

Vietnam Sun Corporation

Separate financial statements

31 December 2014



Building a better
working world

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 registered 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 the Board 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.

Vietnam Sun Corporation

REPORT OF MANAGEMENT

Management of Vietnam Sun Corporation ("the Company") is pleased to present its report and the separate financial statements of the Company for the year ended 31 December 2014.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

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

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company 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 separate financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2014 and of the separate results of its operations and its separate 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 separate financial statements.

The Company is the parent company of a subsidiary listed in Note 15 to the separate financial statements and it is in the process of preparing the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2014 to meet the prevailing regulatory reporting requirements.

Users of the separate financial statements should read them together with the consolidated financial statements of the Group for the year ended 31 December 2014 in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.

For and on behalf of management:



Dang Thi Lan Phuong
General Director

16 March 2015



Ernst & Young Vietnam Limited
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2 Hai Trieu Street, District 1
Ho Chi Minh City, S.R. of Vietnam

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Reference: 61059820/16997933

INDEPENDENT AUDITORS' REPORT

To: **The Shareholders of Vietnam Sun Corporation**

We have audited the accompanying separate financial statements of Vietnam Sun Corporation ("the Company") as prepared on 16 March 2015 and set out on pages 5 to 35, which comprise the separate balance sheet as at 31 December 2014, and the separate income statement and separate 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 separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate financial statements.

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

Opinion

In our opinion, the accompanying separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2014, and of the separate results of its operations and its separate 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 separate financial statements.

Emphasis of matter

As disclosed in Note 2.1 to the separate financial statements, the Company is the parent company of a subsidiary and it is in the process of preparing the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2014 to meet the prevailing regulatory reporting requirements. Users of these separate financial statements should read them together with the consolidated financial statements of the Group for the year ended 31 December 2014 in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.

Ernst & Young Vietnam Limited



Mai Viet Hung Tran
Deputy General Director
Audit Practicing Registration Certificate
No. 0048-2013-004-1



To Phuong Vu
Auditor
Audit Practicing Registration Certificate
No. 2267-2013-004-1

Ho Chi Minh City, Vietnam

16 March 2015

SEPARATE BALANCE SHEET
as at 31 December 2014

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		402,977,446,323	405,879,486,828
110	I. Cash	4	286,617,010,811	208,115,703,752
111	1. Cash		286,617,010,811	208,115,703,752
130	II. Current accounts receivable		77,954,214,547	165,215,298,294
131	1. Trade receivables	5	62,941,721,716	52,753,356,379
132	2. Advances to suppliers		1,923,986,450	98,189,215,147
135	3. Other receivables	6	14,080,198,241	15,148,613,799
139	4. Provision for doubtful debts	5	(991,691,860)	(875,887,031)
140	III. Inventories	7	4,808,138,654	4,686,398,033
141	1. Inventories		4,808,138,654	4,686,398,033
150	IV. Other current assets		33,598,082,311	27,862,086,749
151	1. Short-term prepaid expenses	8	22,903,677,819	17,676,164,231
158	2. Other current assets	9	10,694,404,492	10,185,922,518
200	B. NON-CURRENT ASSETS		1,975,392,444,090	1,552,317,569,759
220	I. Fixed assets		1,868,924,674,118	1,495,425,395,122
221	1. Tangible fixed assets	10	1,698,613,001,616	1,404,787,175,243
222	Cost		2,963,065,047,450	2,475,212,034,681
223	Accumulated depreciation		(1,264,452,045,834)	(1,070,424,859,438)
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		-	60,933,800
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	14	36,000,000,000	36,000,000,000
251	1. Investment in a subsidiary		36,000,000,000	36,000,000,000
258	2. Other long-term investment		-	1,500,000,000
259	3. Provision for long-term investments		-	(1,500,000,000)
260	IV. Other long-term assets		61,976,869,972	9,322,340,387
261	1. Long-term prepaid expenses	15	60,358,969,972	8,407,340,387
262	2. Deferred tax assets	27.3	1,100,000,000	440,000,000
268	3. Other long-term assets		517,900,000	475,000,000
270	TOTAL ASSETS		2,378,369,890,413	1,958,197,056,587

SEPARATE BALANCE SHEET (continued)
as at 31 December 2014

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		1,095,292,436,512	811,355,958,882
310	i. Current liabilities		518,975,538,132	435,182,456,466
311	1. Short-term loans		279,010,083,547	201,830,587,577
	<i>In which:</i>			
	- Current portion of long-term loans and borrowings	20	279,010,083,547	201,830,587,577
312	2. Trade payables		19,524,143,826	20,488,449,875
313	3. Advances from customers	16	5,613,859,403	6,478,775,236
314	4. Statutory obligations	17	49,291,574,331	43,661,820,641
315	5. Payables to employees		49,719,085,729	35,306,339,818
316	6. Accrued expenses		144,000	2,012,760,000
319	7. Other payables	18	77,206,111,137	100,759,250,366
323	8. Bonus and welfare funds		38,610,536,159	24,644,472,953
330	ii. Non-current liabilities		576,316,898,380	376,173,502,416
333	1. Other long-term liabilities	19	144,714,956,869	120,025,832,176
334	2. Long-term loans and borrowings	20	430,894,871,755	255,586,707,361
338	3. Unearned revenues		707,069,756	560,962,879
400	B. OWNERS' EQUITY		1,283,077,453,901	1,146,841,097,705
410	i. Capital	21.1	1,283,077,453,901	1,146,841,097,705
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		341,256,706,338	250,686,647,613
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,378,369,890,413	1,958,197,056,587

OFF BALANCE SHEET ITEM

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



Vo Viet Nga
Preparer



Dang Hoang Sang
Chief Accountant




Dang Thi Lan Phuong
General Director

16 March 2015

SEPARATE 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	22.1	3,634,241,664,819	3,053,142,647,889
11	2. Cost of goods sold and services rendered	23, 26	(3,034,603,052,767)	(2,539,538,772,118)
20	3. Gross profit from sales of goods and rendering of services		599,638,612,052	513,603,875,771
21	4. Finance income	22.2	7,691,616,823	848,173,487
22	5. Finance expenses	24	(61,159,388,329)	(61,246,088,561)
23	<i>In which: Interest expense</i>	24	(61,158,462,788)	(61,605,386,726)
24	6. Selling expenses	26	(141,784,627,344)	(124,210,395,122)
25	7. General and administrative expenses	26	(98,691,026,915)	(82,072,578,069)
30	8. Operating profit		305,695,186,287	246,922,987,506
31	9. Other income	25	116,409,660,973	59,691,567,413
32	10. Other expenses	25	(25,978,366,113)	(14,165,451,353)
40	11. Other profit	25	90,431,294,860	45,526,116,060
50	12. Profit before tax		396,126,481,147	292,449,103,566
51	13. Current corporate income tax expense	27.2	(92,344,498,011)	(75,556,303,119)
52	14. Deferred income tax benefit	27.3	660,000,000	440,000,000
60	15. Net profit after tax		304,441,983,136	217,332,800,447


Vo Viet Nga
Preparer

Dang Hoang Sang
Chief AccountantDang Thi Lan Phuong
General Director

16 March 2015

SEPARATE 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		396,126,481,147	292,449,103,566
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10, 11, 12	372,471,208,587	305,348,447,788
03	Reversal of provisions		(1,384,195,171)	(136,741,412)
05	Profits from investing activities		(94,758,042,569)	(44,082,167,504)
06	Interest expense	24	61,158,462,788	61,605,386,726
08	Operating profit before changes in working capital		733,613,914,782	615,184,029,164
09	Decrease in receivables		86,775,671,186	7,305,699,755
10	Increase in inventories		(121,740,621)	(943,610,522)
11	Increase in payables		18,492,186,691	12,081,683,190
12	Increase in prepaid expenses		(57,179,143,173)	(42,664,091)
13	Interest paid		(60,673,627,804)	(60,053,168,597)
14	Corporate income tax paid	27.2	(85,516,556,679)	(73,476,203,376)
15	Other cash inflows from operating activities		21,689,124,693	15,963,942,936
16	Other cash outflows from operating activities		(41,322,305,976)	(28,288,547,583)
20	Net cash flows from operating activities		615,757,523,099	487,731,160,876
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets		(768,045,223,181)	(368,400,857,087)
22	Proceeds from disposal of fixed assets	25	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	22.2	7,687,929,925	847,659,629
30	Net cash flows used in investing activities		(646,539,111,404)	(309,779,106,565)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares		-	135,000,000,000
33	Drawdown of borrowings		528,931,300,000	302,963,307,841
34	Repayment of borrowings		(234,994,246,893)	(385,751,692,240)
35	Payment of finance lease liabilities		(41,449,392,743)	(18,340,950,655)
36	Dividends paid	21.2	(143,204,765,000)	(29,971,587,000)
40	Net cash flows from financing activities		109,282,895,364	3,899,077,946

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

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net increase in cash		78,501,307,059	181,851,132,257
60	Cash at beginning of year		208,115,703,752	26,264,571,495
70	Cash at end of year	4	286,617,010,811	208,115,703,752



Vo Viet Nga
Preparer



Dang Hoang Sang
Chief Accountant




Dang Thi Lan Phuong
General Director

16 March 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at 31 December 2014 and for the year then ended

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 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.

The number of the Company's employees as at 31 December 2014 was 15,225 (31 December 2013: 13,575).

2. BASIS OF PREPARATION

2.1 Accounting standards and system

The separate financial statements of the Company, 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 separate balance sheet, separate income statement, separate 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.

The Company is the parent company of a subsidiary listed in Note 15 to the separate financial statements and it is in the process of preparing the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2014 to meet the prevailing regulatory reporting requirements.

Users of these separate financial statements should read them together with the consolidated financial statements of the Group for the year ended 31 December 2014 in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2014 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.2 Applied accounting documentation system

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

2.3 Fiscal year

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

2.4 Accounting currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash

Cash comprises 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 Company, 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 separate income statement.

3.3 Receivables

Receivables are presented in the separate 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 separate income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises 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 separate income statement as incurred.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2014 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Leased assets*

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

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

Assets held under finance leases are capitalised in the separate 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 separate 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 Company will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the separate 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 separate income statement as incurred.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2014 and for the year then ended

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 Company.

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 separate 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 Company 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 separate 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 *Investment in a subsidiary*

Investment in a subsidiary over which the Company has control are carried at cost. Distributions from accumulated net profits of the subsidiary arising subsequent to the date of acquisition are recognised in the Company's separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted from the cost of the investment.

3.12 *Other long-term investment*

Other long-term investment is stated at its acquisition costs.

3.13 *Provision for long-term investments*

Provision is made for any diminution in value of the investments 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 separate income statement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2014 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 *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 Company.

3.15 *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 increase to the accrued amount will be taken to the separate 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.

3.16 *Foreign currency transactions*

Transactions in currencies other than the Company'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 Company maintains its bank accounts ruling at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the separate income statement.

3.17 *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 Company maintains the following reserve funds which are appropriated from the Company'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 Company'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 Company'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 separate balance sheet.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2014 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 completion of the services provided.

Interest income

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

Dividends

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

Rental income

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

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 separate 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 Company to offset current tax assets against current tax liabilities and when the Company 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2014 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 *Taxation* (continued)

Deferred income tax (continued)

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to 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 Company 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 dated 6 November 2009 issued by the Ministry of Finance, 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 separate financial statements, as financial assets at fair value through profit or loss, and receivables or available-for-sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition.

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

The Company'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 separate financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Company 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 Company'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 separate 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2014 and for the year then ended

4. CASH

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	18,989,454,987	10,547,623,343
Cash in banks	267,627,555,824	197,568,080,409
TOTAL	<u>286,617,010,811</u>	<u>208,115,703,752</u>

5. TRADE RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due from customers using taxi cards	49,642,971,550	41,374,866,796
Taxi drivers' remittance in transit	12,714,729,600	10,533,091,994
Others	584,020,566	845,397,589
TOTAL	<u>62,941,721,716</u>	<u>52,753,356,379</u>
Provision for doubtful debts	(991,691,860)	(875,887,031)
NET	<u>61,950,029,856</u>	<u>51,877,469,348</u>

Movement of provision for doubtful debts is as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
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	<u>991,691,860</u>	<u>875,887,031</u>

6. OTHER RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Personal income tax receivable from taxi drivers and staff	3,676,027,396	7,546,661,654
Airfare receivables	1,709,096,322	2,115,988,577
Social and health insurance receivable from taxi drivers and staff	885,168,434	850,675,542
Others	7,809,906,089	4,635,288,026
TOTAL	<u>14,080,198,241</u>	<u>15,148,613,799</u>
<i>In which:</i>		
<i>Other parties</i>	7,939,456,509	12,108,856,274
<i>Related party (Note 28)</i>	6,140,741,732	3,039,757,525

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2014 and for the year then ended

7. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Tools and supplies	<u>4,808,138,654</u>	<u>4,686,398,033</u>

8. SHORT-TERM PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Car insurance	9,714,621,273	9,615,772,437
Road maintenance fees	3,363,200,000	153,166,667
Uniform	2,770,585,398	-
Tools and supplies in use	639,244,215	406,579,724
Others	6,416,026,933	7,500,645,403
TOTAL	<u>22,903,677,819</u>	<u>17,676,164,231</u>

9. OTHER CURRENT ASSETS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances to employees	9,242,906,692	8,916,198,960
Short-term deposits	1,451,497,800	1,269,723,558
TOTAL	<u>10,694,404,492</u>	<u>10,185,922,518</u>