit Asset items

Credit Goodwill (unallocated)

Credit Financial revenues (details of profit on divestment)

- In cases of divestment at a loss, record:

Debit Proceeds from divestment

Debit Investment in joint ventures and associates (under the equity method)

Debit Non-controlling shareholder interests

Debit Financial expenses (loss of divestment)

Debit Accounts payable

Credit Asset items

Credit Goodwill (unallocated)

e) Eliminating revenues, expenses and business results from the time of divestment to the reporting time:

Debit Revenues and incomes (from the time of divestment to the end of the period)

Debit After-tax profit (adjusted to reduce profits)

Credit Expense items (from the time of divestment to the end of the period)

Credit After-tax profit (adjusted to reduce losses)

2. In the cases where a subsidiary becomes an ordinary investment (the investor does not have significant influence or joint control):

The divestment shall be performed in the same way as in Clause 1 of this Article. However, the ordinary investment is recorded according to the historical cost method, the accountant does not adjust the value of investment according to the equity method, so the adjusting entries as in Item a and b, Point 1.1. Clause 1 of this Article is not required.

3. In the cases where the parent company, which has previously divested part of capital in a subsidiary and recorded the divestment results in the undistributed after-tax profit of the consolidated balance sheet, continues to divest part of capital in such subsidiary, resulting in loss of the control right, the parent company must carry forward the previously-recorded profits and losses in the undistributed after-tax profit to the consolidated business performance statement, record:

- In cases of carrying forward profits

Debit Undistributed after-tax profit accumulated to the end of the previous period

Credit Financial revenues

- In cases of carrying forward losses

Debit Financial expenses

Credit Undistributed after-tax profit accumulated to the end of the previous period

Article 53. Methods of accounting, preparing and presenting consolidated financial statements in case the parent company divest 100% of investment capital in subsidiaries (in this case, it is referred to as the liquidation of subsidiaries).

1. In the cases where the time of divestment is far from the reporting time, the accountant shall only consolidate the business results from the beginning of the period to the time of divestment without consolidating all the subsidiary's net assets: The parent company shall make consolidated entries of business results from the beginning of the period to the time of divestment and eliminate profits and losses on the separate financial statements to record such profits and losses on the consolidated financial statements.

a) In the cases where the subsidiary's business results are at a profit:

Debit Expense items (from the beginning of the period to the time of divestment)

Debit After-tax profit of non-controlling shareholders (Business performance report)

Debit Undistributed after-tax profit in this period

Credit Other revenues and income items (from the beginning of the period to the time of divestment)

b) In the cases where the subsidiary's business results are at a loss:

Debit Expense items (from the beginning of the period to the time of divestment)

Credit After-tax profit of non-controlling shareholders (Business performance report)

Credit Undistributed after-tax profit in this period

Credit Other revenues and income items (from the beginning of the period to the time of divestment)

b) Adjusting the divestment results on a consolidated basis

- In case the divestment profit in the separate financial statements is larger than that in the consolidated financial statements, record:

Debit Financial revenues (details of profit from divestment)

Credit Undistributed after-tax profit accumulated to the end of the previous period

In the cases where the profit on divestment in the separate financial statements is less than that in the consolidated financial statements, which must be adjusted to increase the profit, the above entry shall be reversed.

- In the cases where the loss on divestment in the separate financial statements is larger than that in the consolidated financial statements, which must be adjusted to reduce the loss, record:

Debit Undistributed after-tax profit accumulated to the end of the previous period

Credit Financial expenses (details of loss from divestment)

In the cases where the loss of divestment in the separate financial statements is smaller than that in the consolidated financial statements, which must be adjusted to increase the loss, the above entry shall be reversed.

2. In the cases where the time of divestment is close to the reporting time, the accountant shall consolidate all the subsidiary's net assets and make the following consolidated entries:

a) Adjusting the parent company's separate financial statements as if it had not yet divested capital in the subsidiary;

b) Equally adding up the financial statements of the parent company and the divested subsidiary;

c) Performing normal consolidated entries in accordance with this Circular, such as: Eliminating the parent company's investment in the subsidiary; allocating goodwill, separating non-controlling shareholder interests, eliminating unrealized profit and loss and balance of internal items, etc.

d) Making divestment entries to record the divestment results in the consolidated financial statements, recording the value of investments in joint ventures and associates; eliminating goodwill and non-controlling shareholder interests; eliminating

all assets and liabilities of the divested subsidiary from the consolidated financial statements.

- In cases of divestment at a profit, record:

Debit Proceeds from divestment

Debit Non-controlling shareholder interests

Debit Accounts payable

Credit Asset items

Credit Goodwill (unallocated)

Credit Financial revenues (details of profit on divestment)

- In cases of divestment at a loss, record:

Debit Proceeds from divestment

Debit Non-controlling shareholder interests

Debit Financial expenses (loss of divestment)

Debit Accounts payable

Credit Goodwill (unallocated)

Credit Asset items

e) Eliminating revenues, expenses and business results from the time of divestment to the reporting time:

Debit Revenues and incomes (from the time of divestment to the end of the period)

Debit After-tax profit (adjusted to reduce profits)

Credit Expense items (from the time of divestment to the end of the period)

Credit After-tax profit (adjusted to reduce losses)

3. In the cases where the parent company, which has previously divested part of capital in a subsidiary and recorded the divestment results in the undistributed after-tax profit of the consolidated balance sheet, continues to divest part of capital in such subsidiary, resulting in loss of the control right, the parent company must carry forward the previously-recorded profits and losses in the undistributed after-tax profit to the consolidated business performance statement, record:

- In cases of carrying forward profits

Debit Undistributed after-tax profit accumulated to the end of the previous period

Credit Financial revenues

- In cases of carrying forward losses

Debit Financial expenses

Credit Undistributed after-tax profit accumulated to the end of the previous period

SECTION 2. CHANGES IN STRUCTURE AND BENEFITS FOR SUBSIDIARIES MOBILIZE ADDITIONAL CAPITAL CONTRIBUTIONS FROM OWNERS

Article 54. Consolidation of financial statements in cases where subsidiaries mobilize additional capital contributions from owners

1. When a subsidiary mobilizes more capital contributions from the owners, if the percentage of capital contributions by the parties does not correspond to the current ratio, there may be a change in the proportion and ownership percentage of the parties in the subsidiary's net assets.

2. The order of determining and recording the movement in the subsidiary’s net assets and the parties’ ownership percentage is specified as follows:

- Determining the parties' ownership percentage in the subsidiary's net assets at the time before mobilizing more capital contributions;

- Determining the parties' ownership percentage in the subsidiary's net assets after mobilizing more capital contributions;

- Determining the additional capital contributions by the parties to the subsidiary;

- Determining the parties' additional ownership percentage in the subsidiary's net assets after mobilizing more capital contributions;

- Recording the difference between the additional capital contributions by the parties and their additional ownership percentage in the subsidiary's net assets in the undistributed after-tax profit.

3. When preparing the consolidated financial statements, the parent company must determine and record the movement in its portion of equity and non-controlling shareholders in the subsidiary's net assets at the time before and after mobilizing more capital contributions, specifically:

a) The accountant records that the parent company’s increase in the subsidiary’s net assets is higher than the parent company’s additional capital contributions (in such case, the non-controlling shareholder’s increase in the subsidiary’s net assets will be less than the non-controlling shareholder’s additional capital contributions):

Debit Benefits of non-controlling shareholders

Credit Undistributed after-tax profit

b) The accountant records that the parent company’s increase in the subsidiary’s net assets is less than the parent company’s additional capital contributions (in such case, the non-controlling shareholder’s increase in the subsidiary’s net assets will be higher than the non-controlling shareholder’s additional capital contributions):

Debit Undistributed after-tax profit

Credit Benefits of non-controlling shareholders

SECTION 3. BUSINESS CONSOLIDATION UNDER GENERAL CONTROL

Article 55. Consolidation of financial statements in cases of converting indirectly-owned subsidiaries (tier-2 subsidiaries) into directly-owned subsidiaries (tier-1 subsidiaries)

1. In the case where the parent company acquires a tier-2 subsidiary from a tier-1 subsidiary (converting the indirectly-owned subsidiary into the directly-owned subsidiary), though the structure of the corporation has changed, in essence, the financial information in the consolidated financial statements of the whole corporation has not changed.

2. When preparing the consolidated financial statements of the whole corporation, in addition to adjustments such as when consolidating subsidiaries in a multi-level corporation, the parent company must make the following adjustments:

a) Eliminating gains or losses recorded by a tier-1 subsidiary after the sale of a tier-2 subsidiary:

- In the case where the tier-1 subsidiary records gains from the sale of the tier-2 subsidiary to the parent company, record:

Debit Financial income (incurred period)

Debit Undistributed after-tax profit accumulated to the end of the previous period (next period)

Credit Investment in subsidiaries

- In the case where the tier-1 subsidiary records losses from the sale of the tier-2 subsidiary to the parent company, record:

Debit Investment in subsidiaries

Credit Financial expenses (reporting period)

Credit Undistributed after-tax profit accumulated to the end of the previous period (next period)

b) Identifying and recording changes in the shares of parent shareholders and non-controlling shareholders due to changes in the ownership structure in the subsidiary

- In the case where the total value of shares held by the parent company in the net assets of subsidiaries increases after the tier-1 subsidiary sells the tier-2 subsidiary, record:

Debit Benefits of non-controlling shareholders

Credit Undistributed after-tax profit in this period

- In the case where the total value of shares held by the parent company in the net assets of subsidiaries decreases after the tier-1 subsidiary sells the tier-2 subsidiary, record:

Debit Undistributed after-tax profit in this period

Credit Benefits of non-controlling shareholders

Article 56. Consolidation of financial statements in cases of converting directly-owned subsidiaries (tier-1 subsidiaries) into indirectly-owned subsidiaries (tier-2 subsidiaries)

1. In the case where the parent company sells a tier-1 subsidiary to another subsidiary (converting the directly-owned subsidiary into the indirectly-owned subsidiary), though the structure of the corporation has changed, in essence, the financial information in the consolidated financial statements of the whole corporation has not changed.

2. When preparing the consolidated financial statements of the whole corporation, in addition to adjustments such as when consolidating subsidiaries in a multi-level corporation, the parent company must make the following adjustments:

a) Eliminating gains or losses recorded by the parent company due to the sale of subsidiaries:

- In the case where the parent company consolidates indirectly with a tier-2 subsidiary by using the consolidated financial statements of a tier-1 subsidiary, when eliminating gains or losses from the sale of the subsidiary, record:

+ In cases of eliminating gains, record:

Debit Financial revenues

Credit Undistributed after-tax profit in this period

+ In cases of eliminating losses, record:

Debit Undistributed after-tax profit in this period

Credit Financial expenses

b) The amount of goodwill initially arising when buying a subsidiary will not change before and after the restructuring in the consolidated financial statements of the whole

corporation. The parent company must adjust the difference between the goodwill (if any) arising in the consolidated financial statements of the tier-1 subsidiary to the original level if using such consolidated financial statements to consolidate with the whole corporation.

c) Identifying and recording changes in the shares of parent shareholders and non-controlling shareholders after the restructuring due to changes in ownership structure in the net assets of sold subsidiary:

- In the case where the shares of non-controlling shareholders in the cost of investment in a tier-2 subsidiary (recorded on the acquirer's balance sheet) is less than the shares of non-controlling shareholders in the subsidiary's net assets:

Debit Benefits of non-controlling shareholders

Credit Undistributed after-tax profit in this period

- In the case where the shares of non-controlling shareholders in the cost of investment in a tier-2 subsidiary (recorded on the acquirer's balance sheet) is higher than the shares of non-controlling shareholders in the subsidiary's net assets:

Debit Undistributed after-tax profit in this period

Credit Non-controlling shareholder interests.

Chapter VI

CONVERSION OF FINANCIAL STATEMENTS OF SUBSIDIARIES INTO REPORTING CURRENCY OF THE PARENT COMPANY

Article 57. General provisions for the conversion of financial statements of subsidiaries into the reporting currency of the parent company

1. When consolidating financial statements, if the financial statements of subsidiaries are made in a currency other than that of the parent company's financial statements, the parent company must convert the financial statements of subsidiaries into its reporting currency.

2. When converting the financial statements of the subsidiaries, the parent company must:

- Determining the exchange rate used to convert the statements of the subsidiaries by selecting a commercial bank of locality where there are frequent transactions as the basis for determining the conversion rate of the financial statements;

- Handling foreign exchange differences arising (gains or losses) when converting the financial statements of subsidiaries prepared in foreign currency into the parent company’s accounting currency.

3. The actual exchange rate used when converting the financial statements of the subsidiaries is determined as follows:

- With regard to assets, the actual exchange rate used to convert the financial statements is the buying rate of the bank at the reporting time;

- With regard to liabilities, the actual exchange rate used to convert financial statements is the selling rate of the bank at the reporting time;

- In the case where the difference between the selling rate and the buying rate of the bank at the reporting time is not more than 0.2%, the average buying - selling rate shall be applied.

Article 58. Exchange rate applied to convert financial statements of subsidiaries made in foreign currency into the parent company’s accounting currency

When converting the financial statements of subsidiaries which is made in a currency other than the reporting currency of the parent company, the accountant must convert the items of the financial statements according to the following exchange rates:

- Assets, liabilities and goodwill arising from the purchase of overseas subsidiaries are converted at the actual exchange rate at the end of the period;

- The value of the subsidiaries’ net assets held by the parent company at the acquisition date are converted at the carrying rate at the acquisition date;

- Undistributed after-tax profit arising after the acquisition date of subsidiaries is converted by calculating according to the revenue and expense items of the business performance reports;

- Paid dividends are converted at the actual exchange rate at the dividend payment date;

- Items in the business performance reports and cash flow statements are converted at the actual exchange rate at the time of transaction. In the case where the average exchange rate of the reporting period is approximately the actual exchange rate at the time of transaction (the difference is not more than 2%), the average exchange rate shall be applied. In the case where the fluctuation range of the exchange rate between the beginning and the end of the period is over 20%, the exchange rate at the end of the period shall be applied.

Article 59. Accounting methods for converting financial statements of subsidiaries into the parent company's reporting currency

1. When converting the financial statements of subsidiaries, the parent company must determine the impacts of the exchange rate difference arising in the period and the cumulative effect of the exchange difference from the date of acquisition to the beginning of the period.

2. The parent company must determine the impacts of the exchange rate differences related to each item in the equity of the subsidiaries, such as share capital, equity funds, and undistributed net profit, etc. to make appropriate adjustments.

3. Exchange rate differences arising from the conversion of the financial statements of subsidiaries are reflected cumulatively in the equity portion of the consolidated balance sheet according to the following principles:

- The exchange rate differences allocated to the parent company are presented in the item "Foreign exchange differences" in the equity section of the consolidated balance sheet;

- The exchange rate differences allocated to non-controlling shareholders are presented in the item "Non-controlling shareholder interests".

4. Foreign exchange differences arising in connection with the conversion of unallocated goodwill at the end of the period are fully charged to the parent company and recorded in the item "Foreign exchange differences" in the equity portion of the consolidated balance sheet.

5. Upon the liquidation of subsidiaries, all accumulated exchange rate differences on the equity portion of the consolidated balance sheet due to the conversion of such

subsidiaries' financial statements will be recorded into the financial revenues or financial expenses in the same period of liquidating the subsidiaries.

6. When preparing and presenting the consolidated financial statements, the parent company must make adjusting entries to record exchange rate differences due to the conversion of the subsidiaries' financial statements as follows:

a) In cases of exchange rate profits, record:

- For the exchange rate profits allocated to the shareholder being the parent company, record:

Debit Items of equity

Credit Exchange rate differences

- For the exchange rate profits allocated to the non-controlling shareholder, record:

Debit Items of equity

Credit Non-controlling shareholder interests

b) In cases of exchange rate losses, record:

- For the exchange rate losses allocated to the shareholder being the parent company, record:

Debit Exchange rate difference

Credit Items of equity

- For the exchange rate losses allocated to the non-controlling shareholder, record:

Debit Non-controlling shareholder interests

Credit Items of equity

c) When liquidating a subsidiary, the parent company shall transfer the accumulated exchange rate difference recorded in the balance sheet to the business performance report, record:

- If the profits on exchange rate differences are carried forward, record:

Debit Exchange rate difference

Credit Financial revenues

- If the losses on exchange rate difference are carried forward, record:

Debit Exchange rate difference

Credit Financial revenues

The parent company is not required to make entries to process the accumulated exchange rate difference amortized to non-controlling shareholders since all non-controlling shareholder interests have been eliminated from the consolidated financial statements in accordance with Chapter IV of this Circular on the accounting methods for the parent company to divest in the subsidiary.

Chapter VII

ACCOUNTING FOR INVESTMENTS IN ASSOCIATES AND JOINT VENTURES USING THE EQUITY METHOD

SECTION 1. GENERAL PROVISIONS ON APPLYING THE EQUITY METHOD

Article 60. Scope of application of the equity method

1. The investors shall apply the equity method in order to show their investments in associates and joint ventures in consolidated financial statements upon formulation thereof.

- In the cases where investments in associates and joint ventures have been presented, with the equity method used, in separate financial statements of the parent company and subsidiaries, the parent company may not modify the part already presented therein upon formulating consolidated financial statements.

- In the cases where investments in associates and joint ventures have yet been presented in separate financial statements of the parent company and subsidiaries, the

parent company may use the equity method in accordance with this Decree to show such investments in consolidated financial statements upon formulation thereof.

2. The investors may not apply the equity method to account for investments in associates and joint ventures if the latter are parent companies released by laws from formulation of consolidated financial statements, or satisfy all the conditions below:

- Being subsidiaries owned in whole or in part by another enterprise, which is approved by its shareholders (including non-voting shareholders);

- Capital instruments and loan instruments thereof cannot be traded in the markets (domestic or foreign stock exchanges, local and regional OTC markets);

- Not in the process of submitting to applications and financial statements competent authorities for issuing financial instruments into the market;

- The parent company thereof formulates consolidated financial statements for the purpose of public release in accordance with the Accounting Standards.

3. Venture capital organizations, mutual funds, investment trust companies and similar organizations, including investment insurance funds, having direct or indirect investments in associates and joint ventures shall be released from applying the equity method.

4. When enterprises make investments in associates, if part of such investments is indirectly held by venture capital organizations, mutual funds, investment trust companies and similar organizations, the enterprises may determine the value of such part based on the fair value thereof. The value of the rest of investments in associates shall be determined by the equity method.

5. Investments in associates and joint ventures shall be released from applying the equity method if they are classified as assets held for sale in accordance with the Accounting Standard "Non-current assets held for sale and discontinued operations", specifically:

- If the whole or part of investments in associates and joint ventures satisfy the standard to be classified as assets held for sale, the enterprises shall apply the Accounting Standard "Non-current assets held for sale and discontinued operations" to the whole or part of such investments. The value of the rest of investments in the associates and joint ventures, which are not classified as assets held for sale, shall be applied the equity method until the enterprises liquidate the investments classified as

assets held for sale and have no joint control right or obtain no significant influence on the investees.

- When part or the whole of investments in associates and joint ventures classified as assets held for sale before do not satisfy the Standard to be classified as such, the enterprises shall retrospectively apply the equity method to such investments from the date on which they were classified as assets held for sale. Financial statements of the credit periods since from the date on which the investments were classified as assets held for sale shall be therefore retrospectively modified.

Article 61. Grounds for identifying the investors with significant influence

1. When identifying the significant influence of the investors on associates, in addition to the considerations in the Accounting Standard “Accounting for investments in associates and joint ventures”, enterprises shall consider potential voting rights derived from call options or loan instruments and capital instruments which can be converted to common shares. If the abovementioned loan instruments and capital instruments cannot be converted to common shares at the current time, i.e. they cannot be converted before a particular point in the future or until an event occurs in the future, they shall not be used identify the significant influence of the investors.

2. When potential voting rights or other potential voting financial derivatives exist, the interests of the investors in the associates and joint ventures are determined only on the basis of the capital contributions they held in the associates and joint ventures at the current time, regardless of the exercise or conversion of potential voting rights, unless otherwise agreed with the associates and joint ventures.

3. The ownership proportion of the corporation in the associates and joint ventures shall be determined on the basis of the aggregate ownership proportions of the parent company and its subsidiaries in the associates and joint ventures.

Article 62. Principles and process of applying the equity method to account for investments in associates and joint ventures

1. By the equity method, investments in associates and joint ventures are initially recorded at the historical cost. Then, the book value of the investments is increased or decreased according to the ownership proportions of the investors in the gains or losses of the investments after the date of investment. The ownership proportions of the investors in the business results of the investees shall be recorded into the business performance reports of the investors. Dividends from the investees shall account for a decrease in the book value of the investments. Adjustments to book value shall also be done when the interests of the investors change due to the earnings included directly

in the equity of the investees, such as revaluation of fixed assets, or exchange rate differences due to conversion of financial statements.

2. Gains or losses from transactions between the corporation and the associates and joint ventures may only be recorded in the consolidated financial statements corresponding to the ownership proportion of the other parties according to the following principles:

a) For downstream transactions

- If losses incur when contributing non-monetary assets as capital or selling assets to associates and joint ventures, the investors shall immediately record all such losses in constitutive business performance reports.

- If profits are pulled in when contributing non-monetary assets as capital or selling assets to associates and joint ventures, the investors only record the gains corresponding to the ownership proportion of the other parties in the associates and joint ventures. The unrealized gain corresponding to the ownership proportion of the corporation shall be amortized in business performance reports, specifically:

- For fixed assets and investment properties: The amortization of unrealized gain is based on the amortization period of the associates and joint ventures;

- For other assets and liabilities: The amortization of unrealized gain is based on the time of asset recovery or payment of liabilities.

b) For upstream transactions:

- When associates and joint ventures suffer losses from selling assets to a corporation, the investors only record the losses corresponding to the ownership proportion of the corporation in the consolidated business performance reports.

- If profits are pulled in, the investors may not record the gains from such transactions corresponding to their ownership proportion.

3. The investments shall be accounted for by the equity method from the date the investees become joint ventures or associates. When purchasing the investments, the differences between the cost of the investments and the ownership proportion of the investors in the identifiable fair value of the investees' net assets shall be accounted for as follows:

a) Goodwill arises when purchasing investments in associates and joint ventures shall be included in the book value of the investments. Enterprises may not amortize this goodwill.

b) If the ownership proportion of the investors in the identifiable fair value of the investees' net assets is greater than the cost of the investments, it shall be immediately recorded as income when determining the ownership proportion of the investors in the business results of the associates and joint ventures corresponding to the period during which the investments were purchased.

c) Adjustments to the ownership proportion of the investors in the results of the associates and joint ventures after the date of purchase shall be made, for example a decrease in the value of fixed assets or depreciation of fixed assets based on the fair value of the fixed assets on the date of purchase.

4. When the ownership proportion of the corporation in the associates and joint ventures decreases, the investors shall reclassify the amounts previously included in the equity into the business performance reports in accordance with relevant Accounting Standards.

5. The investors when applying the equity method shall use financial statements of the associates and joint ventures made on the same day as the financial statements of the investors. When the current financial statements of the associates and joint ventures are formulated on a different date from that of the financial statements of the investors, adjustments shall be made to the effects of the material events and transactions between the investors and the joint-ventures or associates between the date of formulating financial statements of the investors and the date of formulating financial statements of the associates and joint ventures. In all cases, the difference in the date of formulating financial statements between the investors and the associates and joint ventures shall not exceed 3 months and the length of the accounting period for the financial statements shall be the same.

6. Financial statements of the investors and the associates and joint ventures shall apply uniform accounting policies for similar transactions and events arising under similar circumstances. In the cases where the associates and joint ventures apply different accounting policies than the investors for similar transactions and events arising under similar circumstances, when using financial statements of the associates and joint ventures, the investors shall make appropriate adjustments in order to conduct accountancy by the equity method.

7. If the associates and joint ventures have outstanding cumulative preferred shares held by external shareholders and classified as equity, the investors shall calculate the

ownership proportion of themselves in the gain or loss from associates after adjustments to preferred dividends are made, even when the dividends have not been announced.

8. When the ownership proportion of the investors in the loss of the associates equals or exceeds the book value of the investments, the investors may not continue to reflect subsequent losses. After the ownership proportion of the investors in the equity of the associates and joint ventures decreased to zero, the investors shall only record additional losses or liabilities if the investors have contractual legal obligations or make payments on behalf of the joint ventures or associates for the debts that the investors have guaranteed or committed to pay. If then associates and joint ventures gain profits, the investors can only record their ownership proportion in such profits after making up for the net loss that has not been accounted for before.

9. After applying the equity method, including recording the loss in the associates and joint ventures, the investors shall apply the Accounting Standards regarding financial instruments in order to determine whether the additional loss due to a decrease in the net value of their investments in associates and joint ventures shall be recorded or not. Determining the value of the impaired net investments in associates and joint ventures shall be done in accordance with the Accounting Standards.

Article 63. Termination of applying the equity method

1. The investors shall stop applying the equity method from the date on which the investees are no longer associates and joint ventures, specifically:

a) If associates and joint ventures become subsidiaries, the investors accounting for the investments in accordance with the Accounting Standards “Business Combinations”; “Consolidated Financial Statements”, “Separate Financial Statements” and others related;

b) If the remaining amount of investments in the associates and joint ventures becomes a normal financial asset, such investments shall be recorded to match their fair value and treated as fair value (historical cost) at the time of record. The investors shall record in their business performance reports the differences of:

- Fair value of the remaining amount of investments plus proceeds from the sale of capital at associates and joint ventures; and

- Book value of the investments at the time of stopping applying the equity method.

2. When stopping applying the equity method, enterprises shall reclassify all amounts previously recorded in the statements of income directly included into the equity in the same manner as when the direct investees liquidate related assets and liabilities, e.g.: If associates and joint ventures have accumulated exchange rate differences related to overseas operations and the enterprises stop applying the equity method, the enterprises shall reclassify gains and losses related to such overseas operations, which were previously recorded in the statements of income directly included into the equity, into the business performance reports.

SECTION 2. ACCOUNTING BY THE EQUITY METHOD FOR INVESTMENTS IN JOINT-VENTURES OR ASSOCIATES

Article 64. Grounds for determining by the equity method the value of the investments in associates and joint ventures

1. The investors base themselves on their separate financial statements, financial statements of the subsidiaries, associates and joint ventures and related documents upon purchase of the investments to determine the value of the investments by the equity method.

2. The investors shall formulate summary sheets in order to determine differences between the fair value and book value of the net assets of the associates and joint ventures on the date of purchase and monitor the process of amortizing these differences during the period.

3. The investors shall formulate sheets to therein determine the adjustments to the value of the investments in associates and joint ventures arising during the period and being recorded into the consolidated business performance reports, with some principle items such as: Gains or losses from after-tax profits arising during the period of the associates and joint ventures; Dividends, profits obtained during the period; Amortization of identifiable differences between the fair value and book value of fixed assets.

4. The investors shall formulate summary sheets in order to determine by the equity method the value of the investments in associates and joint ventures at the time of formulating reports, including the following basic items: Book value of investments in associates; Adjustments corresponding to the ownership proportion of the investors in profit or loss of the associates at the end of each fiscal year; Increases (decreases) of

the investments based on the changes in the equity of the associates but not reflected in the income statements of the associates; Adjustments made due to the financial statements of the investors and associates being made on different dates; Adjustments made due to the investors and associates not applying a uniform accounting policy.

Article 65. Adjustments to the value of the investments in associates and joint ventures from the date of investment to the beginning of the reporting period

1. For the adjustments to the investments in associates and joint ventures recorded into the business performance reports of the previous periods, the investors shall determine the adjusted (accumulated) net value, record:

- If the value of the investments increases, record:

Debit Investments in associates and joint ventures

Credit Undistributed after-tax profits accumulated to the end of the previous period.

- If the value of the investments decreases, record:

Debit Undistributed after-tax profits accumulated to the end of the previous period.

Credit Investments in associates and joint ventures.

2. For the adjustments to the investments in associates and joint ventures made due to differences upon asset revaluation recorded into the balance sheets of the previous periods, the investors shall determine the adjusted (accumulated) net value, record:

- If the value of the investments increases, record:

Debit Investments in associates and joint ventures

Credit Differences upon asset revaluation.

- If the value of the investments decreases, record:

Debit Differences upon asset revaluation.

Credit Investments in associates and joint ventures.

3. For the adjustments to the investments in associates and joint ventures made due to the exchange rate differences recorded into the balance sheets of the previous periods, the investors shall determine the adjusted (accumulated) net value, record:

- If the value of the investments increases, record:

Debit Investments in associates and joint ventures

Credit Exchange rate differences.

- If the value of the investments decreases, record:

Debit Exchange rate differences.

Credit Investments in associates and joint ventures.

Article 66. Adjustments to the value of the investments in associates and joint ventures arising during the period

1. Determining the adjustments to the investments in associates and joint ventures recorded into the consolidated business performance reports during the period.

a) Before determining the ownership proportion of the investors in gain or loss of the associates and joint ventures in the reporting period, the investors shall exclude:

- Preferred dividends of the other shareholders (If preferred shares are classified as the equity);

- Expected provisions for bonus and welfare funds of the associates and joint ventures.

- Gains related to the transactions of associates and joint ventures contributing capital or selling assets to the corporation.

b) In the cases where the loss in the associates and joint ventures that the investors shall incur is greater than the book value of the investments in the consolidated financial statements, the investors shall only record in consolidated financial statements that the value of the investments decrease, until it reaches zero.

c) In the cases where the investors are payable liabilities on behalf of associates and joint ventures for the debts they have guaranteed or committed to pay, the differences between the loss in the associates and joint ventures to be borne by the investors and the book value of the investments on financial statements shall be recorded as an accrued expense. If associates then pull in profits, the investors can only increase the value of the investments after they have offset the net loss previously included into the expenses.

d) In addition to the adjustments to the value of the investments corresponding to the ownership proportion in the gain and loss of the associates and joint ventures, the investors shall adjust the value of the investments and record immediately in the consolidated business performance reports, specifically:

- Record that the value of the investments in associates and joint ventures increases, if there are gains from low-cost purchases;

- Record that the value of the investments in associates and joint ventures decreases, if there are:

+ Dividends received after the date of purchase;

+ Amortized differences between the fair value, which is higher, and the book value of the net assets on the date of investment corresponding to the ownership proportion of the parent company;

+ Impairment loss of the value of the investments as prescribed in the Accounting Standard "Impairment of Assets."

dd) Arising goodwill added in the value of the investments. The investors shall not amortize such goodwill until the associates and joint ventures become subsidiaries (On the date they become subsidiaries, the parent company thereof shall determine the goodwill on the basis of the fair value of the net assets on the date the subsidiaries are put under its control).

e) The adjustments to the value of the investments in associates and joint ventures shall be recorded and presented as a separate entry in the consolidated business performance reports.

g) Based on the sheets therein determining the adjustments to the value of the investments in associates and joint ventures arising during the period and being recorded into the business performance reports, the investors shall:

- If the value of the investments increases, record:

Debit Investments in associates and joint ventures

Credit Gain or loss in the associates and joint ventures.

- If the value of the investments decreases, record:

Debit Gain or loss in the associates and joint ventures

Credit Investments in associates and joint ventures.

2. Determining the adjustments to the investments in associates and joint ventures recorded into the consolidated balance sheet during the period: In the cases where the equity of the associates and joint ventures has changed (but not reflected in the business performance reports during the period, such as differences upon asset revaluation, exchange rate differences not recorded as gains or losses during the period), accountants on the basis of the balance sheets of the associates shall determine and record the ownership proportion of the investors in the changed equity of the associates. This amount shall recorded as an increase (decrease) in the value of the investments in associates and joint ventures and the corresponding items of the equity of the investors.

a) For the adjustments to the investments in associates and joint ventures made due to the differences upon asset revaluation recorded into the balance sheets during the period:

- If the value of the investments increases, record:

Debit Investments in associates and joint ventures

Credit Differences upon asset revaluation.

- If the value of the investments decreases, record:

Debit Differences upon asset revaluation.

Credit Investments in associates and joint ventures.

b) For the adjustments to the investments in associates and joint ventures made due to exchange rate differences recorded into the balance sheets during the period:

- If the value of the investments increases, record:

Debit Investments in associates and joint ventures

Credit Exchange rate differences.

- If the value of the investments decreases, record:

Debit Exchange rate differences.

Credit Investments in associates and joint ventures.

3. When amounts formerly included into the equity are now reclassified into business performance reports in accordance with relevant Accounting Standards:

- In the cases where profits are carried forward, record:

Debit Relevant equity entries

Credit Gain or loss in the associates and joint ventures.

- In the cases where there losses are carried forward, record:

Debit Gain or loss in the associates and joint ventures

Credit Relevant equity entries.

Article 67. Accounting for gains and losses derived from transactions of asset sale or contribution of non-monetary assets as capital between the investors and associates and joint ventures

1. For downstream transactions

1.1. The investors contribute inventories as capital or sell inventories to associates and joint ventures:

a) In the cases where losses arise: The investors do not need adjust the financial statements because the losses are fully recorded during the period.

b) In the cases where profits are pulled in:

- Record unearned revenues corresponding to the profits of the capital contributors or sellers of inventories during the period: When formulating consolidated financial statements, based on the value of inventories contributed as capital or sold with profits to associates and joint ventures during the period, but such associates and joint ventures have not yet sold such inventories to 3rd parties outside the corporation, the investors shall reflect as deferred and record as unearned revenues the gains from capital contribution or sale of inventories corresponding to the benefits of the corporation in the associates and joint ventures:

+ In the cases where the contribution of inventories as capital makes gains, record:

Debit Other income (Deferred income due to contribution of inventories as capital corresponding to the benefits of the corporation in the associates and joint ventures)

Credit Other expenses (Deferred expenses)

Credit Deferred interest.

+ In the cases where the sale of inventories makes gains, record:

Debit Sales revenue (Deferred revenue from sale of inventories corresponding to the benefits of the corporation in the associates and joint ventures)

Credit Cost of goods sold (Deferred gains)

Credit Deferred interest.

+ Record the deferred tax assets (if any) arising when recording the unearned revenue derived from capital transactions of contributing inventories as capital or selling inventories during the period, record:

Debit Deferred tax assets

Credit Deferred corporate income tax expenses.

- When associates and joint ventures sell inventories (received as capital contributions or purchased from the corporation) to third parties in the following period:

+ The investors record unrealized gains in the previous period as realized gains in the reporting period:

Debit Undistributed after-tax profits accumulated to the end of the previous period

Debit Cost of goods sold (during the period)

Credit Sales revenue (during the period)

+ Reverse deferred tax assets corresponding to the unearned revenues recorded as realized revenues in the period:

Debit Deferred corporate income tax

Credit Undistributed after-tax profits accumulated to the end of the previous period.

1.2. In cases of contributing fixed assets and investment properties as capital or selling fixed assets and investment properties to associates and joint ventures: The investors

shall make adjustments according to the same principle as for inventories, but record them in the Item “Other income” “ or “Other expenses”.

2. For upstream transactions

a) When associates and joint ventures incur losses from the sale of assets to the corporation, the investors shall only record the losses corresponding to the ownership proportion of the corporation in the consolidated business performance reports.

b) If profits are pulled in, the investors may not record the gains corresponding to their ownership proportion of the transaction from such transaction.

- If the value of the investments decreases corresponding to the ownership proportion of the investors in the gains of the associates and joint ventures, record:

Debit Profit or loss in the associates and joint ventures

Credit Investments in associates and joint ventures

- In the next period when the investors sell assets to independent third parties outside the corporation (or depreciate the assets), the accountants shall record the previous year's unrealized gains to be realized this year:

Debit Undistributed after-tax profits accumulated to the end of the previous period

Credit Gain or loss in the associates and joint ventures.

Chapter VIII

CONSOLIDATED CASH FLOW REPORTS

SECTION 1. GENERAL PROVISIONS

Article 68. Grounds for formulating consolidated cash flow reports

1. A consolidated cash flow report is an integral part of a consolidated financial statement, providing useful information to users thereof about the ability to create money and the solvency of the entire corporation.

2. The formulation of consolidated cash flow reports is based on:

- Consolidated balance sheet;

- Consolidated business performance reports;

- Notes to consolidated financial statements;

- Consolidated cash flow reports in the previous period;

- Cash flow reports of the parent company and every subsidiaries, associates, joint ventures in the reporting period;

- Financial information about assets and liabilities, whether purchased or liquidated by subsidiaries, during the reporting period;

- Summary sheets of interests, dividends, profits paid/received within the corporation in the reporting period; summary of dividends, distributed profits from associates and joint ventures in the reporting period;

- Summary sheets of investments, loans and borrowings within the corporation in the reporting period; summary sheets of purchase and sale of inventories, fixed assets within the corporation in the reporting period;

- Summary sheets calculating and amortizing therein depreciation of fixed assets, revaluation fixed assets during the period and other additional statements and sheets.

Article 69. Principles for formulating and presenting consolidated cash flow reports

In addition to the common principles of formulating cash flow reports for each independent enterprise, when formulating consolidated cash flow reports, the following principles shall be respected:

1. The consolidated cash flow reports only reflect the cash flows between the corporation and entities outside the corporation such as clients and external suppliers; external lenders, shareholders, associates and joint ventures…, and do not reflect internal cash flows between the parent company and subsidiaries, and subsidiaries with each other.

2. Cash flows from business activities shall be formulated only by the indirect method (not the direct method) on the basis of the consolidated business performance reports and consolidated balance sheets (determining the difference between the beginning balance and the ending balance of the each item) with adjustments regarding transactions of purchasing or liquidating subsidiaries:

When a subsidiary is purchased or sold during the year, the beginning balance, and the ending balance in the consolidated balance sheet of the entire corporation may not be consistent. The beginning value in the consolidated balance sheet covers the value of the subsidiaries liquidated in the year, which are not included in the ending balance. In contrast, the beginning balance in the consolidated balance sheet does not include the value of the subsidiaries purchased during the year, which are included in the ending balance. During the calculation progress, appropriate adjustments shall be made to the beginning value as follows:

- Add the balance of assets and liabilities of the subsidiaries purchased during the period as of the time of purchase;

- Exclude the balance of assets and liabilities of the subsidiaries sold during the period as of the time of sale.

3. Cash flows from investing and financing activities are formulated using the direct or indirect method:

a) Indirect method: In all cases, including cases where the parent company purchase or liquidate subsidiaries during the period, the parent company shall prefer to apply this method when formulating consolidated cash flow reports. Using the indirect method, the cash flow reports are formulated on the basis of the consolidated balance sheets (determining the differences between the beginning balance and the ending balance of each item) and the consolidated business performance reports, with adjustments regarding non-monetary transactions; transactions of purchase and sale of subsidiaries during the period. When formulating consolidated cash flow reports, enterprises shall determine the direct and indirect influence of purchase or sale of subsidiaries on the cash flows during the reporting period, specifically:

- If the subsidiaries have the balance of cash and cash equivalents on the date the parent company purchases or liquidates the subsidiaries, outflows for purchase or inflows from liquidation of the subsidiaries shall be netted (after the effects on the balance of cash or cash equivalents of the purchased or liquidated subsidiaries are excluded).

- Add the balance of assets and liabilities of the subsidiaries purchased during the period as of the time of purchase;

- Exclude the balance of assets and liabilities of the subsidiaries sold during the period as of the time of sale.

b) The direct method shall only be used if the parent company does not purchase or liquidate subsidiaries during the period and the indirect method cannot be applied. Using this method, the cash flow reports are formulated on the basis of aggregating the cash flows from investing and financing activities presented in separate cash flow reports of the parent company and every subsidiaries, then excluding the effects of the cash flows derived from internal transactions within the corporation:

- Inflows and outflows related to purchase and sale of fixed assets and investment properties within the corporation in the reporting period shall be excluded;

- Investments or withdrawals of capital instruments and loan instruments; Loans, capital receipts, loan principal repayments, and returns of capital contributions within the corporation in the reporting period shall be excluded;

- Cash flows related to obtained loan interest, dividends, profits distributed or paid within the corporation in the reporting period shall be excluded.

SECTION 2. PRINCIPLES FOR ADJUSTING THE EFFECTS OF TRANSACTIONS OF PURCHASE AND LIQUIDATION OF SUBSIDIARIES ON CASH FLOWS IN CONSOLIDATED CASH FLOW REPORTS

Article 70. Principles for adjusting the effects of transactions of purchase and liquidation of subsidiaries during the period on the consolidated cash flow reports

1. The cash flows related to the purchase and liquidation of subsidiaries are affected by the balance of cash and cash equivalents of the subsidiaries at the time of the parent company purchases or liquidates such subsidiaries. Therefore, the parent company shall adjust the balance of cash and cash equivalents of the sold or liquidated subsidiaries in the consolidated cash flow reports.

2. When purchasing or liquidating subsidiaries, the parent company shall exclude all non-monetary payments or receipts from the consolidated cash flow reports. The parent company shall determine in detail:

a) Total purchase or liquidation cost of subsidiaries;

b) The purchase or liquidation costs paid in cash, by cash equivalents and non-monetary assets, or the incurred liabilities directly related to the purchase and liquidation of subsidiaries.

3. When the parent company purchases or liquidates subsidiaries, the assets, and liabilities of the purchased or liquidated subsidiaries will affect the consolidated balance sheets. Therefore, the parent company shall adjust in the consolidated cash flow reports the value of assets or liabilities (other than cash and cash equivalents) (including goodwill, if any) of the purchased or liquidate subsidiaries.

Article 71. Principles for adjusting the direct effects of transactions of purchase and liquidation of subsidiaries during the period on cash flows from investing activities

1. Inflows and outflows related to purchase and liquidation of subsidiaries shall be classified as cash flows from investing activities.

2. When formulating the consolidated cash flow reports, the parent company shall present the cash inflows or outflows on a net basis by adjusting them to the cash and cash equivalents of the subsidiaries available at the time of purchase or liquidation:

- Outflows of cash or cash equivalents for purchase of subsidiaries shall be subtracted from the cash or cash equivalents of the subsidiaries available at the time of purchase;

- Inflows of cash or cash equivalents from liquidation of subsidiaries shall be subtracted from the cash or cash equivalents of the subsidiaries available at the time of liquidation.

E.g.: Presenting the cash flows for purchase or liquidation of subsidiaries

- The parent company liquidates an entire subsidiary for VND 75 billion. The purchaser pays the parent company as follows:

Bonds	VND 48 billion
Cash	VND 27 billion

VND 75 billion

At the time of liquidation, the subsidiary has a balance of VND 5 billion

The Item “Withdrawals of investments in other entities” on the consolidated cash flow report displays VND 22 billion (VND 27 billion - VND 5 billion)

- The parent company purchases a subsidiary for VND 100 billion, the payment method of the parent company is:

Issuance of shares to the seller (fair value): VND 60 billion

Payment in cash: VND 30 billion

Payment with non-monetary assets (fair value): VND 10 billion

VND 100 billion

At the time of purchase, the subsidiary has a balance of VND 12 billion

The Item “Investments in other entities” on the consolidated cash flow report displays VND 18 billion (VND 30 billion – VND 12 billion) in the form of negative numbers with parentheses (…).

Article 72. Principles for adjusting the indirect effects of transactions of purchase and liquidation of subsidiaries during the period on cash flows in the consolidated cash flow reports

1. When the subsidiaries are purchased or liquidated during the period, the beginning value, and the ending value in the consolidated balance sheet of the entire corporation may not be consistent, the parent company therefore shall make appropriate adjustments to the beginning value when formulating the consolidated state cash flow reports.

2. The adjustments to the balance of assets at the beginning of the period when purchasing and liquidating subsidiaries during the period shall be made as follows:

- Add the balance of assets and liabilities of the subsidiaries purchased during the period as of the time of purchase;

- Exclude the balance of assets and liabilities of the subsidiaries sold during the period as of the time of sale.

E.g.: Below is information taken from the consolidated balance sheet of the parent company, knowing that all tangible fixed assets purchased during the period were paid for in cash.

	Ending value	Beginning value
Tangible fixed assets	15 billion	12 billion

a) If the parent company does not purchase or liquidate subsidiaries during the period and the entire value of tangible fixed assets has been paid in cash, then the Item "Expenditures for purchase or construction of fixed assets and other non-current assets" in the consolidated cash flow reports shall display 3 billion.

b) If the parent company purchases a subsidiary during the period and on the date of purchase the subsidiary has tangible fixed assets worth VND 2 million displayed in the balance sheet, the value of tangible fixed assets purchased during the period to be displayed in the Item "Expenditures for purchase or construction of fixed assets and other non-current assets" in the consolidated cash flow report shall be determined as follows:

- Beginning value of tangible fixed assets	VND 12 billion
- Increase due to the purchase	VND 2 billion
- Total beginning value	VND 14 billion
- Ending value of tangible fixed assets	VND 15 billion
- Outflow	VND 1 billion

Although the total ending value of tangible fixed assets has increased by VND 3 billion reconciled to the beginning value, the corporation, in fact, did not spend VND 3 billion to purchase the tangible fixed assets because the added VND 2 billion worth of tangible fixed assets is derived from the purchase of the subsidiary (The corporation purchases the subsidiary, not the land).

c) In addition to the information provided in sections (a) and (b), during the period the parent company also liquidate a subsidiary. On the date of liquidation, the value of tangible fixed assets of the subsidiary is VND 3 billion. The Item "Expenditures for purchase or construction of fixed assets and other non-current assets" shall be determined as follows:

- Beginning value of tangible fixed assets	VND 12 billion
- Increase due to the purchase of a subsidiary	VND 2 billion
- Decrease due to sale of a subsidiary	VND 3 billion
- Total beginning value	VND 11 billion
- Ending value of tangible fixed assets	VND 15 billion
- Outflow	VND 4 billion

The Item “Inflows from liquidation or transfer of fixed assets” has not been displayed on the consolidated cash flow report because the corporation, in fact, does not sell tangible fixed assets, but only liquidates a subsidiary.

SECTION 3. SPECIFIC PROVISIONS ON METHODS OF CONSOLIDATED CASH FLOW REPORTS

Article 73. Using the indirect method to formulate detailed statements with items about cash flows from business activities

1. Earnings before interest and taxes - No. 01

This item takes the Item Total accounted earnings before interest and taxes (No. 50) on the consolidated business performance reports during the reporting period. If the balance is a negative number (in case of loss), they shall be displayed with parentheses (***).

2. Depreciation of fixed assets - No. 02.

- In the cases where enterprises can separate the depreciated cost of fixed assets from the inventories and depreciate the assets that have been recorded in the business performance reports during the period: the Item “Depreciation of fixed assets” shall only include depreciated cost of fixed assets recorded in business performance reports during the period; the Item “Increase and decrease of inventories” shall not include the depreciated cost of fixed assets in the value of inventories at the end of the period (not yet determined as being consumed during the period).

- In the cases where enterprises cannot separate the depreciated cost of fixed assets from the inventories and depreciate the assets that have been recorded in the business performance reports during the period, the following principle shall be followed: the Item “Depreciation of fixed assets” shall include depreciated cost of fixed assets recorded in business performance reports plus the depreciated cost of fixed assets related to the unused inventories; the Item “Increase and decrease of inventories” shall include the depreciated cost of fixed assets in the value of inventories at the end of the period (not yet determined as being consumed during the period).

- This item shall be formulated on the basis of the depreciated cost of fixed assets during the period accrued on the sheets calculating and amortizing therein

depreciation of fixed assets of the parent company and every subsidiaries (reconciled with the items about depreciation of fixed assets on the cash flow reports of the parent company and subsidiaries in the corporation).

- In all cases, enterprises shall exclude from the cash flow reports the depreciated cost of fixed assets in the value of construction in progress, record decreases in bonus and welfare funds to form fixed assets, S&T development funds to form fixed assets during the period. In addition, when there is a transaction of contributing fixed assets as capital or selling fixed assets or converting inventories into fixed assets within the corporation, the summary sheets of purchase and sale of fixed assets within the corporation and the summary sheets of sale of inventories converted to fixed assets within the corporation shall serves as bases thereon.

- When formulating this item, adjustments shall be made for the increase or decrease of the accrued depreciated cost of fixed assets during the period related to the capital contribution, purchase, or sale of fixed assets within the corporation or conversion of inventories into fixed assets within the corporation and fixed assets formed through construction investments using loans within the corporation, specifically:

+ If during the period there is a profitable transaction of contributing fixed assets as capital or selling fixed assets within the corporation, resulting in a new depreciation rate higher than the historical cost, the depreciation therein shall be reduced to the depreciation at the historical cost. E.g.: If the historical cost of fixed assets at the seller is VND 1,000 million, their useful lifespan of 10 years leads to a depreciation rate of VND 100 million/year at the seller. Assuming the seller has used and depreciated the assets for 6 years (residual value is VND 400 million) and then transfers such fixed assets to the purchaser for VND 600 million, then the purchaser continues to depreciate it for another 4 years at VND 150 million/year. When formulating this item, the depreciation rate shall be reduced to VND 50 million, equal to that at the historical cost.

+ If during the period there is a losing transaction of contributing fixed assets as capital or selling fixed assets within the corporation, resulting in a new depreciation rate lower than the historical cost, the depreciation therein shall be raised to the depreciation at the historical cost.

+ If fixed assets are formed through construction investments using loans from internal entities within the corporation, the historical cost of fixed assets on financial statements will include capitalized borrowings. However, the amount of capitalized borrowings included in the cost of fixed assets will be excluded when formulating the consolidated financial statements, so the depreciation at the historical cost will include

internal interest expenses and should therefore be excluded from the consolidated cash flow reports.

- The checking and reconciliation of the balance therein on the consolidated cash flow reports shall be done by subtracting the ending balance of the fixed assets on the consolidated balance sheet with the beginning balance thereof, after excluding the effects of:

+ Accumulated depreciation due to the depreciation of fixed assets amortization during the year for the purposes of business, projects, culture, welfare...;

+ Decrease in accumulated depreciation due to liquidation or transfer of fixed assets during the year;

+ Increase in accumulated depreciation (from the beginning of the period to the time of purchasing the subsidiaries) due to additional purchases of subsidiaries during the period;

+ Decrease in accumulated depreciation due to liquidation of subsidiaries during the period.

- This item also includes goodwill amortized into corporate management expenses during the period. In the cases where there is a negative goodwill (gains from low-cost purchases), the entire value of the negative goodwill shall be deducted from this item.

- The balance therein shall be added (+) to the balance in the Item "Earnings before interest and taxes" (and shall be excluded from item "Earnings before interest and taxes for the negative goodwill").

3. Provisions - No. 03

- This item reflects the effects of the provisioning, reversal, and usage of provisions on cash flows during the reporting period. This item shall be formulated on the basis of: the consolidated balance sheet; summary sheets of "Provisions for devaluation of trading securities"; Provisions for losses on investments in other entities"; "Provisions for devaluation of inventories", "Provisions of doubtful debts", "Provisions for payables" made by the parent company and subsidiaries, and the adjusted provisions on the summary sheet of adjustments to provisions within the corporation.

- The balance therein shall be determined by the difference between beginning balance and ending balance of the provisions for losses of assets (Provisions for devaluation of trading securities, Provisions for losses of financial investments,

Provisions for devaluation of inventories, Provisions of doubtful debts) and the provisions of payables on the consolidated balance sheet.

+ For subsidiaries purchased during the period, this item does not include the provisions made or reversed before the time of purchase; For subsidiaries liquidated during the period, this item does not include the provisions made or reversed after the time of liquidation.

+ The balance therein shall be added (+) to the balance in the Item “Earnings before interest and taxes.” In the cases where the provisions mentioned above are reversed and recorded as decreases in production and business expenses during the reporting period, the balance therein shall be subtracted (-) from the Item “Earnings before interest and taxes” and displayed as a negative number with parentheses (***).

- The balance therein may be reconciled by taking the detailed provisions made or reversed during the period by the parent company and subsidiaries on the summary sheet of provisioning and using provisions, after adjusting them with changes in arising provisions related to subsidiaries purchased or liquidated during the period and provisions adjusted when formulating the consolidated balance sheet.

4. Gain/loss in exchange rate differences due to revaluation of foreign currency denominated monetary entries (No. 04)

- This item reflects the gain (or loss) in exchange rate differences due to the revaluation of foreign currency denominated monetary entries at the end of the period of the parent company and subsidiaries, which have been reflected in accounted earnings before interest and taxes on the consolidated business performance reports during the reporting period.

- This item shall be formulated on the basis of consolidated business performance reports and the summary sheets of exchange rate differences due to the revaluation of foreign currency denominated monetary entries at the end of the period by the parent company and subsidiaries on the basis of excluding the effects of exchange rate differences of the foreign currency denominated receivables and payments within the corporation.

- The balance therein shall be determined equal to the detailed financial revenues (or financial expenses) related to exchange rate differences arising from revaluation of foreign currency denominated monetary entries at the end of the period on the consolidated business performance report.

The reconciliation thereof shall be done by aggregating the respective items in the cash flow reports of the parent company and subsidiaries, minus (-) the gains and losses in exchange rate differences due to revaluation of foreign currency denominated monetary entries within the corporation. The balance therein shall be subtracted (-) from the balance in the Item "Earnings before interest and taxes," If there are unrealized gains in exchange rate differences, or shall be added (+) to the above item, if there are unrealized losses in exchange rate difference.

5. Gain/loss from investment activities - No. 05

- This item reflects the gain/loss of the parent company and subsidiaries arising during the period, which has been reflected in accounted earnings before interest and taxes in the consolidated income statement, but classified as cash flows from investing activities therein, such as:

+ Gain, loss from liquidation and transfer of fixed assets and investment properties;

+ Gain, loss from revaluation of non-monetary assets contributed as capital or invested in other entities

+ Gain and loss from the sale and withdrawal of financial investments (excluding gain, loss from purchase and sale of trading securities), such as: Investments in subsidiaries, joint ventures, associates; investments held to maturity;

+ Losses or reversed provisions for losses of investments held to maturity;

+ Loan interests, deposit interests, dividends, and distributed profits.

- This item does not reflect:

+ Gains and losses classified as investments derived from internal transactions within the corporation, such as: Loan interest receivables, loan interest payables, dividends, distributable or payable profits, unrealized gain/loss from transactions of contributing fixed assets as capital, liquidating, or transferring fixed assets... within the corporation.

+ Gains and losses classified as investments from the beginning of the period to the time of purchase of subsidiaries (For subsidiaries purchased during the period) and from the time of liquidation to the end of the period (For subsidiaries liquidated during the period)

- This item shall be formulated on the basis of details in the consolidated business performance reports, cash flow reports of the parent company and subsidiaries; statements or summary sheets of loan interest, dividends, distributed profits; reports on capital contribution, liquidation, transfer of fixed assets within the corporation in the reporting period.

- The balance therein shall be determined by the detailed balances of the gains and losses on the consolidated business performance reports that are not included in the cash flows from business activities. The reconciliation thereof shall be done by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, minus:

+ Loan interest, dividends, profits distributed by internal entities within the corporation;

+ Unrealized gain/loss from contribution, liquidation, transfer of fixed assets and investment properties and investments into internal entities within the corporation.

- The balance therein shall be subtracted (-) into the balance in the Item "Net profit before tax," if the investment activities make profits, and displayed as a negative number with parentheses (***); or shall be added (+) to the above item, if the investment activities incur losses.

6. Interest expenses - No. 06

- This item reflects the interest expenses of the entire corporation recorded in the consolidated business performance report, including the part of the quarterly interest expenses based on the actual interest rate recorded as an increase in the debt component of the convertible bonds. This item does not include interest expenses recorded as expenses derived from internal transactions within the corporation during the reporting period and interest expenses accrued from the beginning of the period to the time of purchase of subsidiaries (for subsidiaries purchased during the period) and interest expenses from the date of liquidation to the end of the period (For subsidiaries liquidated during the period)

- This item shall be formulated on the basis of the Item "interest expenses" in the consolidated business performance report, reconciled with statements of interest expenses during the period made by the parent company and subsidiaries and summary sheets of adjustments to interest expenses within the corporation. The balance therein shall be added to the balance in the Item "Earnings before interest and taxes."

7. Other adjustments (No. 07)

This item reflects the provisions or reversals of the Price Stabilization Fund or the Science and Technology Development Fund during the period.

This item shall be formulated by equally aggregating the respective items on the cash flow reports of the parent company and subsidiaries. The balance therein shall be added to the balance in the Item “Earnings before interest and taxes”

8. Increase and decrease of receivables - No. 09

- This item reflects the payment situation and changes in receivables by entities outside the corporation in relation to: Short-term trade receivables; Long-term trade receivables; Prepayments to suppliers; Receivables according to the scheduled progress of the construction contract; Other short-term receivables; Other long-term receivables; Deductible VAT; Taxes and other receivables from the State; Other current assets during the reporting period. When formulating this item, changes in receivables when purchasing or liquidating subsidiaries that are no long under control during the period shall be excluded;

- This item does not reflect:

+ Receivables related to investment activities, such as: Advances to construction contractors; Loan receivables (both principal and interest); Receivables from deposit interest, dividends, and distributed profits; Receivables from disposal and transfer of fixed assets and investment properties, financial investments; value of mortgaged or pledged fixed assets...

+ The balance of receivables (at the time of purchase of subsidiaries) of the subsidiaries purchased during the period;

+ Receivables among internal entities within the corporation;

+ Receivables due to overpayment of corporate income tax to the State.

- This item shall be formulated on the basis of:

+ Items in the consolidated balance sheets, such as: “Short-term trade receivables”; “Long-term trade receivables”; “Prepayments”; “Receivables according to the scheduled progress of the construction contract”; “Other short-term receivables”; “Other long-term receivables”; “Deductible VAT”; “Taxes and receivables from the State”; “Other current assets “;

+ Statements of the parent company and subsidiaries on: Receivables and payables among internal entities within the corporation; Receivables from loan interest, interest, dividends and distributed profits; Receivables related to investment activities (such as liquidation or transfer of fixed assets and investment properties);

- The balance therein shall be determined as follows:

+ Subtract (-) the total ending balance from the total beginning balance on the consolidated balance sheet of the items: “Short-term trade receivables”; “Long-term trade receivables”; “Prepayments”; “Receivables according to the scheduled progress of the construction contract”; “Other short-term receivables”; “Other long-term receivables”; “Deductible VAT”; “State taxes and receivables” (excluding corporate income tax);

+ Plus the balance (on the date of liquidation) of receivables of the subsidiaries liquidated during the period and minus (-) the balance (on the date of purchase) of receivables of the subsidiaries purchased during the period;

+ Then subtract (-) the detailed balance from the statements of the parent company and subsidiaries on receivables from distributed loan interest, dividends and profits; receivables related to investment activities (such as liquidation or transfer of fixed assets and investment properties);

- The balance therein may be reconciled by aggregating the respective items on the cash flow reports of the parent company and subsidiaries minus the receivables among internal entities within the corporation, then adjusting to the changes in the receivables due to the purchase or liquidation of subsidiaries during the period.

- The balance therein shall be added (+) to the Item “Business profits versus changes in working capital,” if the sum of the ending balances is lower the sum of the beginning balances. The balance therein shall be subtracted (-) from the balance in the Item “Business profit before changes in working capital”, if the sum of the ending balances is greater than the sum of the beginning balances, and displayed as a negative number with parentheses: (***).

9. Increase and decrease of inventories - No. ten

- This item reflects the payment situation and changes in the inventories between the corporation and entities outside the corporation.

+ In the cases where enterprises can separate the depreciated cost of fixed assets from the inventories and depreciate the assets that have been recorded in the business

performance reports during the period (Item “Depreciation of fixed assets” - No. 02 only includes depreciated costs of fixed assets that have been recorded in the business performance reports during the period), this item shall not include the depreciated cost of fixed assets in the value of inventories at the end of the period (not yet determined as being consumed during the period);

+ - In the cases where enterprises cannot separate the depreciated cost of fixed assets from the inventories and depreciate the assets that have been recorded in the business performance reports during the period (Item “Depreciation of fixed assets” – No. 02 includes the depreciated cost of fixed assets related to the unused inventories; this item shall include the depreciated cost of fixed assets in the value of inventories at the end of the period (not yet determined as being consumed during the period).

- This item does not include:

+ The value of inventories circulating among internal entities within the corporation in the reporting period;

+ Inventories used for construction investment activities or inventories exchanged for fixed assets and investment properties; Trial production costs are included in the cost of fixed assets formed from construction. In the cases where, during the period, inventories are purchased but the purpose of use has not been determined (for business activities or for investment in construction), the value of inventories shall be included therein;

+ The balance of the inventories (at the time of purchase of subsidiaries) of the subsidiaries purchased during the period;

- This item shall be formulated on the basis of:

+ The consolidated balance sheet in reporting period;

+ Statements of the parent company and subsidiaries on the situation of using inventories for investment activities, construction of fixed assets in the reporting period;

+ Statements of the parent company and subsidiaries or summary sheets of purchase and sale of inventories or conversion of inventories to fixed assets within the corporation.

- The balance therein shall be determined as follows:

+ Subtract (-) the total ending balance from the total beginning balance of the Item "Inventories" (Excluding the balance of the Item "Provision for devaluation of inventories") in the consolidated balance sheet in the reporting period;

+ Subtract the detailed balances in the statements of the parent company and subsidiaries about inventories used for investment and construction of fixed assets and investment properties;

+ Plus the amount of inventories (on the date of liquidation) of the subsidiaries liquidated during the period and minus (-) the amount of inventories (on the date of purchase) of the subsidiaries purchased during the period;

- The balance therein may be reconciled by aggregating the respective items on the cash flow reports of the parent company and subsidiaries minus the amount of inventories circulating within the corporation in the reporting period, then adjusting to the changes in the inventories due to purchase or liquidation of subsidiaries during the period.

- The balance therein shall be added (+) to the Item "Business profits versus changes in working capital," if the sum of the ending balances is lower the sum of the beginning balances. The balance therein shall be subtracted (-) from the balance in the Item "Business profit before changes in working capital", if the sum of the ending balances is greater than the sum of the beginning balances, and displayed as a negative number with parentheses: (***).

10. Increase and decrease of payables - No. 11

- This item reflects the payment situation and changes in payables to entities outside the corporation in relation to: Payables to suppliers; Prepayments of purchasers; Taxes and obligations to the State; Payables to employees; Accrued expenses; Internal payables; Payables and other obligations. When formulating this item, changes in payables when purchasing or liquidating subsidiaries that are no long under control during the period shall be excluded;

- This item does not reflect:

+ The balance of payables (at the time of purchase of subsidiaries) of the subsidiaries purchased during the period;

+ Corporate income tax payables; Gain loan payables

+ Payables for loans, dividends, profits to owners;

+ Payables related to investment activities, such as: Prepayments of the purchasers related to liquidation or transfer of fixed assets and investment properties; Payables related to purchase and construction of fixed assets and investment properties; Payables related to purchase of capital instruments and loan instruments; and payables related to financial activities, such as: Payables for loan principal, bond principal, finance lease liability; Payables for dividends, profits;

+ Payables related to financial activities (short-term and long-term loans and debts);

+ Payables among internal entities within the corporation.

- This item shall be formulated on the basis of:

+ Items on the consolidated balance sheet, such as: “Short-term payables to suppliers”, “Long-term payables to suppliers”, “Prepayments of purchasers”, “Taxes and obligations to the State”, “Payables to employees”, “Accrued expenses”, “Payables according to the scheduled progress of the construction contract”, “Other short-term payables and obligations”, “Other long-term payables”;

+ Statements of the parent company and subsidiaries on: payables and receivables among internal entities within the corporation; corporate income tax payables; Payables for loans, dividends, profits to owners; Payables related to investment activities (such as purchase and construction of fixed assets, purchase of investment properties, purchase of loan instruments...); Payables related to financial activities (short-term and long-term loans and debts);

- The balance therein shall be determined as follows:

+ Subtract (-) the total ending balance from the total beginning balance on the consolidated balance sheet of the items “Short-term payables to suppliers”, “Long-term payables to suppliers”, “Prepayments of purchasers”, “Taxes and obligations to the State”, “Payables to employees”, “Accrued expenses”, “Payables according to the scheduled progress of the construction contract”, “Other short-term payables and obligations”, “Other long-term payables”;

+ Subtract (-) the detailed balances on the statements of the parent company and subsidiaries on corporate income tax payables; Payables for loans, dividends, profits to owners; Payables related to investment activities (such as purchase and construction of fixed assets, purchase of investment properties, purchase of loan instruments...); Payables related to financial activities (short-term and long-term loans and debts);

+ Plus the balance (on the date of liquidation) of receivables of the subsidiaries liquidated during the period and minus (-) the balance (on the date of purchase) of receivables of the subsidiaries purchased during the period;

- The balance therein may be reconciled by aggregating the respective items on the balance sheets of the parent company and subsidiaries minus the payables among internal entities within the corporation, then adjusting to changes in the receivables due to the purchase or liquidation of subsidiaries during the period.

- The balance therein shall be added (+) to the Item "Business profits versus changes in working capital," if the sum of the ending balances is lower the sum of the beginning balances. The balance therein shall be subtracted (-) from the balance in the Item "Business profit before changes in working capital", if the sum of the ending balances is greater than the sum of the beginning balances, and displayed as a negative number with parentheses: (***).

11. Increase and decrease of prepaid expenses - No. twelfth

- This item reflects the expenses prepaid for entities outside the corporation during the reporting period. Prepaid expenses within the corporation have been excluded from the prepaid revenues within the corporation, and therefore are not reflected in the consolidated balance sheet. When formulating this item, changes in prepaid expenses when purchasing or liquidating subsidiaries that are no long under control during the period shall be excluded;

- This item does not reflect:

+ The balance of prepaid expenses (at the time of purchase of subsidiaries) of the subsidiaries purchased during the period;

+ Prepaid expenses derived from transactions among internal entities within the corporation.

+ Prepaid expenses related to cash flows from investing activities, such as: land leases qualified as intangible assets and capitalized loan interest pre-payments.

- This item shall be formulated on the basis of the total differences of the ending balance and beginning balance of the items "Short-term prepaid expenses" and "Long-term prepaid expenses" on the consolidated balance sheet in the reporting period, then plus the balance of prepaid expenses (on the date of liquidation) of the subsidiaries liquidated during the period and minus (-) the balance of prepaid expenses (on the date of purchase) of the subsidiaries purchased during the period.

- The balance therein may be reconciled by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, minus the prepaid expenses among internal entities within the corporation, then adjusting to changes in the balance of the prepaid expenses arising from the purchase or liquidation of subsidiaries during the period.

- The balance therein shall be added (+) to the Item "Business profits versus changes in working capital," if the sum of the ending balances is lower the sum of the beginning balances. The balance therein shall be subtracted (-) from the balance in the Item "Business profit before changes in working capital", if the sum of the ending balances is greater than the sum of the beginning balances, and displayed as a negative number with parentheses: (***).

12. Increase and decrease of trading securities (No. 13)

This item reflects the value of securities issued by entities outside the corporation that the corporation holds for price increase in order to make profits.

This item shall be formulated on the basis of the total differences between ending balance and beginning balance of the Item "Trading securities" – No. 121 of the consolidated balance sheet during the reporting period.

The balance therein shall be added (+) to the Item "Business profits versus changes in working capital," if the sum of the ending balances is lower the sum of the beginning balances. The balance therein shall be subtracted (-) from the balance in the Item "Business profit before changes in working capital", if the sum of the ending balances is greater than the sum of the beginning balances, and displayed as a negative number with parentheses: (***).

13. Paid loan interests - No. 14

- This item reflects the loan interests paid to entities outside the corporation during the reporting period, including interests arising during the period and immediately paid therein, loan interest payables of previous periods paid in this period, prepaid loan interests in this period.

- This item does not reflect:

+ The loan interest paid from the beginning of the period to the time of purchase of subsidiaries (for subsidiaries purchased during the period) and the loan interest paid from the date of liquidation to the end of the period (For subsidiaries liquidated during the period);

+ The loan interest paid to internal entities within the corporation during the reporting period;

+ The loan interest paid during the period, which is capitalized into the value of idle assets classified as cash flows from investing activities. In the cases where paid loan interest during the period is capitalized and included in financial expenses, the accountants on the basis of the interest capitalization rate applicable to the reporting period in accordance with the Accounting Standards “Loan expenses” shall determine the paid loan interest of the cash flows from business activities and the cash flows from investing activities.

- This item shall be units formulated on the basis of cash flow reports of the parent company and subsidiaries in the reporting period, statements or summary sheets of loans and interest payments among internal entities within the corporation.

- This item shall be formulated by aggregating the respective items in the statements of parent company and subsidiaries then minus (-):

+ The loan interest paid to internal entities within the corporation in the reporting period;

+ The loan interest paid from the beginning of the period to the time of purchase of subsidiaries (for subsidiaries purchased during the period).

- The balance therein shall be subtracted (-) from the balance in the Item “Business profit before changes in working capital” and displayed as a negative number with parentheses: (***).

14. Enterprise income tax paid - No. 15

- This item reflects the total amount of corporate income tax the parent company and subsidiaries paid during the reporting period. This item does not include the amount of corporate income tax paid from the beginning of the period to the time of purchase of subsidiaries (For subsidiaries purchased during the period)

- This item is formulated by aggregating the respective items of the cash flow reports of the parent company and subsidiaries during the reporting period minus (-) the amount of corporate income tax paid from the beginning of the period to the time of purchase of subsidiaries (For subsidiaries purchased during the period).

- The balance therein shall be subtracted (-) from the balance in the Item "Business profit before changes in working capital" and displayed as a negative number with parentheses: (***).

15. Other proceeds from business activities - No. 16

- This item reflects proceeds from entities outside the corporation in business activities, other than those mentioned in No. 01 to 14, such as: Proceeds from non-business and project funding sources (if any); rewards and supports from external organizations and individuals to the enterprise's funds; contributions to the funds by superiors or subordinates; gains in deposits of the Price Stabilization Fund (If not included in the financial income, but included as increase directly to the Fund); Proceeds from equitization at equitized enterprises... during the reporting period.

- This item does not reflect:

+ Other proceeds from internal entities within the corporation;

+ Other proceeds accumulated from the beginning of the period to the time of purchase of subsidiaries (For subsidiaries purchased during the period).

- The bases for formulating this item are the cash flow reports of the parent company and subsidiaries during the reporting period; statements of collaterals and deposits within the corporation, and other related statements.

- This item shall be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries during the reporting period, minus:

+ Other proceeds from internal entities within the corporation;

+ Other proceeds accumulated from the beginning of the period to the time of purchase of subsidiaries (For subsidiaries purchased during the period).

- The balance therein shall be added (+) to the balance in the Item "Business profits versus changes in working capital."

16. Other expenditures from business activities - No. 17

- This item reflects expenditures to entities outside the corporation in business activities, other than those mentioned in No. 01 to 14, such as: Expenditures from the Bonus and Welfare Fund and the Science and Technology Development Fund; Direct expenditures from non-business and project funding sources; Expenditures directly

from the equitization proceeds payable to superiors or owners; equitization expenses, supports for policy beneficiaries...

- This item does not reflect:

+ Other expenditures from internal entities within the corporation;

+ Other expenditures accumulated from the beginning of the period to the time of purchase of subsidiaries (For subsidiaries purchased during the period).

- The bases for formulating this item are the cash flow reports of the parent company and subsidiaries during the reporting period; statements of collaterals and deposits within the corporation, and other related statements.

- This item shall be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries during the reporting period, minus:

+ Other expenditures from internal entities within the corporation;

+ Other expenditures accumulated from the beginning of the period to the time of purchase of subsidiaries (For subsidiaries purchased during the period).

- The balance therein shall be added (+) to the balance in the Item "Business profits versus changes in working capital."

17. Net cash flows from production and business activities - No. 20

The Item "Net cash flows from business activities" reflects the differences between the total revenues and the total expenditures in business activities during the reporting period.

The balance therein shall be calculated by aggregating the items from No. 08 to No. 17. If the balance therein is a negative number, it will be displayed with parentheses: (***).

No. 20 = No. 08 + No. 09 + No. 10 + No. 11 + No. 12 + No. 13 + No. 14 + No. 15 + No. 16 = No. 17

Article 74. Formulating detailed statements with items about cash flows from investing activities

1. Expenditures for purchase and construction of fixed assets and other non-current assets - No. 21

- This item reflects the total amount actually paid to entities outside the corporation for: Purchase and construction of intangible and tangible fixed assets, expenditures for the implementation phase that have been capitalized as intangible assets, expenditures for construction investment in progress and real estate investment during the reporting period. Trial production costs, offset with proceeds from the sale of trial products of the fixed assets formed from capital construction activities, shall be added to this item (If the expenditure is greater than the revenue) or subtracted from this item (If the revenue is greater than the expenditure).

This item reflects the amount actually paid to entities outside the corporation to: Purchase raw materials and assets used for construction, but not yet used at the end of the period for construction investment activities; advances to the construction contractors but the volume has not been checked and accepted; repayments to the suppliers during the period directly related to the purchase and capital construction investment (including the payment of liabilities in the previous period related to the purchase and construction of fixed assets, investment properties and other non-current assets). In cases of purchasing raw materials and assets commonly used for production, business, and construction investment purposes, but at the end of the period, the value of raw materials and assets that will be used for capital construction investment or production and business activities, the paid amount shall not be reflected therein, but in the cash flows from business activities.

- This item does not reflect:

+ Expenditures for purchase and construction of fixed assets and investment properties (before being controlled by the parent company);

+ Finance lease liabilities, value of other non-monetary assets used to pay for fixed assets, investment properties, capital construction or value of fixed assets and investment properties, capital construction increased during the period but not yet paid in cash;

+ Value of fixed assets, investment properties and other non-current assets purchased but not paid during the period;

+ Expenditures for internal entities within the corporation in order to purchase and construct fixed assets and investment properties during the period;

- This item shall be formulated on the basis of:

+ The consolidated financial statement in the reporting period;

+ Cash flow reports of the parent company and subsidiaries in the reporting period;

+ Statements of the parent company and subsidiaries on the use of inventories for investment in and construction of fixed assets and investment properties in the reporting period;

+ Statements on investment, construction and purchase of fixed assets, investment properties and other assets of the parent company and subsidiaries during the period.

- The balance therein shall be determined as follows: Subtract (-) the total ending balance from the total beginning balance of the items related to fixed assets, investment properties and other non-current assets in the consolidated balance sheet in the reporting period, then:

+ Subtract the value of fixed assets and investment properties, non-current assets purchased during the period but not yet paid or already paid with non-monetary assets;

+ Plus the decrease of the value of fixed assets, investment properties and other non-current assets due to liquidation and transfer during the period;

+ Plus the prepayment to the seller or the debt payment related to the purchase of fixed assets and investment properties, capital construction; Amount spent in order to purchase NVL used for construction activities;

+ Plus the balance of fixed assets, investment properties and other non-current assets (on the date of liquidation) of the subsidiaries liquidated during the period and minus (-) the balance of fixed assets, investment properties and other non-current assets (on the date of purchase) of the subsidiaries purchased during the period;

- In the cases where, during the period, there were no transactions of purchasing or liquidating subsidiaries, this item may be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, and then adjusting for changes in the value of the fixed assets, investment properties and other non-current assets derived from internal transactions within the corporation;

- The balance therein shall be excluded from the net cash flows from investing activities and displayed as a negative number with parentheses: (***).

2. Proceeds of liquidation and transfer of fixed assets and other non-current assets - No. 22

- This item reflects the total proceeds from entities outside the corporation when liquidating or transferring tangible and intangible fixed assets, investment properties, other non-current assets during the reporting period (including the receivables from in the previous periods involving liquidation and transfer of fixed assets, investment properties and other non-current assets).

- This item does not reflect:

+ Proceeds from liquidation and transfer of fixed assets, investment properties and other non-current assets of the subsidiaries purchased during the period (before being controlled by the parent company); Proceeds from internal entities within the corporation when liquidating or transferring fixed assets, investment properties and other non-current assets during the period;

+ Value of non-monetary assets obtained when liquidating or transferring fixed assets; investment properties and other non-current assets during the period;

+ Value of liquidated or transferred fixed assets, investment properties and other non-current assets, which has not yet been collected during the period;

+ Non-monetary expenses related to liquidation and transfer of fixed assets and investment properties, and residual value of the fixed assets and investment properties contributed as capital to joint ventures, associates, or losses.

- This item shall be formulated on the basis of:

+ The consolidated financial statement in the reporting period;

+ Cash flow reports of the parent company and subsidiaries in the reporting period;

+ Statements on liquidation and transfer of fixed assets, investment properties and other assets of the parent company and subsidiaries during the period.

- The balance therein shall be determined by: the total amount of the detailed proceeds from liquidation and transfer of fixed assets, investment properties and other non-current assets during the period in the consolidated business performance reports and other related documents, minus (-) the value of fixed assets and investment properties, non-current assets liquidated or transferred during the period but not yet paid or already paid with non-monetary assets.

- In the cases where during the period there were no transactions of purchasing or liquidating subsidiaries, this item may be formulated by aggregating the respective

items on the cash flow reports of the parent company and subsidiaries, and then adjusting for changes in the value of the fixed assets, investment properties and other non-current assets derived from internal transactions within the corporation;

- The balance therein shall be added to the net cash flows from investing activities.

3. Expenditures for loans and purchases of loan instruments from other entities - No. 23

- This item shall be formulated on the basis of the total amount of deposits in the banks with a term of more than 3 months, loans granted to entities outside the corporation, expenditures for purchase of Government bonds and REPO securities in repurchase and resale transactions, loan instruments purchased from the other entities (bonds, commercial papers, preferred shares classified as liabilities...) and held to maturity during the reporting period.

- This item does not reflect:

+ Loan expenditures of the subsidiaries purchased during the period (before being controlled by the parent company);

+ Expenditures for purchase of loan instruments considered as cash equivalents and purchase of loan instruments for commercial purposes;

+ Loans in non-monetary assets; Bonds received from the sale of assets to other entities;

+ Loan expenditures or expenditures for purchase of loan instruments from internal entities within the corporation.

- This item shall be formulated on the basis of:

+ The consolidated financial statement in the reporting period;

+ Cash flow reports of the parent company and subsidiaries in the reporting period;

+ Statements of the parent company and subsidiaries on the loan situation in the reporting period;

- The balance therein shall be determined as follows: Subtract (-) the total ending balance from the total beginning balance of the items “Investments held to maturity” and “Loan receivables” (detailed short-term and long-term loans) in the consolidated balance sheet in the reporting period, then:

+ Subtract loans with non-monetary assets or bonds received from the sale of assets to other entities;

+ Plus the value of loans, loan instruments of the other entities decreased due to the recovery of the loan principal or the resale of loan instruments of other entities;

+ Plus the detailed balance of the loans (on the date of liquidation) of the subsidiaries liquidated during the period and minus (-) the balance of the loans (on the date of purchase) of the subsidiaries purchased during the period;

- In the cases where during the period there were no transactions of purchasing or liquidating subsidiaries, this item may be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, and then adjusting for changes in loans derived from internal transactions within the corporation;

- The balance therein shall be excluded from the net cash flows from investing activities and displayed as a negative number with parentheses: (***).

4. Recovery of loans and resale of loan instruments of the other entities - No. 24

- This item reflects the total amount of recoveries of loan principal, proceeds from the resale of loan instruments (held to maturity) of entities outside the corporation (including the recoveries of receivables in the previous period in relation to the resale of loan instruments of other entities); and withdrawals of bank deposits during the reporting period.

- This item does not reflect:

+ Recoveries of loan principal and proceeds from the resale of loan instruments of the subsidiaries purchased during the period (before being controlled by the parent company);

+ Withdrawals from loan instruments considered as cash equivalents and loan instruments held for business purposes;

+ Recoveries of loan principal of non-monetary assets or equity instruments of other entities;

+ Recoveries of loan principal and proceeds from the resale of loan instruments to internal entities within the corporation.

- This item shall be formulated on the basis of:

+ The consolidated financial statement in the reporting period;

+ Cash flow reports of the parent company and subsidiaries in the reporting period;

+ Statements of the parent company and subsidiaries on loan recovery in the reporting period;

- The balance therein shall be determined as follows: From the detailed total amount of proceeds from the recovery of loan principal and the resale of loan instruments of other entities during the period in the consolidated financial statements and other relevant documents:

+ Subtract (-) recoveries of loan principal and proceeds from the resale of loan instruments that have not been paid or already paid with non-monetary assets; withdrawals of loan instruments held for business purposes;

+ Subtract (-) recoveries of loan principal and proceeds from the resale of loan instruments derived from internal transactions within the corporation.

- In the cases where during the period there were no transactions of purchasing or liquidating subsidiaries, this item may be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, and then deducting the recoveries of loan principal and proceeds from the resale of loan instruments derived from internal transactions within the corporation.

- The balance therein shall be added to the net cash flows from investing activities.

5. Investments in other entities - No. 25

- This item reflects:

+ Total amount spent as investments in other enterprises outside the corporation during the reporting period (including payments of debts to purchase capital instruments from in the previous period), including investments in and capital contributions to the joint-ventures or associates and other long-term, short-term investments and capital contributions.

+ The net amount spent to obtain control of the subsidiaries during the reporting period, equal to the total amount spent to purchase subsidiaries minus (-) the total balance of cash, bank deposits, cash in transit of the subsidiaries at the time of

purchase. E.g.: The corporation purchases a subsidiary for VND 15 billion, paid in cash. At the time of purchase, the total balance of cash and bank deposits of the subsidiary is VND 2 billion. The number to be presented therein is VND 13 billion;

+ The amount paid by the parent company to non-controlling shareholders in order to purchase more shares at the subsidiaries during the period; the amount paid by a subsidiary to other shareholders (other than shareholders within the corporation) to purchase more shares at other subsidiaries within the corporation. E.g.: During the period, the parent company (or subsidiary) purchases additional shares in another subsidiary within the corporation for VND 1 billion, including 800 million in cash and 200 million of fixed assets. This amount is paid directly to non-controlling shareholders of the subsidiary and reduces the percentage ownership of the non-controlling shareholders (but the total equity of the subsidiary does not change). The number to be presented therein is VND 800 million.

- This item does not reflect cash flows derived from the following transactions:

+ The amount spent to purchase stock of companies outside the corporation for business purposes. For example, during the period, the parent company purchase 100 million shares in cash with the intention of holding them for price increase to sell. The amount of 100 million shall not be presented therein but in the Item "Increase and decrease of trading securities";

+ Capital contributions to companies within the corporation, thus increasing the equity of the companies receiving such capital contributions. E.g.: The total equity of the subsidiary is VND 5 billion. During the period, the parent company and other subsidiaries contribute VND 2 billion as capital to such subsidiary, making its equity increase from VND 5 billion to VND 7 billion. This amount of VND 2 billion shall be excluded from this item and shall not be presented on the consolidated financial statement;

+ The investments in other entities of the subsidiaries purchased during the period (before being controlled by the parent company);

+ Transactions of contributing non-monetary assets as capital, e.g.: During the period, the corporation contributes capital to its associates, including VND 6 billion in cash and VND 4 billion of fixed assets. The number to be presented therein is VND 6 billion;

+ Investments in the form of issuing shares or bonds; loan instruments converted into capital contributions, or outstanding debts.

+ Differences between the beginning value and the ending value of the investments in associates and joint ventures presented by the equity method.

- This item shall be formulated on the basis of:

+ The consolidated financial statement in the reporting period;

+ Cash flow reports of the parent company and subsidiaries in the reporting period;

+ Statements of the parent company and subsidiaries on investments in and capital contributions to other entities in the reporting period;

- The balance therein shall be determined as follows: Subtract (-) the total ending balance from the total beginning balance of the items “Investments in associates and joint ventures,” “Investments in other entities” (detailed investments in other entities) in the consolidated balance sheet in the reporting period, then:

+ Plus the investments in subsidiaries in the form of re-purchase of the capital contributions in cash and minus the available balance of the purchased subsidiaries at the time of purchase; (This detail does not include the value of the investments in subsidiaries in the form of cash contributions);

+ Plus the decreased value of investments and capital contributions due to recovery of investment capital or resale of capital contributions to other entities;

+ Plus the balance of investments in associates and joint ventures, investments in other entities (on the date of liquidation) of the subsidiaries liquidated during the period and minus (-) the balance of details of the above amounts (on the date of purchase) of the subsidiaries purchased during the period;

+ Subtract the investments by contributing non-monetary assets as capital; issuing shares or bonds; converting loan instruments into capital contributions or outstanding debts;

+ Exclude the differences between the ending value and the beginning value of the investments in associates and joint ventures presented by the equity method;

- In the cases where during the period there were no transactions of purchasing or liquidating subsidiaries, this item may be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, and then adjusting for changes in capital contributions derived from internal transactions within the corporation;

- The balance therein shall be excluded from the net cash flows from investing activities and displayed as a negative number with parentheses: (***).

6. Withdrawals from investments in other entities - No. 26

- This item reflects:

+ Total recovered amount of investments in other entities outside the corporation (Due to resale or withdrawal or liquidation of investments in other entities) during the reporting period (including receivables from the sale of capital instruments in the previous period), such as: the recovered amount of investments and capital contributions to associates and joint ventures, and investments in other entities. E.g.: During the period, the parent company sells investments in associates for VND 3 billion , of which VND 2 billion is collected in cash and VND 1 billion in government bonds. The number to be presented therein is 2 billion.

+ The net amount collected when liquidating all or part of the subsidiaries resulting in the loss of control during the reporting period, which is determined equal to the total amount collected when liquidating subsidiaries minus (-) the total balance of cash, bank deposits, cash in transit of the subsidiaries at the time of liquidation. E.g.: The parent company sells a subsidiary for VND 75 billion, including VND 48 billion in bonds and VND 27 billion in cash. At the time of sale, the subsidiaries have a cash balance of VND 13 billion. The number to be presented therein is: 27 billion - 13 billion = VND14 billion.

+ The amount collected by the parent company from non-controlling shareholders outside the corporation when selling off its shares of the subsidiaries during the period (but still obtaining the control thereof); The amount collected by a subsidiary from other shareholders outside the corporation when selling off its capital contributions in other subsidiaries within the corporation. E.g.: During the period, the parent company (or subsidiary) sells off its capital proportion in another subsidiary to outside shareholders. The revenue is VND 1 billion, including VND 800 million in cash and VND 200 million of fixed assets. This amount collected from shareholders outside the corporation increases the percentage ownership of the non-controlling shareholders (but the total equity of the subsidiaries does not change). The number to be presented therein is 800 million.

+ The recovery of receivables in the previous period in relation to the resale of investments in other entities.

- This item does not reflect cash flows derived from the following transactions:

+ Proceeds from selling shares held for business purposes; the value of the investments recovered in non-monetary assets, loan instruments or capital instruments of other entities; or the investments that have not been paid in cash.

+ Withdrawals of capital contributed to companies within the corporation, which reduces the equity of the foreclosed companies. E.g.: The total equity of the subsidiary is VND 5 billion. During the period, the parent company decides to reduce the investment in the subsidiary by canceling a certain number of shares (or returning part of the respective capital contributions to the parties). The amount of VND 1 billion in cash earned by the parent company shall be excluded from this item and shall not be presented on the consolidated financial statement.

+ The withdrawals of investments in other entities of the subsidiaries purchased during the period (before being controlled by the parent company);

+ Transactions of recovering non-monetary assets contributed as capital, e.g.: During the period, the corporation recovers the capital contributed to associates, including VND 10 billion in cash and VND 4 billion of fixed assets. The number to be presented therein is VND 10 billion;

- This item shall be formulated on the basis of:

+ The consolidated financial statement in the reporting period;

+ Cash flow reports of the parent company and subsidiaries in the reporting period;

+ Statements of the parent company and subsidiaries on the recovery of capital contributions to other entities in the reporting period.

- The balance therein shall be determined as follows: Take the detailed total proceeds from the withdrawal or resale of investments in other entities during the period in the consolidated financial statements and other relevant documents, then:

+ Subtract the capital returns unpaid, or paid with non-monetary assets.

+ Subtract the withdrawals of capital contributions from internal entities within the corporation.

- In the cases where during the period there were no transactions of purchasing or liquidating subsidiaries, this item may be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, and then subtracting the withdrawals of investments in internal entities within the corporation.

- The balance therein shall be added to the net cash flows from investing activities.

7. Proceeds from distributed loan interest, dividends, and profits - No. 27

- This item reflects the amount received from loan interest, deposit interest, dividends and profits received from investment activities and capital contributions to other entities outside the corporation during the reporting period (including the recover of receivables in the previous period in relation to the distributed interest, dividends, profits).

- This item does not include:

+ Loan interest, dividends and profits received from internal entities within the corporation;

+ Lan interest, dividends and profits earned by the subsidiaries before the date they are controlled by the parent company;

+ Loan interest, dividends and profits receivable or earned in non-monetary assets or paid in shares.

- This item shall be formulated on the basis of:

+ The consolidated financial statement in the reporting period;

+ Cash flow reports of the parent company and subsidiaries in the reporting period;

+ Statements of the parent company and subsidiaries on the collection of interest, dividends, distributed profits from capital contributions to other entities in the reporting period.

- The balance therein shall be determined as follows: Take the detailed total proceeds from interest, dividends, distributed profits from capital contributions to other entities during the period in the consolidated business performance report and other relevant documents, then:

+ Subtract the interests, dividends, distributed profits from the capital contributions to other entities during the period unpaid, or paid in non-monetary assets or in shares;

+ Subtract the interests, dividends, profits distributed by internal entities within the corporation.

+ Subtract the loan interests, dividends and profits earned by the subsidiaries before the date they are controlled by the parent company.

- In the cases where during the period there were no transactions of purchasing or liquidating subsidiaries, this item may be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, and then subtracting the interests, dividends, profits distributed by internal entities within the corporation.

- The balance therein shall be added to the net cash flows from investing activities.

E.g.: Determining the number of dividends, profits earned from associates and joint ventures (Knowing that associates and joint ventures do not pay dividends, profits in shares or non-monetary assets).

The consolidated business results report of the year 20X2.

	VND billion
Profits from business activities of the corporation	60
Profits from associates and joint ventures	10
Earnings before interest and taxes	70
Tax	(15)
After-tax profits	55

The consolidated balance sheet as of December 31, 20X2.

	20X2 VND billion	20X1 VND billion
Investments in associates	92	88

The dividends in cash received from associates and joint ventures is determined as follows:

	VND billion
Investments in associates at the beginning of the period	88

Plus: Profit from associates 10

98

Received dividends β (unknown number) (6)

Investments in associates at the end of the period 92

8. Net cash flows from investing activities - No. 30

The Item "Net cash flows from investing activities" reflects the differences between all revenues and all expenditures from investing activities during the reporting period.

This item is calculated by aggregating the items from No. 21 to No. 27. If the balance therein is a negative number, it shall be displayed with parentheses (***).

No. 30 = No. 21 + No. 22 + No. 23 + No. 24 + No. 25 + No. 26 + No. 27

Article 75. Formulating detailed statements with items about cash flows from financing activities

1. Proceeds from issuing shares to and receiving capital contributions from the owners - No. 31

- This item reflects the total amount collected from shareholders outside the corporation during the reporting period. For joint stock companies, this item reflects the amount received from the issuance of common shares at the actual issue price, including the proceeds from the issuance of preferred shares classified as equity and option of convertible bonds.

- This item does not reflect:

+ Undistributed after-tax profits, loans or liabilities converted into equity, or capital contributions in non-monetary assets received from owners;

+ The proceeds from the issuance of preferred shares classified as liability; The original debt component of the loan instruments may be converted into capital instruments (such as convertible bonds...)

+ Proceeds from capital contributions of the internal entities within the corporation;

+ Proceeds from the purchase of subsidiaries during the period they receive the capital contributions from the owners (before being controlled by the parent company).

- This item shall be formulated on the basis of:

+ The consolidated financial statement in the reporting period;

+ Cash flow reports of the parent company and subsidiaries in the reporting period;

+ Statements of the parent company and subsidiaries on the receipt of capital contributions from the owners during the reporting period, notes in the consolidated financial statements and other relevant documents.

- The balance therein shall be determined as follows: Subtract the ending balance from the beginning balance of the items "Capital contributions from owners," "Share premiums," "Bond conversion options", "Other sources of capital from owners" on the consolidated balance sheet, then:

+ Subtract (-) the capital contributions of non-monetary assets or liabilities converted into equity; the increase of shares due to dividends being paid in shares

+ Plus the return of respective capital contributions to owners outside the corporation.

- In the cases where during the period there were no transactions of purchasing or liquidating subsidiaries, this item may be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, and then subtracting the withdrawals of investments in internal entities within the corporation.

- The balance therein shall be added to net cash flows from financing activities.

2. Return of capital contributions to owners, repurchase of issued shares - No. 32

- This item reflects the total return of capital contributions to owners outside the corporation in the form of cash refund or re-purchase in cash of issued shares in order to cancel or use them as treasury stock during the reporting period.

- This item does not reflect:

+ The amount of capital return for internal entities within the corporation;

+ Returns of capital contributions of the subsidiaries purchased during the period (before being controlled by the parent company).

+ Returns of capital contributions to owners, re-purchases of issued shares with non-monetary assets.

+ The capital contributions recorded as a decrease in order to cover business loss.

+ The principal return of preferred stock is classified as liabilities

- This item shall be formulated on the basis of:

+ The consolidated financial statement in the reporting period;

+ Cash flow reports of the parent company and subsidiaries in the reporting period, notes in the consolidated financial statements and other relevant documents;

+ Statements of the parent company and subsidiaries on return of capital contributions and re-purchase of issued shares during the reporting period.

- The balance therein shall be determined as follows: Take the total amount paid (details of return of capital contributions to the owner, re-purchase of issued shares) of the parent company and subsidiaries during the period on the consolidated balance sheet, then:

+ Subtract the return of capital contributions of non-monetary assets;

+ Subtract the capital contributions recorded as a decrease in order to cover business loss

+ Subtract the amount of capital return for internal entities within the corporation;

- In the cases where during the period there were no transactions of purchasing or liquidating subsidiaries, this item may be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, and then excluding any return of capital contributions to internal entities within the corporation.

- The balance therein shall be excluded from the net cash flows from financing activities and displayed as a negative number with parentheses: (***).

3. Borrowings - No. 33

- This item reflects the total amount received by enterprises from short-term and long-term borrowings from the banks, financial institutions, credit institutions and other entities outside the corporation during the reporting period (including the borrowings transferred directly to contractors, suppliers of goods and services, not via the enterprises' accounts. This item also includes the amount the sellers receive in the purchase and resale of Government bonds and other Repo transactions.

+ For borrowings in bonds, this item reflects the actual amount received (equal to the bond's par value adjusted for any discount, bond premium or prepaid bond interest);

+ For convertible bonds, this item reflects the principal of the convertible bonds, obtained during the period

+ For preferred shares classified as liabilities: This item reflects the actual income from the issuance of preferred shares. If the issuer is only obligated to repurchase at par, this item reflects the par value of preferred shares. Differences between the issue price and par value are adjusted on the item “Proceeds from issuing shares to, receiving capital contributions from the owners” - No. 31.

- This item does not reflect:

+ Borrowings from internal entities within the corporation;

+ Borrowings of non-monetary assets; Financial lease liabilities during the period

+ Borrowings of the subsidiaries purchased during the period (before being controlled by the parent company);

- This item shall be formulated on the basis of:

+ The consolidated financial statement in the reporting period;

+ Cash flow reports of the parent company and subsidiaries in the reporting period;

+ Statements of the parent company and subsidiaries on changes in borrowings during the reporting period;

- The balance therein shall be determined as follows: Subtract (-) the total ending balance from the total beginning balance of the items “Short-term borrowings and finance lease liabilities”, “Long-term borrowings and finance lease liabilities””, “Convertible bonds”, “Re-purchase transactions of Government bonds (No. 324), “Preferred shares” (No. 342) in the consolidated balance sheet in the reporting period, then:

+ Subtract (-) the non-monetary asset borrowings and financial lease liabilities arising during the period;

+ Plus the value of principal paid during the period;

+ Plus the balance of short-term and long-term borrowings (on the date of liquidation) of the subsidiaries liquidated during the period and minus (-) the balance of the details of the above items (on the date of purchase) of the subsidiaries purchased during the period.

- In the cases where during the period there were no transactions of purchasing or liquidating subsidiaries, this item may be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, and then excluding the borrowings by internal entities within the corporation.

- The balance therein shall be added to net cash flows from financing activities.

4. Loan principal repayment - No. 34

- This item reflects the total amount of loan principal repaid to other entities outside the corporation, including the repaid principal of ordinary bonds, convertible bonds or preferred shares with terms requiring the issuers to re-purchase at a certain time in the future (classified as liabilities) during the reporting period. This item also includes the amount the sellers have returned to the purchasers in the purchase and resale of Government bonds and other Repo transactions.

- This item does not reflect:

+ The loan principal repayments for internal entities within the corporation;

+ The loan principal repayments of the subsidiaries purchased during the period (before being controlled by the parent company).

+ The loan principal repayments of non-monetary assets or loans converted into capital contributions.

- This item shall be formulated on the basis of:

+ The consolidated financial statement in the reporting period;

+ Cash flow reports of the parent company and subsidiaries in the reporting period, notes in the consolidated financial statements and other relevant documents;

+ Statements of the parent company and subsidiaries on loan principal payment during the reporting period.

- The balance therein shall be determined as follows: Take the total amount of principal repaid by the parent company and subsidiaries during the period, then:

+ Subtract (-) the loan principal repayments of non-monetary assets;

+ Subtract (-) the loan principal repayments to internal entities within the corporation.

- In the cases where during the period there were no transactions of purchasing or liquidating subsidiaries, this item may be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, and then excluding the loan principal repayments to internal entities within the corporation.

- The balance therein shall be excluded from the net cash flows from financing activities and displayed as a negative number with parentheses: (***).

5. Finance lease principal repayment - No. 35

- This item reflects the total amount paid for financial lease liabilities to entities outside the corporation during the reporting period.

- This item does not reflect:

+ The repayment of finance lease liabilities for internal entities within the corporation;

+ The repayments of finance lease liabilities of the subsidiaries purchased during the period (before being controlled by the parent company).

+ The repayments for finance lease liabilities of non-monetary assets or finance lease liabilities converted into capital contributions.

- This item shall be formulated on the basis of:

+ The consolidated financial statement in the reporting period;

+ Cash flow reports of the parent company and subsidiaries in the reporting period, notes in the consolidated financial statements and other relevant documents;

+ Statements of the parent company and subsidiaries on principal repayment during the reporting period.

- The balance therein shall be determined as follows: Take the total amount of finance lease liabilities repaid by the parent company finance and subsidiaries during the period on the consolidated balance sheet, then:

+ Subtract (-) the repayments for finance lease liabilities with non-monetary assets;

+ Subtract (-) the repayments for finance lease liabilities to internal entities within the corporation.

- In the cases where during the period there were no transactions of purchasing or liquidating subsidiaries, this item may be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, and then excluding the repayments of finance lease liabilities to internal entities within the corporation.

- The balance therein shall be excluded from the net cash flows from financing activities and displayed as a negative number with parentheses: (***).

6. Dividends and profits paid to owners - No. 36

- This item reflects the total amount of dividends and profits paid to owners outside the corporation during the reporting period.

- This item does not reflect:

+ Undistributed dividends or after-tax profits converted into capital contributions by the owners (such as dividends in shares);

+ Non-monetary asset dividends, profits paid to owners;

+ Dividends, profits of subsidiaries purchased during the period that have been paid to the owners before the subsidiaries are controlled by the parent company;

+ Dividends, profits within the corporation.

- This item shall be formulated on the basis of:

+ The consolidated financial statement in the reporting period;

+ Cash flow reports of the parent company and subsidiaries in the reporting period, notes in the consolidated financial statements and other relevant documents;

+ Statements of the parent company and subsidiaries on the collection of distributed interests, dividends, profits from capital contributions to other entities in the reporting period.

- The balance therein shall be determined as follows: Take the total dividends, profits paid to owners outside the corporation during the period in the consolidated financial statement, then:

+ Subtract (-) the undistributed dividends or after-tax profits paid to owners outside the corporation in shares and in non-monetary assets;

+ Subtract (-) the dividends, profit of subsidiaries purchased during the period that have been paid to the owners before the subsidiaries are controlled by the parent company;

- In the cases where during the period there were no transactions of purchasing or liquidating subsidiaries, this item may be formulated by aggregating the respective items on the cash flow reports of the parent company and subsidiaries, and then excluding the dividends and profits paid to internal entities within the corporation.

- The balance therein shall be excluded from the net cash flow from financing activities and displayed as a negative number with parentheses: (***).

7. Net cash flows from financing activities - No. 40

The item “Net cash flows from financing activities” reflects the differences between all revenues and all expenditures from financing activities during the reporting period.

This item shall be calculated by aggregating the items from No. 31 to No. 36.

If the balance therein is a negative number, it shall be displayed with parentheses (***).

No. 40 = No. 31+No. 32+No. 33 + No. 34 + No. 35 + No. 36

Article 76. Summary of cash flows during the period

1. Net cash flows during the period - No. 50

The Item “Net cash flows during the period” reflects the differences between all revenues and all expenditures from three types of activities: Business activities, investing activities and financing activities of the enterprises during the reporting period. No. 50 = No. 20 + No. 30 + No. 40

If the balance therein is a negative number, it shall be displayed with parentheses (***).

2. Beginning cash and cash equivalents - No. 60

- This item reflects the balance of the cash and cash equivalents at the beginning of the reporting period, including cash, bank deposits, cash in transit and cash equivalents.

- This item shall be formulated on the basis of the beginning balance of the cash and cash equivalents - No. 110, column “Beginning balance” on the consolidated balance sheet.

3. Effects of changes in exchange rate - No. 61

- This item reflects the total amount of exchange rate differences due to revaluation of the ending balance of cash and cash equivalents in foreign currencies at the end of the reporting period and the exchange rate differences made by converting financial statements of the subsidiaries in a currency other than the accounting currency used by the parent company.

- This item shall be formulated on the basis of the consolidated business performance reports (detailed differences due to revaluation of the balance in foreign currency), the consolidated balance sheet, cash flow reports of the parent company and subsidiaries during the reporting period. The number to be recorded therein shall be determined by aggregating the respective items on the cash flow reports of the parent company and subsidiaries and the financial exchange rate differences due to the conversion of the statements of the subsidiaries on the consolidated balance sheet. This item may be displayed as either a positive number or a negative number with parentheses (…).

4. Ending cash and cash equivalents - No. 70

- This item reflects the balance of the cash and cash equivalents at the end of the reporting period, including cash, bank deposits, cash in transit and cash equivalents.

- This item shall be formulated on the basis of the ending balance of the cash and cash equivalents - No. 110, column “Ending balance” on the consolidated balance sheet. **No. 70 = No. 50 + No. 60 + No. 61 + No. 62**

Chapter IX

IMPLEMENTATION PROVISIONS

Article 77. Effect

This Circular takes effect 45 days from the date of signing and applies for the preparation and presentation of consolidated financial statements of the fiscal year beginning on or after January 1, 2015. Part XIII - Circular No. 161/2007/TT-BTC dated December 31, 2007 of the Ministry of Finance guiding the preparation and presentation of consolidated financial statements according to Accounting Standards No. 25 "Consolidated financial statements and accounting for investments in subsidiaries" shall be annulled.

Article 78 Implementation Organization

1. Corporations that have specific accounting regimes approved by the Ministry of Finance shall base themselves on this Decree in order to make guidelines and supplements accordingly.

2. Ministries, sectors, People's Committees, Departments of Finance and Tax Departments of provinces and municipalities shall be responsible for guiding enterprises to implement this Decree. If there are any problems during the implementation process, they should be reported to the Ministry of Finance for solutions thereto.

FOR THE MINISTER DEPUTY MINISTER   Tran Xuan Ha