Vietnam Sun Corporation

Consolidated financial statements

31 December 2014

Vietnam Sun Corporation

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Vietnam Sun Corporation

GENERAL INFORMATION

THE COMPANY

Vietnam Sun Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 4103001723 issued by the Department of Planning and Investment of Ho Chi Minh City on 17 July 2003, as amended.

The Company's shares are listed on the Ho Chi Minh Stock Exchange in accordance with the License No. 81/QD-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 23 July 2008.

The current principal activities of the Company are to provide taxi transportation services and contractual passenger transport; to render inbound and outbound tourism services; to act as air ticket agent; to lease out spaces; and to trade in real estate.

The Company's head office is located at No. 648, Nguyen Trai Street, Ward 11, District 5, Ho Chi Minh City, Vietnam.

BOARD OF DIRECTORS

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

Mr Dang Phuoc Thanh	Chairman
Mr Tran Van Bac	Member
Mr Ta Long Hy	Member
Mrs Dang Thi Lan Phuong	Member
Mr Truong Dinh Quy	Member
Mr Vu Ngoc Anh	Member
Mr Tran Anh Minh	Member

BOARD OF SUPERVISION

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

Mrs Mai Thi Kim Hoang	Head of Broad of Supervision
Mr Nguyen Anh Tung	Member
Mr Huynh Van Tuong	Member

MANAGEMENT

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

Mrs Dang Thi Lan Phuong	General Director
Mr Ta Long Hy	Deputy General Director
Mr Nguyen Trong Duy	Deputy General Director
Mr Huynh Van Sy	Deputy General Director
Mr Dang Phuoc Hoang Mai	Deputy General Director
Mr Tran Anh Minh	Deputy General Director
Mr Nguyen Bao Toan	Deputy General Director
Mr Truong Dinh Quy	Deputy General Director
Mr Dang Thanh Duy	Deputy General Director

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mrs Dang Thi Lan Phuong.

AUDITORS

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

Management of Vietnam Sun Corporation ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiary (collectively referred to as the "Group") for the year ended 31 December 2014.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2014 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of management:

CÔNG TY CỔ PHẦN ÁNH DƯƠNG VIỆT NAM

Dang Thi Lan Phuong
General Director

17 March 2015

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Ernst & Young Vietnam Limited
28th Floor, Bitexco Financial Tower
2 Hai Trieu Street, District 1
Ho Chi Minh City, S.R. of Vietnam

Tel: +84 8 3824 5252
Fax: +84 8 3824 5250
ey.com

Reference: 61059820/16997933-HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Vietnam Sun Corporation

We have audited the accompanying consolidated financial statements of Vietnam Sun Corporation ("the Company") and its subsidiary (collectively referred to as the "Group") as prepared on 17 March 2015 and set out on pages 5 to 35 which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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

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Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2014, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

Ernst & Young Vietnam Limited

Mai Viet Hung Tran	To Phuong Vu
Deputy General Director	Auditor
Audit Praticing Registration Certificate	Audit Praticing Registration Certificate
No. 0048-2013-004-1	No. 2267-2013-004-1

Ho Chi Minh City, Vietnam

17 March 2015

CONSOLIDATED BALANCE SHEET
as at 31 December 2014

VND

Code	*ASSETS*	*Notes*	*Ending balance*	*Beginning balance*
100	**A. CURRENT ASSETS**		**401,898,899,423**	**406,857,514,505**
110	***I. Cash***	***4***	***288,084,077,587***	***208,554,172,466***
111	1. Cash		288,084,077,587	208,554,172,466
130	***II. Current accounts receivable***		***73,187,588,016***	***162,963,097,759***
131	1. Trade receivables	5	64,165,839,254	53,484,606,018
132	2. Advances to suppliers		1,936,586,450	98,204,215,147
135	3. Other receivables	6	8,076,854,172	12,150,163,625
139	4. Provision for doubtful debts	5	(991,691,860)	(875,887,031)
140	***III. Inventories***	***7***	***5,434,437,875***	***5,166,247,563***
141	1. Inventories		5,434,437,875	5,166,247,563
150	***IV. Other current assets***		***35,192,795,945***	***30,173,996,717***
151	1. Short-term prepaid expenses	8	24,322,135,691	19,430,949,802
152	2. Value-added tax deductible		-	360,955,216
154	3. Tax and other receivables from the State		64,725,351	71,272,181
158	4. Other current assets	9	10,805,934,903	10,310,819,518
200	**B. NON-CURRENT ASSETS**		**2,033,622,079,089**	**1,609,580,553,776**
220	***I. Fixed assets***		***1,962,981,433,534***	***1,588,564,555,218***
221	1. Tangible fixed assets	10	1,792,669,761,032	1,497,886,037,839
222	Cost		3,114,723,448,350	2,608,207,152,631
223	Accumulated depreciation		(1,322,053,687,318)	(1,110,321,114,792)
224	2. Finance leases	11	170,218,283,581	90,178,019,836
225	Cost		222,760,543,383	115,295,165,613
226	Accumulated depreciation		(52,542,259,802)	(25,117,145,777)
227	3. Intangible assets	12	93,388,921	399,266,243
228	Cost		1,218,289,000	1,168,289,000
229	Accumulated amortisation		(1,124,900,079)	(769,022,757)
230	4. Construction in progress		-	101,231,300
240	***II. Investment properties***	***13***	***8,490,900,000***	***11,569,834,250***
241	1. Cost		8,490,900,000	11,569,834,250
250	***III. Long-term investments***		**-**	**-**
258	1. Other long-term investment		-	1,500,000,000
259	2. Provision for diminution in value of long-term investment		-	(1,500,000,000)
260	***IV. Other long-term assets***		***62,149,745,555***	***9,446,164,308***
261	1. Long-term prepaid expenses	14	60,531,845,555	8,531,164,308
262	2. Deferred tax assets	26.3	1,100,000,000	440,000,000
268	3. Other long-term assets		517,900,000	475,000,000
270	**TOTAL ASSETS**		**2,435,520,978,512**	**2,016,438,068,281**

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2014

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	**A. LIABILITIES**		**1,133,242,092,848**	**858,197,948,769**
310	***I. Current liabilities***		***533,347,544,453***	***463,038,173,771***
311	1. Short-term loans		287,587,983,547	224,730,302,577
	In which:			
	- Current portion of long-term loans and borrowings	*19*	*287,587,983,547*	*224,730,302,577*
312	2. Trade payables		19,907,793,316	21,856,034,006
313	3. Advances from customers	15	5,616,859,403	6,478,796,518
314	4. Statutory obligations	16	50,624,564,000	43,947,511,970
315	5. Payables to employees		52,019,887,473	36,720,909,950
316	6. Accrued expenses		14,497,561	2,054,821,963
319	7. Other payables	17	78,032,413,495	102,466,525,447
323	8. Bonus and welfare fund		39,543,545,658	24,783,271,340
330	***II. Non-current liabilities***		***599,894,548,395***	***395,159,774,998***
333	1. Other long-term liabilities	18	150,241,456,869	124,332,332,176
334	2. Long-term loans and borrowings	19	448,914,696,755	270,266,307,361
338	3. Unearned revenues		738,394,771	561,135,461
400	**B. OWNERS' EQUITY**		**1,296,535,565,980**	**1,153,446,987,822**
410	***I. Capital***	***20.1***	***1,296,535,565,980***	***1,153,446,987,822***
411	1. Share capital		565,495,160,000	434,998,180,000
412	2. Share premium		200,026,023,110	330,523,003,110
417	3. Investment and development fund		116,333,042,969	85,888,844,655
418	4. Financial reserve fund		59,966,521,484	44,744,422,327
420	5. Undistributed earnings		354,714,818,417	257,292,537,730
439	**C. MINORITY INTERESTS**		**5,743,319,684**	**4,793,131,690**
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**2,435,520,978,512**	**2,016,438,068,281**

OFF BALANCE SHEET ITEM

ITEM	*Ending balance*	*Beginning balance*
Foreign currency - United States dollar (US$)	17,969	5,229

M.S.D.N:0302035520-C.T.C.P CÔNG TY CỔ PHẦN ÁNH DƯƠNG VIỆT NAM QUẬN 5 - TP. HỒ CHÍ MINH

Vo Thi Minh Thu
Preparer

Dang Hoang Sang
Chief Accountant

Dang Thi Lan Phuong
General Director

17 March 2015

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2014

VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
10	**1. Net revenue from sales of goods and rendering of services**	**21.1**	**3,770,229,256,389**	**3,158,061,820,850**
11	**2. Cost of goods sold and services rendered**	**22, 25**	**(3,141,541,191,052)**	**(2,621,813,502,306)**
20	**3. Gross profit from sales of goods and rendering of services**		**628,688,065,337**	**536,248,318,544**
21	**4. Finance income**	**21.2**	**7,700,361,176**	**869,718,489**
22	**5. Finance expenses**	**23**	**(64,527,218,877)**	**(65,599,886,913)**
23	*In which: Interest expense*	*23*	*(64,526,293,336)*	*(65,959,185,078)*
24	**6. Selling expenses**	**25**	**(150,732,428,993)**	**(129,035,787,568)**
25	**7. General and administrative expenses**	**25**	**(103,039,851,475)**	**(85,884,268,203)**
30	**8. Operating profit**		**318,088,927,168**	**256,598,094,349**
31	**9. Other income**	**24**	**116,422,459,526**	**59,695,534,022**
32	**10. Other expenses**	**24**	**(25,998,348,136)**	**(14,247,056,840)**
40	**11. Other profit**	**24**	**90,424,111,390**	**45,448,477,182**
50	**12. Profit before tax**		**408,513,038,558**	**302,046,571,531**
51	**13. Current corporate income tax expense**	**26.2**	**(95,229,175,481)**	**(78,030,939,679)**
52	**14. Deferred income tax benefit**	**26.3**	**660,000,000**	**440,000,000**
60	**15. Net profit after tax**		**313,943,863,077**	**224,455,631,852**
	Attributable to:			
61	*15.1. Minority interests*		*950,187,994*	*712,283,141*
62	*15.2. Equity holders of the parent*		*312,993,675,083*	*223,743,348,711*
70	**16. Basic and diluted earnings per share**	**20.4**	**5,512**	**4,139**

M.S.D.N: 0302035520-C.T.C.P. CÔNG TY CỔ PHẦN ÁNH DƯƠNG VIỆT NAM QUẬN 5 - TP. HỒ CHÍ MINH

Vo Thi Minh Thu Preparer	Dang Hoang Sang Chief Accountant	Dang Thi Lan Phuong General Director

17 March 2015

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2014

VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Profit before tax**		**408,513,038,558**	**302,046,571,531**
	Adjustments for:			
02	Depreciation and amortisation	10, 11, 12	390,176,594,717	319,472,121,363
03	Reversal of provisions		(1,384,195,171)	(136,741,412)
05	Profits from investing activities		(94,766,786,922)	(44,103,712,506)
06	Interest expense	23	64,526,293,336	65,959,185,078
08	**Operating profit before changes in working capital**		**767,064,944,518**	**643,237,424,054**
09	Decrease in receivables		89,673,565,817	9,755,593,872
10	Increase in inventories		(268,190,312)	(875,190,610)
11	Increase in payables		18,414,605,860	13,992,323,450
12	Increase in prepaid expenses		(56,891,867,136)	(860,545,450)
13	Interest paid		(64,074,185,647)	(64,324,144,044)
14	Corporate income tax paid	26.2	(88,215,880,686)	(76,116,878,038)
15	Other cash inflows from operating activities		22,909,124,693	16,793,942,936
16	Other cash outflows from operating activities		(42,230,164,849)	(29,080,171,072)
20	**Net cash flows from operating activities**		**646,381,952,258**	**512,522,355,098**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets		(786,668,208,631)	(395,517,996,477)
22	Proceeds from disposal of fixed assets	24	112,318,181,852	56,874,090,893
26	Proceeds from investment in other entity		1,500,000,000	900,000,000
27	Interest received	21.2	7,696,674,278	869,204,631
30	**Net cash flows used in investing activities**		**(665,153,352,501)**	**(336,874,700,953)**
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares		-	135,000,000,000
33	Drawdown of borrowings		542,146,700,000	323,959,307,841
34	Repayment of borrowings		(259,191,236,893)	(406,037,832,240)
35	Payment of finance lease liabilities		(41,449,392,743)	(18,340,950,655)
36	Dividends paid to equity holders of the parent	20.2	(143,204,765,000)	(29,971,587,000)
40	**Net cash flows from financing activities**		**98,301,305,364**	**4,608,937,946**

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2014

VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
50	**Net increase in cash**		**79,529,905,121**	**180,256,592,091**
60	**Cash at beginning of year**		**208,554,172,466**	**28,297,580,375**
70	**Cash at end of year**	4	**288,084,077,587**	**208,554,172,466**

M.S.D.N: 0302035520 C.T.C.P. CÔNG TY CỔ PHẦN ÁNH DƯƠNG VIỆT NAM QUẬN 5 - TP HỒ CHÍ MINH

Vo Thi Minh Thu
Preparer

Dang Hoang Sang
Chief Accountant

Dang Thi Lan Phuong
General Director

17 March 2015

1. CORPORATE INFORMATION

Vietnam Sun Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 4103001723 issued by the Department of Planning and Investment of Ho Chi Minh City on 17 July 2003, as amended.

The Company's shares are listed on the Ho Chi Minh Stock Exchange in accordance with the License No. 81/QD-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 23 July 2008.

The Company's head office is located at No. 648, Nguyen Trai Street, Ward 11, District 5, Ho Chi Minh City, Vietnam.

The Company has a subsidiary, Vinasun Green Joint Stock Company ("ADX"), which is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0401378832 issued by the Department of Planning and Investment of Da Nang City on 10 September 2010, as amended. The head office of ADX is located at No. 277, Nguyen Huu Tho Street, Hoa Cuong Bac Ward, Hai Chau District, Da Nang City, Vietnam. As at 31 December 2014, the Company held a 90% equity share in this subsidiary.

The consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2014 were authorised for issue.

The current principal activities of the Group are to provide taxi transportation services and contractual passenger transport; to render inbound and outbound tourism services; to act as air ticket agent; to lease out spaces and to trade in real estate.

The number of the Group's employees as at 31 December 2014 was 15,990 (31 December 2013: 14,214).

2. BASIS OF PREPARATION

2.1 Accounting standards and system

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

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

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

2.2 Applied accounting documentation system

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

2.3 Fiscal year

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

2. BASIS OF PREPARATION (continued)

2.4 Applied accounting documentation system

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

2.5 Fiscal year

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

2.6 Accounting currency

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

2.7 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiary for the year ended 31 December 2014.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

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

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

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash

Cash comprise cash on hand and cash in banks.

3.2 Inventories

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

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

The perpetual method is used to record tools and supplies, which are valued at cost of purchase on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date. Increases and decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

3.3 Receivables

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

When tangible fixed assets are sold or retired, their costs and accumulated depreciation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

3.5 *Leased assets*

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

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

Assets held under finance leases are capitalised in the consolidated balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the consolidated income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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

3.6 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

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

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

When intangible assets are sold or retired, their costs and accumulated amortisation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

3.7 *Depreciation and amortisation*

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

Machinery and equipment	3 - 7 years
Means of transportation	6 - 10 years
Office equipment	3 - 7 years
Computer software	3 years

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 *Investment properties*

Investment properties are stated at cost including transaction costs less accumulated amortisation.

Subsequent expenditure relating to an investment property that has already been recognised is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Group.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the consolidated income statement in the period of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

3.9 *Borrowing costs*

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of the fund and are recorded as expense during the year in which they are incurred.

3.10 *Prepaid expenses*

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

3.11 *Other long-term investment*

Other long-term investment is stated at its acquisition costs. Provision is made for any diminution in value of the investment at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC and Circular No. 89/2013/TT-BTC issued by the Ministry of Finance on 7 December 2009 and 28 June 2013, respectively. Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

3.12 *Payable and accruals*

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

3.13 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting year for all employees who have been being in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to the balance sheet date in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Any changes to the accrued amount will be taken to the consolidated income statement.

This accrued severance pay is used to settle the severance allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 *Foreign currency transactions*

Transactions in currencies other than the Group's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at buying exchange rates announced by the commercial bank where the Group maintains its bank accounts ruling at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the consolidated income statement.

3.15 *Appropriation of net profits*

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

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

- *Financial reserve fund*

  This fund is set aside to protect the Group's normal operations from business risks or losses, or to prepare for unforeseen losses or damages for objective reasons and force majeure, such as fire, economic and financial turmoil of the country or elsewhere.

- *Investment and development fund*

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

- *Bonus and welfare funds*

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

3.16 *Earnings per share*

Basic earnings per share amount is computed by dividing net profit for the year (before appropriation for bonus and welfare funds) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

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

3.17 *Revenue recognition*

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

Sale of goods

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

Rendering of services

Revenues are recognised upon the completion of the services provided.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Revenue recognition* (continued)

Interest income

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

Rental income

Rental income arising from operating leases is accounted for on a straight line basis over the lease term.

3.18 *Segment information*

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

3.19 *Taxation*

Current income tax

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

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

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

Deferred income tax

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 ***Taxation*** (continued)

Deferred income tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

3.20 ***Financial instruments***

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009, providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210"), are classified, for disclosures in the notes to the consolidated financial statements, as financial assets at fair value through profit or loss and receivables or available-for-sale financial assets as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost plus directly attributable transaction costs.

The Group's financial assets include cash, trade and other receivables.

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the consolidated financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Financial instruments – subsequent re-measurement

There is currently no guidance in Circular 210 in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4. CASH

	Ending balance	*Beginning balance*
		VND
Cash on hand	19,494,074,196	10,783,323,607
Cash in banks	268,590,003,391	197,770,848,859
TOTAL	**288,084,077,587**	**208,554,172,466**

5. TRADE RECEIVABLES

	Ending balance	*Beginning balance*
		VND
Due from customers using taxi cards	50,085,351,794	41,719,676,317
Taxi drivers' remittance in transit	13,343,981,218	10,919,532,112
Others	736,506,242	845,397,589
TOTAL	**64,165,839,254**	**53,484,606,018**
Provision for doubtful debts	(991,691,860)	(875,887,031)
NET	**63,174,147,394**	**52,608,718,987**

Movement of provision for doubtful debts is as follows:

	Current year	*Previous year*
		VND
Beginning balance	875,887,031	652,628,443
Add: Provision made during the year	169,238,131	248,179,557
Less: Reversal of provision during the year	(53,433,302)	(24,920,969)
Ending balance	991,691,860	875,887,031

6. OTHER RECEIVABLES

	Ending balance	*Beginning balance*
		VND
Personal income tax receivable from taxi drivers and staff	3,676,027,396	7,548,490,260
Airfare receivables	1,709,096,322	2,115,988,577
Social and health insurance receivable from taxi drivers and staff	901,919,617	868,564,286
Others	1,789,810,837	1,617,120,502
TOTAL	**8,076,854,172**	**12,150,163,625**

7. INVENTORIES

		VND
	Ending balance	*Beginning balance*
Tools and supplies	5,434,437,875	5,166,247,563

8. SHORT-TERM PREPAID EXPENSES

		VND
	Ending balance	*Beginning balance*
Car insurance	10,042,341,030	10,362,329,412
Road maintenance fees	3,691,126,335	455,935,552
Uniform	2,955,481,235	319,080,496
Tools and supplies in use	709,040,055	443,959,546
Others	6,924,147,036	7,849,644,796
TOTAL	**24,322,135,691**	**19,430,949,802**

9. OTHER CURRENT ASSETS

		VND
	Ending balance	*Beginning balance*
Advance to employees	9,349,837,103	9,039,095,960
Short-term deposits	1,456,097,800	1,271,723,558
TOTAL	**10,805,934,903**	**10,310,819,518**