

Pan Pacific Corporation

Interim separate financial statements

30 June 2015

Pan Pacific Corporation

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Pan Pacific Corporation

GENERAL INFORMATION

THE COMPANY

Pan Pacific Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0301472704 issued by the Department of Planning and Investment of Ho Chi Minh City on 31 August 2005, as amended.

The Company is listed on the Ho Chi Minh City Stock Exchange ("HOSE") in accordance with the License No. 244/2010/QD-SDGHCM issued by the HOSE on 18 November 2010.

The current principal activities of the Company are principally engaged in agricultural activities and related activities, the financial investments and provision of cleaning services and other related services.

The Company's registered office is located at 236/43/2 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam. In addition, the Company also has a representative office in Hanoi City, Vietnam.

BOARD OF DIRECTORS

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

Mr Nguyen Duy Hung	Chairman
Mr Michael Louis Rosen	Member
Mr Tran Dinh Long	Member
Mrs Nguyen Thi Tra My	Member
Mrs Le Thi Le Hang	Member
Mrs Ha Thi Thanh Van	Member
Mr Nguyen Van Khai	Member
Mr Michael Sng Beng Hock	Member

BOARD OF SUPERVISION

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

Mr Nguyen Duy Hung	Head	
Mrs Nguyen Thi Thanh Ha	Member	
Mr Nguyen Tuan Anh	Member	resigned on 17 July 2015

MANAGEMENT

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

Mr Michael Louis Rosen	General Director	from 1 January 2015 to 3 August 2015
Mr Nguyen Van Khai	Acting General Director	from 3 August 2015

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr Nguyen Duy Hung – Chairman of the Board of Directors.

Mr Nguyen Van Khai is authorised by Mr Nguyen Duy Hung to sign the interim separate financial statements for the six-month period ended 30 June 2015.

AUDITORS

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

Pan Pacific Corporation

REPORT OF MANAGEMENT

Management of Pan Pacific Corporation ("the Company") is pleased to present its report and the interim separate financial statements of the Company for the six-month period ended 30 June 2015.

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

Management is responsible for the interim separate financial statements of each financial period which give a true and fair view of the separate financial position of the Company and of the interim separate results of its operations and its interim separate cash flows for the period. In preparing those interim 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 interim separate financial statements; and
- prepare the interim 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 interim 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 interim separate financial statements.

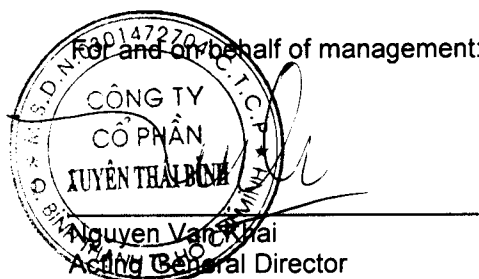
STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim separate financial statements give a true and fair view of the interim separate financial position of the Company as at 30 June 2015 and of the interim separate results of its operations and its interim separate cash flows for the six-month then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim separate financial statements.

The Company is the parent company of the subsidiaries listed in Note 8.1 to the interim separate financial statements and it is in the process of preparing the interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the six-month period ended 30 June 2015 to meet the prevailing regulatory reporting requirements.

Users of these interim separate financial statements should read them together with the interim consolidated financial statements of the Group for the six-month period ended 30 June 2015 in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.

For and on behalf of management:


Nguyen Van Khai
Acting General Director

13 August 2015



Ernst & Young Vietnam Limited
28th Floor, Bitexco Financial Tower
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working world**

Reference: 61063721/17793613-LR/R

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

To: The Shareholders of Pan Pacific Corporation

We have reviewed the interim separate financial statements of Pan Pacific Corporation ("the Company"), as set out on pages 4 to 32 which comprise the interim separate balance sheet as at 30 June 2015, and the interim separate income statement and interim separate cash flow statement for the six-month period then ended and the notes thereto.

The preparation and presentation of these interim separate financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim separate financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing No. 910 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim separate financial statements are free from material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not give a true and fair view, in all material respects, of the interim separate financial position of the Company as at 30 June 2015, and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim separate financial statements.

Without modifying our conclusion, we draw attention to Note 2.1 of the interim separate financial statements. The Company is in the process of preparing the interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the six-month period ended 30 June 2015. Users of these accompanying interim separate financial statements should read them together with the interim consolidated financial statements of the Group for the six-month period ended 30 June 2015 in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.

Ernst & Young Vietnam Limited



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

Ngo Hong Son
Auditor
Audit Practicing Registration Certificate
No. 2211-2013-004-1

Ho Chi Minh City, Vietnam

13 August 2015

INTERIM SEPARATE BALANCE SHEET
as at 30 June 2015

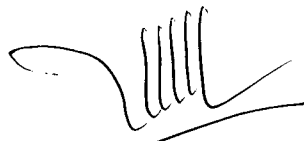
VND

Code	ASSETS	Notes	30 June 2015	31 December 2014
100	A. CURRENT ASSETS		258,175,608,819	138,670,751,820
110	I. Cash and cash equivalents	4	139,997,376,791	42,579,923,316
111	1. Cash		94,125,944,291	24,454,306,441
112	2. Cash equivalents		45,871,432,500	18,125,616,875
120	II. Short-term investment		-	22,326,479,812
123	1. Held-to-maturity investment		-	22,326,479,812
130	III. Current accounts receivable		117,881,546,083	73,512,578,809
131	1. Short-term trade receivables	5.1	388,965,431	1,554,610,487
132	2. Short-term advances to suppliers	5.2	50,263,509,556	50,768,032,989
135	3. Short-term loan receivable	17	24,000,000,000	-
136	4. Other short-term receivables	6	43,229,071,096	21,189,935,333
150	IV. Other current assets		296,685,945	251,769,883
151	1. Short-term prepaid expenses		24,037,170	52,978,080
152	2. Value-added tax deductible		272,648,775	198,791,803
200	B. NON-CURRENT ASSETS		1,718,843,262,852	1,023,018,321,928
210	I. Long-term receivable		393,900,560	393,900,560
216	1. Other long-term receivables	6	393,900,560	393,900,560
220	II. Fixed assets		8,661,133,411	7,988,423,323
221	1. Tangible fixed assets	7	8,661,133,411	7,988,423,323
222	Cost		16,695,498,666	15,697,031,575
223	Accumulated depreciation		(8,034,365,255)	(7,708,608,252)
250	III. Long-term investments	8	1,709,587,711,293	1,014,387,708,382
251	1. Investments in subsidiaries	8.1	1,709,587,711,293	980,419,262,027
252	2. Investment in an associate		-	33,968,446,355
260	IV. Other long-term asset		200,517,588	248,289,663
261	1. Long-term prepaid expenses		200,517,588	248,289,663
270	TOTAL ASSETS		1,977,018,871,671	1,161,689,073,748

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2015

VND

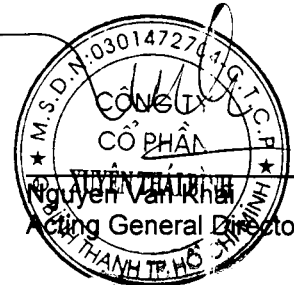
Code	RESOURCES	Notes	30 June 2015	31 December 2014
300	A. LIABILITIES		12,332,061,301	8,855,678,246
310	i. Current liabilities		12,002,789,501	7,735,164,746
311	1. Short-term trade payables	9	298,622,823	2,227,240,916
312	2. Short-term advance from customers		208,308,899	208,308,899
313	3. Statutory obligations	10	711,530,168	906,445,740
314	4. Payables to employees		664,753,754	1,231,100,602
315	5. Short-term accrued expenses		965,505,650	123,000,004
319	6. Other short-term payables	11	4,565,084,417	297,989,928
322	7. Bonus and welfare funds		4,588,983,790	2,741,078,657
330	ii. Non-current liabilities		329,271,800	1,120,513,500
337	1. Other long-term liabilities	11	329,271,800	316,701,000
342	2. Other long-term provision		-	803,812,500
400	B. OWNERS' EQUITY		1,964,686,810,370	1,152,833,395,502
410	i. Capital	12	1,964,686,810,370	1,152,833,395,502
411	1. Share capital		831,437,480,000	616,437,480,000
411a	- Shares with voting rights		831,437,480,000	616,437,480,000
412	2. Share premium		1,011,363,099,736	477,636,068,236
418	3. Investment and development fund		11,513,798,268	11,513,798,268
421	4. Undistributed earnings		110,372,432,366	47,246,048,998
421a	- Undistributed earnings up to the end of prior period		47,246,048,998	37,646,186,337
421b	- Undistributed net profit for the current period		63,126,383,368	9,599,862,661
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,977,018,871,671	1,161,689,073,748



Nguyen Thi Thu Hong
Preparer



Tran Anh Phuong
Chief Accountant




13 August 2015

INTERIM SEPARATE INCOME STATEMENT
for the six-month period ended 30 June 2015

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2015	For the six-month period ended 30 June 2014
01	1. Revenue from rendering of services	13.1	3,431,956,568	8,151,167,087
11	2. Cost of services rendered	15	(2,403,141,382)	(7,161,878,911)
20	3. Gross profit from rendering of services		1,028,815,186	989,288,176
21	4. Finance income	13.2	75,787,204,847	34,699,269,648
22	5. Finance expenses	14	(127,013,251)	(324,308,833)
23	<i>In which: Interest expense</i>		(26,002,779)	(35,677,778)
26	6. General and administrative expenses	15	(8,450,275,436)	(8,568,876,224)
30	7. Operating profit		68,238,731,346	26,795,372,767
50	8. Accounting profit before tax		68,238,731,346	26,795,372,767
51	9. Current corporate income tax expense	16.1	(575,729,846)	(1,753,840,229)
60	10. Net profit after tax		67,663,001,500	25,041,532,538



Nguyen Thi Thu Hong
Preparer



Tran Anh Phuong
Chief Accountant



13 August 2015

INTERIM SEPARATE CASH FLOW STATEMENT
for the six-month period ended 30 June 2015

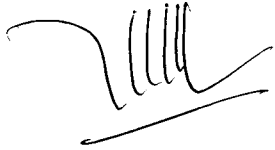
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Code	ITEMS	Notes	For the six-month period ended 30 June 2015	For the six-month period ended 30 June 2014
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		68,238,731,346	26,795,372,767
	<i>Adjustments for:</i>			
02	Depreciation	7	325,757,003	508,308,335
03	Reversal of provision		(803,812,500)	-
05	Profit from investing activities		(75,787,204,847)	(27,452,375,162)
06	Interest expense	14	26,002,779	35,677,778
08	Operating loss before changes in working capital		(8,000,526,219)	(113,016,282)
09	Decrease in receivables		2,067,882,334	17,781,092,000
11	Increase (decrease) in payables		558,209,163	(34,457,706,611)
12	Decrease (increase) in prepaid expenses		76,712,985	(28,490,174)
14	Interest paid		(26,002,779)	(35,677,778)
15	Corporate income tax paid	16.1	(151,020,913)	-
16	Other cash inflows from operating activities		-	416,882,880
17	Other cash outflows for operating activities		(2,217,692,988)	(1,615,895,930)
20	Net cash flows used in operating activities		(7,692,438,416)	(18,052,811,895)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets	7	(998,467,091)	-
23	Payments for purchase of shares in other entities		(246,266,000,000)	(505,356,981,235)
24	Proceeds from sale of shares in other entities		244,592,479,812	589,836,981,235
25	Payments for investments in other entities		(695,200,002,911)	(272,484,003,175)
27	Interest and dividends received		53,417,725,581	21,882,001,930
30	Net cash flows used in investing activities		(644,454,264,609)	(166,122,001,245)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares		749,564,156,500	645,389,644,000
34	Repayment of borrowings		-	(9,500,000,000)
36	Dividends paid	12.2	-	(20,048,166,500)
40	Net cash flows from financing activities		749,564,156,500	615,841,477,500


INTERIM SEPARATE CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2015

VND

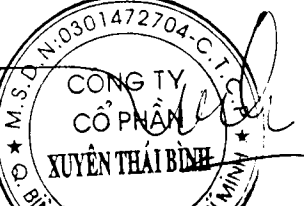
Code	ITEMS	Notes	For the six-month period ended 30 June 2015	For the six-month period ended 30 June 2014
50	Net increase in cash and cash equivalents		97,417,453,475	431,666,664,360
60	Cash and cash equivalents at beginning of period		42,579,923,316	6,280,443,828
70	Cash and cash equivalents at end of period	4	139,997,376,791	437,947,108,188




Nguyen Thi Thu Hong
Preparer



Tran Anh Phuong
Chief Accountant



Nguyen Van Khai
Asst. General Director



13 August 2015

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
as at and for the six-month period ended 30 June 2015

1. CORPORATE INFORMATION

Pan Pacific Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 0301472704 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 31 August 2005, as amended.

The Company is listed on the Ho Chi Minh City Stock Exchange ("HOSE") in accordance with the License No. 244/2010/QD-SDGHCM issued by the HOSE on 18 November 2010.

The current principal activities of the Company are principally engaged in agricultural activities and related activities, the financial investments and provision of cleaning services and other related services.

The Company's registered office is located at 236/43/2 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam. In addition, the Company also has a representative office in Hanoi, Vietnam.

The number of the Company's employees as at 30 June 2015 is 14 (31 December 2014: 19).

The Company's corporate structure includes 4 subsidiaries as presented in Note 8.1 of the interim separate financial statements.

2. BASIS OF PREPARATION

2.1 *Applied accounting standards and system*

The interim separate financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other 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 interim separate balance sheet, interim separate income statement, interim 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 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 the subsidiaries listed in Note 8.1 and it is in the process of preparing the interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the six-month ended 30 June 2015 to meet the prevailing regulatory reporting requirements.

NOTES TO THE INETRIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2015

2. BASIS OF PREPARATION (continued)

2.1 *Applied accounting standards and system* (continued)

Users of these interim separate financial statements should read them together with the interim consolidated financial statements of the Group for the six-month ended 30 June 2015 in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.

2.2 *Applied accounting documentation system*

The Company's applied accounting documentation system is the General 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 interim separate financial statements are prepared in VND which is also the Company's accounting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Change in accounting policies and disclosures*

Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system

On 22 December 2014, the Ministry of Finance issued the Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system ("Circular 200") replacing Decision No. 15/2006/QĐ-BTC dated 20 March 2006 and Circular No. 244/2009 / TT-BTC dated 31 December 2009 of the Ministry of Finance. Circular 200 is effective for the financial year beginning on or after 1 January 2015.

The effects of the change in accounting policies in accordance with Circular 200 to the Company's interim separate financial statements are applied on a prospective basis as Circular 200 does not required for restropective application. The Group also reclassifies certain corresponding figures of prior period to conform with the presentation of the current period's interim separate financial statements in accordance with Circular 200 as disclosed in Note 21.

3.2 *Cash and cash equivalents*

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

3.3 *Receivables*

Receivables are presented in the interim 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 interim separate income statement.

NOTES TO THE INETRIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2015

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 interim separate income statement as incurred.

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

3.5 Depreciation

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

Buildings and structures	5 - 25 years
Means of transportation	5 - 10 years
Office equipment	3 - 5 years

3.6 Investments

Investment in subsidiaries

Investments in subsidiaries over which the Company has control are carried at cost.

Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the interim 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.

Investments in an associate

Investments in associates over which the Company has significant influence are accounted for under the cost method of accounting.

Distributions from the accumulated net profits of the associate arising subsequent to the date of acquisition by the Company are recognised as income in the interim 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.

Provision for diminution in value of investments

Provision is made for any diminution in value of investments at the balance sheet date in accordance with the guidance under the Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases to the provision balance are recorded as finance expense in the interim separate income statement.

Held-to-maturity investments

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

3.7 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim 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.

NOTES TO THE INETRIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and are recorded as expense during the period in which they are incurred.

3.9 Operating lease

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

3.10 Payables and accruals

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

3.11 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting period 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 31 December 2008 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 period 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 interim separate income statement.

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

3.12 Foreign currency transactions

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

- transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection; and
- transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment.

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

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

All realised and unrealised foreign exchange differences are taken to the interim separate income statement.

3.13 Appropriation of net profits

Net profit after tax (excluding negative goodwill arising from a bargain purchase) 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 Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

NOTES TO THE INETRIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Appropriation of net profits (continued)

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 interim separate balance sheet.

3.14 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:

Rendering of services

Revenues are recognised upon the completion of the services provided.

Rental income

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

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.

3.15 Taxation

Current income tax

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

Current income tax is charged or credited to the interim 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 off-set 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 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 interim separate financial reporting purposes.

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

- ▶ where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.