

3. 中期経営・投資計画（2015～2019）

Mid-Term management plan 2015-2019

- For the SAFE, RELIABLE and
CONFORTABLE transportation service-

Vientiane Capital State Bus Enterprise
(VCSBE)

Contents

- I. Basic Principle of Management
- II. Financial Plan
- III. Actual operation according to the approaches
- IV. Relationship among stakeholders

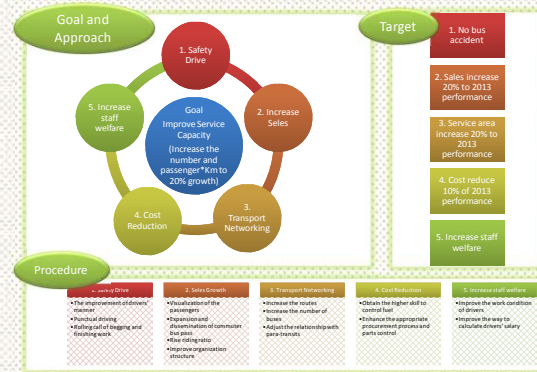
[Background information] Historical data of VCSBE
[Supporting information] Details of Financial Plan

I . Basic Principle of Management

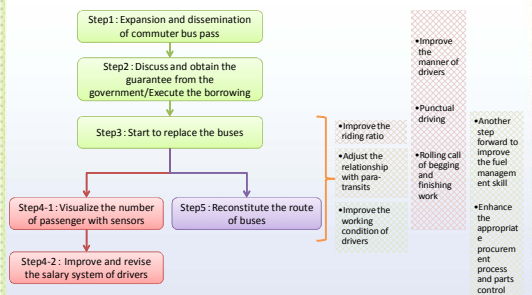
Management Policy

We, VCSBE, put all our effort into the environment-conscious provision of the SAFE, RELIABLE and CONFORTABLE transportation service which leads to the customer satisfaction, effective and efficient management and continuous improvement of operation.

Direction of VCSBE



Important steps and procedures



II . Financial Plan

Outline of operational profitability

- ▶ Regarding to the financial situation in the recent years, our results show net operational profit; however, we result in the net losses at the bottom line since fiscal year 2010.
- ▶ Regarding to the situation of net cash flow, we result in net cash out from 2009 to 2011, and though the result of 2012 remained unchanged, we got relatively large net cash-in in 2013. Yet, we estimate that 2014 will become net cash out again.
- ▶ We surmise the primary reasons of the result above are as follows.
 - a. Continuous high unit price of diesel and increase of the share of fuel cost until mid of 2014
 - b. Though the number of passenger in Vientiane Capital has increased, some reasons such as the restriction of operation toward outside city and switching of passenger from International line to boarder line lead to the reduction of passengers.

Forecast of operational profitability

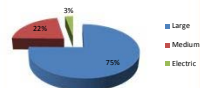
- ▶ The fuel cost, which have high proportion of overall cost in VCSBE, and unit price have great impact on the profitability and the cash flow.
- ▶ In addition to the drop of the unit price of crude oil from latter half of 2014, we will improve the efficiency by eco-driving and aim to achieve the net zero cash flow on operation excluding the revenue from commuter bus pass income.

Primary purpose of financial plan

- In this plan, we are aiming to achieve to increase 20% of sales and net-cash flow become zero by operational activities.
- However, to achieve the target, we must replace all old buses which have already exceeded durable life period of buses; therefore we show the financial plan to do it and exclude the ordinary operational financial plan.
- The entire possession of buses before implementation of replacement plan is as follows.

| | | | |
|------------------|------------|----------|-----|
| Ventiane Capital | ISUZU | Large | 42 |
| | NISSAN | Medium | 30 |
| | JY.T | Electric | 3 |
| | MITSUBISHI | Medium | 3 |
| Sub total | | | 88 |
| Inter Urban | HYUNDAI | Large | 33 |
| | HINO | Large | 4 |
| | Sub total | | 37 |
| Total | | | 125 |

Present portfolio



Two scenarios of Financial Plan

- From next page, we show forecast of the two scenarios of financial plan and each scenario includes the necessary amount of investment to purchase buses, the amount of income and cost change in operation, loan and its repayment schedule and necessary financial resource.
 - Case to maintain the same size of bus
 - Case to expand the size to 20% growth
- We are making financial plan based under the some hypotheses such as interest rate or income estimation by advertisement inside and outside buses. Detailed hypotheses are described in "[Supporting information] Detail of Financial Plan".

Outline of bus body replacement plan

- All buses in VCSEB other than last granted buses by JICA in 2012 has been necessary to be replaced; therefore, we are planning to replace buses as following.

| | | | |
|----------------------------|------------|----------|---------|
| Ventiane Capital | NISSAN | Medium | 20buses |
| | JY.T | Electric | 3buses |
| | MITSUBISHI | Medium | 3buses |
| | Sub total | | 26buses |
| Inter urban/ International | HYUNDAI | Large | 33buses |
| | HINO | Large | 4buses |
| | Sub total | | 37buses |
| 合計 | | | 63buses |

- To replace buses, we have a couple of scenarios. The brief explanation and the result of each scenario are as following.
 - The case to maintain the current scale of buses
 - In this case, we will maintain the size of buses; yet we will increase the share of medium buses and half of large size of buses will be replaced to medium size of buses so that we can increase the fuel consumption efficiency as a whole company and increase the passenger ratio with keeping the number of buses.
 - As a result of implementation of this plan, we will purchase four of large buses and nine of medium buses every year in next 5years, and we expect the portfolio of buses will become as follows.

| | | |
|----------------------------|--------|---------|
| Ventiane Capital | Medium | 45buses |
| Inter urban/ International | Large | 20buses |
| Total | | 65buses |

- The case to expand the size to 20% growth
 - In this case, we try to expand our business size to 20%. To achieve it, we will increase the share of medium buses and half of large size of buses will be replaced to medium size of buses, in addition to it, we will purchase additional medium size of buses so that we can increase the fuel consumption efficiency as a whole company and increase the number of passengers.
 - As a result of implementation of this plan, we will purchase four of large buses and eleven of medium buses every year in next 5years, and we expect the portfolio of buses will become as follows.

| | | |
|----------------------------|--------|---------|
| Ventiane Capital | Medium | 55buses |
| Inter urban/ International | Large | 20buses |
| Total | | 75buses |

Financial Plan 1

- Case to maintain the same size of bus -

The required amount of investment to replace the buses

- To maintain the same size, every year we need to purchase 4 large buses and 9 medium buses in next 5 years.

| | | 1st year | 2nd year | 3rd year | 4th year | 5th year | Total |
|----------|-----------|----------|----------|----------|----------|----------|-------|
| Scrap | Large | 7 | 7 | 7 | 8 | 8 | 37 |
| | Medium | 5 | 5 | 6 | 5 | 5 | 26 |
| | Sub total | 12 | 12 | 13 | 13 | 13 | 63 |
| Purchase | Large | 4 | 4 | 4 | 4 | 4 | 20 |
| | Medium | 9 | 9 | 9 | 9 | 9 | 45 |
| | Sub total | 13 | 13 | 13 | 13 | 13 | 65 |
| Flux | | 1 | 1 | 0 | 0 | 0 | 2 |

- We need to fund **839,000USD** for the investment every year.
- The effect to the operational cost and income by replacement
 - The mains effect due to the replacement are to "Reduction of fuel" and "increase of advertisement income".
 - Regarding to the "Reduction of fuel", we will replace many part of buses from large buses which are not efficient and can drive 2.7Km/L to medium buses which are efficient and can drive 8.5 Km/L; eventually, we estimate that
 - Fuel consumption ratio will improve because of effective and efficient operation due to the change of fuel consumption improvement in terms of bus portfolio in the whole bus company.
 - The riding ratio of buses in less popular route will increase; that is, if it is currently 50% of large capacity(50 seats) in a certain route, we can improve it to 100% of medium capacity(25 seats).
- Total number of buses will increase slightly; however, we will not hire new drivers with consideration for making it as spare buses.

Financial Plan 1 - Case to maintain the same size of bus -

Funding and repayment for the investment

- To implement this case, every year we need to borrow the fund from public or commercial bank in next 5 years.
- About the repayment plan, we are planning to pay back for 14years from 2016 and detailed repayment schedule is as follows.

| Schedule of repayment | 1st Year | 2nd Year | 3rd Year | 4th Year | 5th Year | 6th Year | 7th Year | 8th Year |
|----------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Maintain the current scale | 0 | 236,000 | 247,000 | 251,000 | 257,000 | 262,000 | 222,000 | 245,000 |
| | 269,000 | 296,000 | 326,000 | 359,000 | 392,000 | 423,000 | 469,000 | |

(Unit: USD)

- The reason why the amount of repayment after 10th year is that the remaining balance of loan gradually decrease, and, in parallel, the payment of interest reduce and repayment of the principal increase.
- Regarding the resource of repayment and interest, we surmise that we pay it with the income of University bus pass and other commuter pass income. We estimate that we need to sell **3,800** of those passes.

Entire possession of buses after replacement - Case to maintain the same size of bus -

- The entire possession of buses after the implementation of replacement plan is as follows.

| | Present portfolio | | | | | New Large | | | Final portfolio | |
|----------------------------|-------------------|----------|------|------------|-----------|-----------|--------|------------|-----------------|--------|
| | ISUZU | NISSAN | JY.T | MITSUBISHI | | Large | Medium | | Large | Medium |
| Maintain the current scale | ISUZU | Large | 42 | | Sub total | 42 | | New Medium | 45 | |
| | NISSAN | Medium | 20 | | | 30 | | | 45 | |
| | JY.T | Electric | 3 | | | | 30 | | | 45 |
| | MITSUBISHI | Medium | 3 | | | | 3 | | | 45 |
| Sub total | | | | 68 | | 72 | | 107 | | |
| Inter Urban | HYUNDAI | Large | 33 | | Sub total | 15 | | New Large | 20 | |
| | HINO | Large | 4 | | | 20 | | | 20 | |
| | Sub total | | 37 | | | 39 | | | 39 | |
| Total | | | | 105 | | 111 | | 136 | | |

Final portfolio



Financial Plan 2 - Expand the scale to 20% growth -

■ The required amount of investment to replace the buses

- Expand the scale to 20% growth, every year we need to purchase 4 large buses and 11 medium buses in next 5 years.

| | 1st year | 2nd year | 3rd year | 4th year | 5th year | Total | |
|----------|-----------|----------|----------|----------|----------|-------|----|
| Scrap | Large | 7 | 7 | 7 | 8 | 8 | 37 |
| | Medium | 5 | 5 | 6 | 5 | 5 | 26 |
| | Sub total | 12 | 12 | 13 | 13 | 13 | 63 |
| Purchase | Large | 4 | 4 | 4 | 4 | 4 | 20 |
| | Medium | 11 | 11 | 11 | 11 | 11 | 55 |
| | Sub total | 15 | 15 | 15 | 15 | 15 | 75 |
| Flux | 3 | 3 | 2 | 2 | 2 | 12 | |

- We need to fund **939,000USD** for the investment every year.

■ The effect to the operational cost and income by replacement

- The main effect due to the replacement are "Reduction of fuel", "Increase of advertisement income" and "Increase of drivers' salary".
- Regarding to the "Reduction of fuel", we will replace many part of buses from large buses which are not efficient and can drive 2.7Km/L to medium buses which are efficient and can drive 8.5 Km/L, eventually, we estimate that
 - Fuel consumption ratio will improve because of effective and efficient operation due to the change of fuel consumption improvement in terms of bus portfolio in the whole bus company.
 - The riding ratio of buses in less popular route will increase; that is, if it is currently 50% of large capacity(50 seats) in a certain route, we can improve it to 100% of medium capacity(25 seats).
- Regarding to the "Increase of drivers' salary", we estimate that every year we need to hire additional new two drivers and one staff of mechanics or administrator in accordance with the increase of two buses.

Financial Plan 2 - Expand the scale to 20% growth -

■ Funding and repayment for the investment

- To implement this case, every year we need to borrow the fund from public or commercial bank in next 5 years.
- About the repayment plan, we are planning to pay back for 14years from 2016 and detailed repayment schedule is as follows

| Schedule of repayment | 1st Year | 2nd Year | 3rd Year | 4th Year | 5th Year | 6th Year | 7th Year | 8th Year |
|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Expand the scale to 20% growth | 0 | 337,000 | 321,000 | 301,000 | 283,000 | 216,000 | 238,000 | 262,000 |
| | 288,000 | 317,000 | 348,000 | 386,000 | 423,000 | 465,000 | 511,000 | |

- The reason why the amount of repayment after 10th year is that the remaining balance of loan gradually decrease, and, in parallel, the payment of interest reduce and repayment of the principal increase.
- Regarding the resource of repayment and interest, we surmise that we pay it with the income of University bus pass and other commuter pass income. We estimate that we need to sell **6,800** of those passes.

Entire possession of buses after replacement - Expand the scale to 20% growth -

► The entire possession of buses after the implementation of replacement plan is as follows.

| Expand the scale to 20% growth | Venture Capital | ISUZU | | NISSAN | | HYUNDAI | | MITSUBISHI | | Total | |
|--------------------------------|-----------------|-------|--------|--------|--------|---------|--------|------------|--------|-------|--------|
| | | Large | Medium | Large | Medium | Large | Medium | Large | Medium | Large | Medium |
| Inter Urban | | 42 | 26 | 35 | 20 | 4 | 4 | 3 | 3 | 86 | 52 |
| | | 35 | 20 | 4 | 4 | 3 | 3 | 3 | 3 | 37 | 20 |
| Total | | 77 | 46 | 39 | 24 | 7 | 7 | 6 | 6 | 123 | 72 |

Final portfolio

III . Procedures to each approach

- Safety Drive**
 - The improvement of drivers' manner
 - Punctual driving
 - Rolling call of begging and finishing work
- Sales Growth**
 - Visualization of the passengers
 - Expansion and dissemination of commuter bus pass
 - Rise riding ratio
 - Improve organization structure
- Transport Networking**
 - Increase the routes
 - Increase the number of buses
 - Harmonize the relationship with para-transits
- Cost Reduction**
 - Obtain the higher skill to control fuel
 - Enhance the due process of procurement and parts control
- Increase staff welfare**
 - Improve the work condition of drivers
 - Improve the way to calculate drivers' salary

III - i . Detailed procedures for the safety drive

□ To achieve the target of the safety drive, zero bus accident, we will execute the actions as follows.

- The improvement of drivers' manner**
 - Enhance the announcement inside bus for giving warnings on "Curving", "Stopping" and "Swinging".
 - Ensure all drivers to wear uniform
 - Create a system to accumulate the citizens' voice.
- Punctual driving**
 - Prohibit boarding and exiting in the city center, which is defined as the area inside 5km from CBS.
 - Alleviate the burden on traffic jam and remove the illegal parking cars
- Rolling call of begging and finishing work**
 - Confirm the sick and leave of drivers in early timing
 - Create a system for drivers to report road conditions and passengers' tendency
 - Ensure to assign multiple drivers to each bus

III - ii . Detailed procedures for the increase sales

□ To achieve the target of the increase sales, which is 20% growth to the sales result of 2014, we will execute the actions as follows.

- Targeted sales schedule of each year to achieve 20% sales growth after 5**

| 2014(Plan) | 2015(Target) | 2016(Target) | 2017(Target) | 2018(Target) | 2019(Target) |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 29,000,000,000 | 30,200,000,000 | 31,400,000,000 | 32,600,000,000 | 33,800,000,000 | 35,000,000,000 |
- Visualize the number of passengers with using sensor**
 - Recognize the travel and behavior of passengers by hour of day.
 - Discuss the promotional ticket
 - Discuss the connection between one route to another route.
- Expand and promote the commuter bus pass**
 - We are aiming to expand and promote the bus pass which is experimented through the JICA project and next challenge of it is to normalize to all students with exemption
 - The normalization of the provision of university bus pass will enhance some effects as follows.
 - People will become familiar with riding bus, and bus pass will, eventually, contribute to solve the traffic jam problem and enhance citizens to use environment-friendly public transportation.
 - We will expand the target of commuter bus pass other than NUOL students such as other schools, governmental organizations or factories, and enhance to establish the position of buses as the means of commuter.
 - We will ensure the income resources bus with commuter pass and improve the profitability.

III- ii . Detailed procedures for the increase sales

- Another promotion of commuter passes
 - Along the expansion and promotion of commuter bus passes, we will discuss and implement related procedures as follows.
 - i. Combination of "the park and ride" and "commuter bus pass".
 - ii. Commuter bus pass which is valid only in a route or a zone.
 - iii. Commuter bus pass which is valid only during weekdays or weekends.
 - iv. One day bus pass for travelers and others

III-iii. Detailed procedures for the transportation networking

- To achieve the target of the transportation networking, which is to expand the 20% of service area comparing to 2014 performance, we will execute the actions as follows.
 - Increase the number of routes
 - Make the southern bus terminal new hub station of VCSBE buses.
 - Make terminal station near NUOL Dongdok campus.
 - Reinforce the ability to control the CBS.
 - Increase the number of buses
 - Regarding the number of buses, we showed it in the financial part of this plan.
 - We have two scenarios and are basically aiming and making effort to achieve the scenario of expansion.
 - Harmonize the relationship with para-transits
 - Construct the relationship of the cooperation or supplement with other modes of transportation, especially in Vientiane Capital.

III- iv . Detailed procedures for the cost reduction

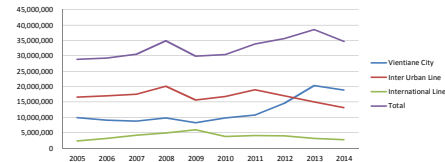
- To achieve the target of the cost reduction, which is to reduce 10% of cost comparing to 2014 performance, we will execute the actions as follows.
 - Improve the riding ratio
 - Reduce the cost per one sales unit by improving the riding ratio.
 - Along the line with the expansion of commuter bus pass, we will keep high riding ratio in all routes and hours of a day.
 - Allocate some route starting from CBS to other place and provide not only the direct service but also the trunk & feeder service.
 - Improve the comfort of bus stops.
 - Another step forward to improve the fuel management skill
 - Fuel reduction to promote the skill of eco-driving
 - Continuous monitoring of driving skill with using the digital tachograph.
 - Enhance the appropriate procurement process and parts control
 - Review the procurement process and try to decrease the transaction cost without impairing the quality of parts.
 - Introduce the quality control system such as the Six Sigma or 5S.

III- v . Detailed procedures for the increase of staff welfare

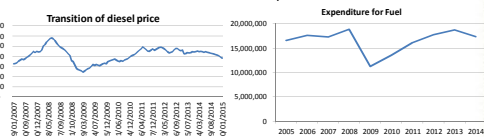
- To achieve the target of Increase of staff welfare, we will implement the actions as follows.
 - Improve the working condition of drivers
 - Install the facilities for drivers to take break and short sleep
 - Change to the system that more than one driver become driver in charge of one bus.
 - Improve the way to calculate drivers' salary
 - We have calculated the drivers' salary based on the lump-sum system.
 - We will follow the next steps in next 5 years and try to change to the fixed amount salary system.
 - i. Experimental introduction of passenger sensor provided by Japanese Eagle Bus.
 - ii. Replace old buses
 - iii. Install sensors to all buses to grasp the number of passengers
 - iv. Discuss and decide the salary table after the introduction of the fixed amount system of drivers' salary.
 - v. Transit to the fixed amount system of drivers' salary
 - At present, we cannot calculate the actual total amount of received fare; therefore, we cannot calculate the salary table nor level of salary after the introduction of the fixed amount system of drivers' salary.
 - Yet, we will start to estimate and calculate the salary standards after the installation of sensors have finished and adequate time to estimate comes.
 - We will take it into consideration that drivers' average salary of drivers' household should avoid to drop steeply; therefore, consider to implement other procedure that we employ drivers' relatives as the assistant of drivers.

[Background information] Historical data of VCSBE

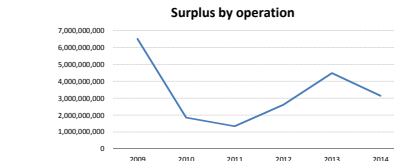
1. Transition of sales by bus operation



2. Transition of total fuel cost and unit price

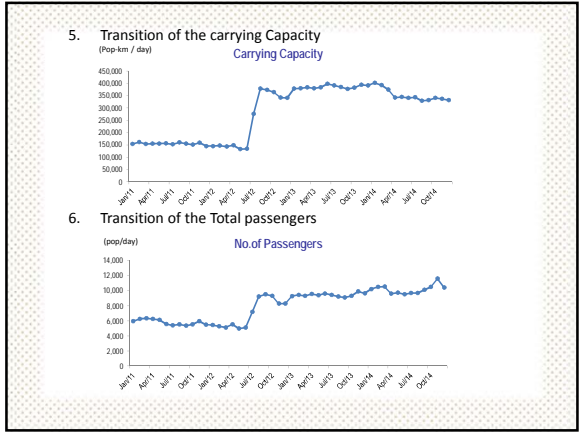


3. Transition of the operational profit by bus operation



4. Transition of fare price





[Supporting information] Details of Financial Plan

1. Hypotheses used for the Financial Plan

- INVESTMENT BUDGET
 - a. All buses other than ISUZU which were granted in 2012 have reached the phase of replacement.
 - b. It is difficult to replace all buses at one time; therefore replacement should be implemented through next 5 years.
 - c. Replacement will not be implemented in accordance with the idea to keep the same size of buses; namely VCSBE intends to increase the number of medium size of buses to raise the riding ratio.
 - d. Scraps can be sold and the selling price is based on the latest term.
- OPERATIONAL BUDGET
 - a. Fuel can be saved due to the change of the bus size portfolio; the weight of medium bus, which is more efficient fuel consumption, will increase year by year.
 - b. Advertisement income for the large buses is based on the latest actual record; one for the medium buses is based on the estimation.
 - c. The effect by the change of total number of driver is only reflected to the case of expansion.
- Financing budget
 - a. Loans are exercised at the beginning of successive 5 years.
 - b. Payment for the interest is calculated based on the balance of loans in last year.
 - c. Interest rate is estimated as 10 %.
 - d. Loans are repaid in 10 years.

2. Investment budget and operational budget<Black number is plus cash-flow and red number is minus cash-flow>

| (単位:千円/年) | | | | | | | Financing (円) | Interest (円) |
|-----------|-----|-----|-----|-----|-----|-----|------------------|-----------------|
| 年度 | H12 | H13 | H14 | H15 | H16 | H17 | | |
| 投資予算 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 運用予算 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 総予算 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 投資収入 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 運用収入 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 投資収入 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 運用収入 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | | |

3. Financial budget and necessary amount of additional income by bus pass

| 年度 | H12 | H13 | H14 | H15 | H16 | H17 | 追加収入 (円) | | | | | | | | |
|----|-----|-----|-----|-----|-----|-----|----------|-----|-----|-----|-----|-----|---|---|---|
| | | | | | | | H12 | H13 | H14 | H15 | H16 | H17 | | | |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 収入 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 支出 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 黒字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 赤字 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

4. ワークショップ資料（電子データのみ）

| No. | Date | Seminar / Workshop | Page |
|---|-------------------|--|----------|
| Act1-1-2 Improve Financial Management | | | |
| 1 | 20 Jan, 2012 | “Public Private Seminar on Bus System and BRT in Vientiane” JICA’s Bus Related Activities and “Project to Enhance the Capacity of Vientiane Capital VCSBE” (JICA) | App4-2 |
| 2 | 29 June, 2012 | ICT Project in Bangladesh | - |
| 3 | 9 July, 2012 | Seminar on Green Transportation and ICT Ticketing System | App4-4 |
| Act 1-1-6 Attractive Measures for Potential Bus Users | | | |
| 1 | 9 Mar, 2013 | Public Bus Use for Students of NUOL | App4-22 |
| Act 1-2-1 Improve Staff’s Capacity for Management & Operation | | | |
| (1) Account and Management of Corporate | | | |
| 1 | 10 Aug, 2012 | Outline of financial accounting | App4-47 |
| 2 | 7 Sep, 2012 | Cost reduction | App4-58 |
| 3 | 27 Sep, 2012 | The features of the management of the public bus company& Revenue growth | App4-64 |
| 4 | 15 Mar, 2013 | Introduction of Cash Flow Statement | App4-70 |
| 5 | 5 Apr, 2013 | Cost per unit analysis | App4-77 |
| 6 | 5 Jun, 2013 | Organization Structure Reform | App4-81 |
| 7 | 21 Jun, 2013 | MS-Excel Training for Accountant | App4-83 |
| 8 | 5 Sep, 2013 | Exercise to make C/F | App4-85 |
| 9 | 16 Sep, 2013 | Financial Analysis | App4-93 |
| 10 | 19 Feb, 2014 | Management Planning | App4-118 |
| 11 | 27 Feb, 2014 | External Environment Analysis | App4-125 |
| 12 | 13 Mar, 2014 | Exercise of Financial Analysis | - |
| 13 | 26 Mar, 2014 | Price Setting for University bus Pass | App4-130 |
| 14 | 13 Nov, 2014 | Consensus building on Management Plan and Finance | App4-134 |
| 15 | 21 Nov, 2014 | Report of Progress of Management Plan | App4-137 |
| (2) Planning for Bus Operation | | | |
| 1 | 12 Mar, 2012 | Preparation of New bus operation | App4-141 |
| 2 | 9 May, 2012 | Public Transport Facility Planning and Design | App4-147 |
| 3 | 18 May, 2012 | Good Public Transport Facility | App4-150 |
| 4 | 28 Aug, 2012 | Temporary Bus Stop During construction of CBS | App4-173 |
| 5 | 30 Oct, 2013 | - Roll call and Bus operation management - Shuttle bus operation - Bus fare setting | App4-177 |
| 6 | 1 Nov, 2013 | Bus Operation Seminar for Executives | App4-184 |
| 7 | 14 Jul, 2014 | Seminar for Public Bus Transportation in Vientiane Capital | App4-187 |
| 8 | 19 Sep, 2014 | Traffic Counting by Smartphone and ITS application | App4-194 |
| (3) Transportation Planning | | | |
| 1 | 1 Mar, 2013 | Introduction of Transportation Planning | App4-207 |
| 2 | 7 Mar, 2013 | Outline of Transportation Demand Forecast, - Excel practice, - Practice 1 : Update Network | App4-212 |
| 3 | 15 Mar, 2013 | Practice 2 : One-way Traffic Regulation in CBS | App4-217 |
| 4 | 22 Mar, 2013 | Other Program Modules | App4-224 |
| 5 | 24 & 25 Feb, 2014 | Introduction of Traffic Engineering | App4-229 |

| No. | Date | Seminar / Workshop | Page |
|--|--------------|--|----------|
| 6 | 14 May, 2014 | Intersection Analysis | App4-239 |
| (4) Maintenance | | | |
| 1 | 19 Feb, 2013 | IT Introduction for Maintenance | App4-243 |
| 2 | 23 May, 2013 | Daily Maintenance Training | App4-251 |
| 3 | 15 May, 2014 | Quality Control (QC) & Digital Tachograph Analyze | App4-259 |
| Act 1-2-2 Improve Daily Bus Operation Based on the Operation Regulation | | | |
| (2) Bus Driver Training | | | |
| 1 | 22 May, 2014 | Bus Driver's Training by Keisei Bus | App4-270 |
| 2 | 23 May, 2014 | Seminar for Managers of Bus Drivers by Keisei Bus | App4-284 |
| Act 2-3 Set Criteria to Evaluate Bus Service and Target Levels of Public Bus Service | | | |
| 1 | 1 Mar, 2012 | Presentation of Bus Service Quality No.1 | App4-297 |
| 2 | 2 Apr, 2013 | Presentation of Bus Service Quality No.2 | App4-304 |
| 3 | 4 Feb, 2014 | Bus Service Improvement: On-time Operation at Bus Stops | App4-309 |
| 4 | 4 Feb, 2015 | Criteria to Measure Level of Service | App4-314 |
| Act 2-4 Plan and Review Bus Routes and Bus Stop Locations Responding to Community Demand | | | |
| 1 | 9 Sep, 2014 | 1. Overview of GIS 2. ArcGIS Basics 3. Understanding GIS Data 4. Coordinate Systems 5. Working with Arc Map | App4-318 |
| 2 | 11 Sep, 2014 | 6. Creating New Features, Digitization and Managing Map Layers 7. Using Coordinate Systems 8. Symbolizing, Layout, Labeling 9. Data and Map Exporting and Printing | |
| 3 | 16 Sep, 2014 | 10. Data Conversion to/from GIS (Google Earth, AutoCAD,...) 11. Importing GPS Data 12. Geo-database 13. Editing GIS Data 14. Projection and Transformation of GIS Data | |
| 4 | 18 Sep, 2014 | 15. Performing Simple Analysis (Spatial, Network, Tracking Analysis, etc.) 16. Preparing Base Map 17. Preparing Bus Route Map, Bus Stop 18. Working with Multiple Data Frames | |
| Act3-1 Review and Establish a Proper Fare Structure | | | |
| 1 | 19 Feb, 2013 | Concept of financial support for the Public Transport Company | App4-350 |
| 2 | 22 Mar, 2013 | Types of financial support | App4-357 |
| 3 | 29 Mar, 2013 | Examples of foreign countries and impacts of subsidies | App4-367 |
| 4 | 8 Apr, 2013 | Summary of discussion and confirmation of application for tax concession | - |
| 5 | 13Nov, 2014 | Confirm the progress and further process of tax concession | App4-377 |
| Act3-6 Update Public Transportation Policy and Plan | | | |
| (3) Bus Promotion and Safety Campaign | | | |
| 1 | 26 Oct, 2013 | Traffic Safety Training Campaign at Vientiane Secondary School | App4-382 |
| 2 | 13 Mar, 2014 | Bus Management and Operation Improvement in Japanese Practices and Experiences | App4-394 |

App4 Workshop Materials

Act1-1-2 Improve Financial Management

| No. | Date | Seminar / Workshop | Page |
|-----|---------------|---|--------|
| 1 | 20 Jan, 2012 | “Public Private Seminar on Bus System and BRT in Vientiane” JICA’s Bus Related Activities and “Project to Enhance the Capacity of Vientiane Capital VCSBE” (JICA) | App4-2 |
| 2 | 29 June, 2012 | ICT Project in Bangladesh | - |
| 3 | 9 July, 2012 | Seminar on Green Transportation and ICT Ticketing System | App4-4 |

WHAT'S ICT CARD?

MERIT OF ICT FARE SYSTEM

- ◎ Revenue assurance
 - ➔ Clear and systematic accounting system.
- ◎ Reduce the time for ticketing
 - ➔ Shorten travel time No need to prepare change for buying ticket.
- ◎ Accumulation of customer data
 - ➔ Significant data for Improvement of traffic condition, customer service, bus operation.

CASES IN OVERSEAS

- ◎ Hong Kong: Octopus Card
- ◎ China: Shenzhen Tong Card & Subway Token
- ◎ India: TRAVEL Card & Token
- ◎ Thailand: Subway Card & Token
- ◎ Taiwan: Token for Single Journey Ticket in Kaohsiung
- ◎ Tokyo: Interoperable Metropolitan IC Card Services
- ◎ Osaka Municipal Transportation Bureau: OSAKA PiTaPa

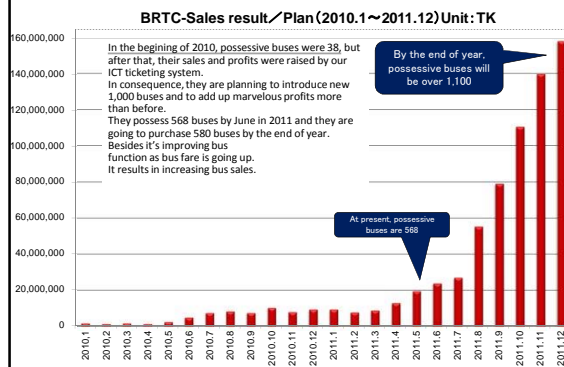
ICT SYSTEM IN BANGLADESH

Developing ICT ticket shop in a part of line

At present, the way of ticket sales is changed by ICT ticket shop in a part of line. And there are a lot of improvement effects from the aspect of management.



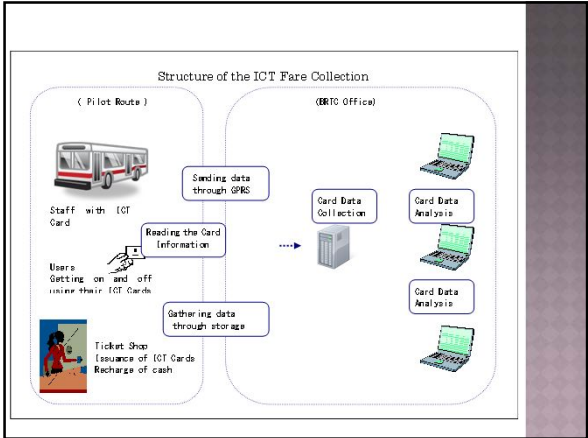
CHANGE OF REVENUE OF BRTC



ICT SYSTEM IN BANGLADESH

Not "contact" but "contactless". Considering local environment (humid, high temperature, and dusty), "contactless" "FeliCa" (made by SONY) ICT is selected.





*The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise
(JICA PEC-VCSBE)*

Seminar on Green Transportation and ICT Ticketing System

Date: 9 July 2012

Time: 13:30 to 16:30pm

Venue: Faculty of Engineering of Lao University,
Conference Room

Organizer: Vientiane Capital State Bus Enterprise (VCSBE)

JICA Project Team (Katahira & Engineers International : KEI)

Faculty of Engineering of Lao University

Topics:

- 1. Introduction of the Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise**
 - Mr. Kamphoune TEMERATH, Director of VCSBE
- 2. Public Bus Service in Japan**
 - Professor Fumihiko NAKAMURA, Yokohama National University
- 3. Social Experiment for Introduction to ICT Ticking System to Lao and Experience of Case of Bangladesh Road Transportation Corporation**
 - Ms. Ai MISHIMA, Bus Service/Human Resource Development Expert, KEI
 - Mr. Quazi Md. MEZBAUR Rahman, System Manager, IC Card Business Division, N-Wave Co.Ltd. Japan
- 4. NAMA for Reducing CO² in Vientiane and Application to Bus Rapid Transit System**
 - Mr. Taiji TANOGUCHI, Environment Division, Katahira and Engineers International, Inc. Japan

Time Table

13:00 to 13:30:

Attendant Registration

13:30 to 13:35:

Opening Remarks

13:35 to 14:00:

Introduction of the Project to Enhance the Capacity of Vientiane Capital State Bus
Enterprise

14:00 to 14:40:

Public Bus Service in Japan

14:40 to 15:30:

Social Experiment for Introduction to ICT Ticking System to Lao and Experience
of Case of Bangladesh Road Transportation Corporation

15:30 to 16:00

NAMA Survey for Reducing CO2 in Vientiane and Application to Bus Rapid
Transit System

16:00 to 16:30

Discussion and Submission of Evaluation Sheet

July 9, 2012 @ Vientiane

Japanese Experience on Urban Bus Improvement
(lecture outline)

Professor, Dr. Fumihiko Nakamura
Transportation and Urban Engineering Lab., Institute of Urban Innovation
Yokohama National University

1. Current Situation of Japanese bus

- The number of the bus passenger in Japan has been decreasing, whose peak was in 1960's. On the other hand, car ownership started to increase in 1960's.
- Total length of bus route in Japan has been increased although fleet size has been stable, which implies the less frequent services.
- The number of bus drivers has been decreasing, which means drivers are working for longer period a day.
- In spite of patronage decrease, fare revenue had been stable until 1990 as fare tariff was raised again and again.
- Several cities including many of metropolitans have public bus operators like in Tokyo, Osaka and Yokohama, those operators are financially independent of municipality's accounting. The number of public bus operator has been decreased as they were merged into private operators in the same region
- After the deregulation for local bus in Japan in 2002, the number of private bus operators has increased, many of which are subsidiaries from existing large bus operators.

2. History of local bus in Japan

1903 Start of the service in Kyoto
1951 Start of no conductor bus (one-man bus) service
1977 Start of bus location system.
1985 Start of articulated buses

3. Good practice of urban local bus in Japan

- Automatic announcing system (voice synthesizer) since 1970's according with expansion of one-man bus service.
- Multi-function fare box machine also according with expansion of one-man service, later on with the start of stored-fare card (magnetic one and recently IC card).
- Magnetic stored-fare card in 1990's
- IC card in 2000's
- Bus priority measures (bus lanes and signal preemption such as PTPS (Public Transportation Priority System)).
- Fare system improvement such as discount tickets, commuter passes, etc.
- Automatic Vehicle Location monitoring (so-called bus location system) attached with real-time information at bus stop and terminals and on web-sites.
- Scheduling measures such as clockwise interval (10,15,20 or 30).
- Midnight bus services especially after commuter rail service closure with higher price of fare.
- Hail-and-Ride service on low density streets with lighter traffic flows.
- Express buses in some congested corridors.
- Coordination with bicycles and cars such as cycle-and-ride and park-and-ride.
- Hierarchical network services such as combination of main line and feeder lines.
- Intensive Improvement on some specific routes, which involves new vehicles, higher frequency, comfortable and safe bus stops, real-time information and so on at the same time onto the same route.
- Quasi-BRT (Key-Route-Bus) in Nagoya in 1985.
- Revolution of bus operator's attitudes such as comprehensive package of measures in a operator in Hamamatsu and another in Kanazawa.

//END//

The Project to Enhance the Capacity of Vientiane Capital State

Bus Enterprise
(JICA PEC-VCSBE)

Seminar on Green Transportation and ICT Ticketing System

Social Experiment for Introduction to ICF Ticking System to Lao and Experience of Case of Bangladesh Road Transportation Corporation

Ms. A.MISHIMA,

Bus Service/Human Resources Development Expert, KEI

University of Laos 2012 July 9

Plan of ICT fare collection of bus social experiment

1. Target Route: Implementation by phase

- (1) Route 29 (CBS-Dongdok campus)
- (2) Route 31 (CBS-Dongdok campus)
- (3) Route 14 (CBS-Friendship Bridge)

2. Type of Bus:




New bus provided by Japan grant aid

3. Target passenger:

- (1) Students of the University of Laos
- (2) Ordinary Passengers



4. Type of card and ticket:

- (1) ICT monthly pass for students of the University of Laos:

- (2) ICT card for ordinary frequent users:

- (3) Paper ticket for ordinary users (1 time ticket):


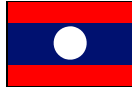
5. Ticket sell and charge places

- (1) CBS office
- (2) Inside of the targeted bus
- (3) Dongdok Campus

6. PR for the social experiment:

Mass media campaign/Demonstration/Bus day
In addition, Modal Shift Measure shall be taken

IC Ticketing System in Lao People's Democratic Republic



June 29 , 2012
KEI & N-WAVE
Tokyo, Japan

Thursday, July 12,
2012

0

Contents

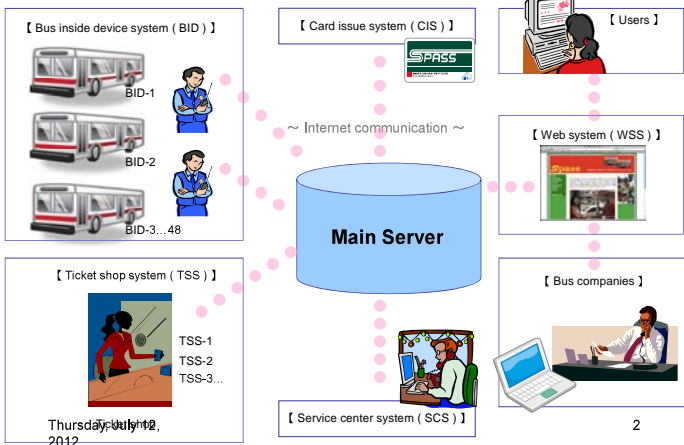


1. System overview
2. Data collection flow
3. Equipments
4. Training
5. Implementation / Installation
6. Operation
7. Multipurpose use
8. Schedule

Thursday, July 12,
2012

1

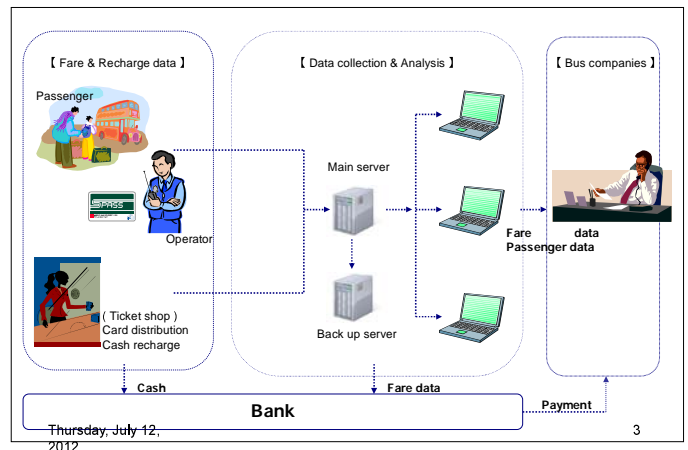
1. System overview



Thursday, July 12,
2012

2

2. Data collection flow



Thursday, July 12,
2012

3

3. Equipments

- 1. ICT Card
- 2. ICT Reader & Writer
- 3. ICT Card holder
- 4. Computer
- 5. Server
- 6. Security module
- 7. GPRS SIM
- 8. Card printer
- 9. IPS (option)



Thursday, July 12,
2012

4

4. Training

- 1. Management staff training
- 2. Engineer training
- 3. Supervisor training
- 4. Operator training
- 5. Test operation



Manual

- BID operation manual
- BID technical manual
- TSS operation manual
- TSS technical manual



Thursday, July 12,
2012

5

5. Implementation / Installation



- 1. Shop / Sale point establishment.
- 2. Physical security.
- 3. Net connectivity.
- 4. Electricity confirmation.
- 5. Fare table analysis and preparation.
- 6. TSS system installation.
- 7. BID system installation.

Thursday, July 12, 2012

6

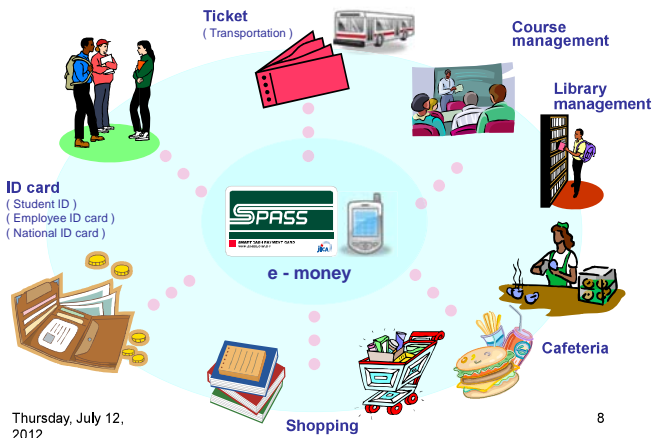
6. Operation



Thursday, July 12, 2012

7

7. Multipurpose use



Thursday, July 12, 2012

8

8. Schedule

| | | 2012 | | | | | | | | 2013 | |
|-------|--|------|---|--------------------|---------------------------|---|---------------|----------|----------------|-----------|---|
| | | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 |
| LAOS | | | | Survey for System | | | System Set up | Training | Operation test | Operation | |
| JAPAN | | | | System development | Procurement for equipment | | | | | | |

Thursday, July 12, 2012

9



ICT Project in Bangladesh

(Improvement of Bus Ticketing System using IC-Card Solution)



KEI & N-Wave, Inc.

N-Wave Tokyo Japan

1

Bangladesh Outlook



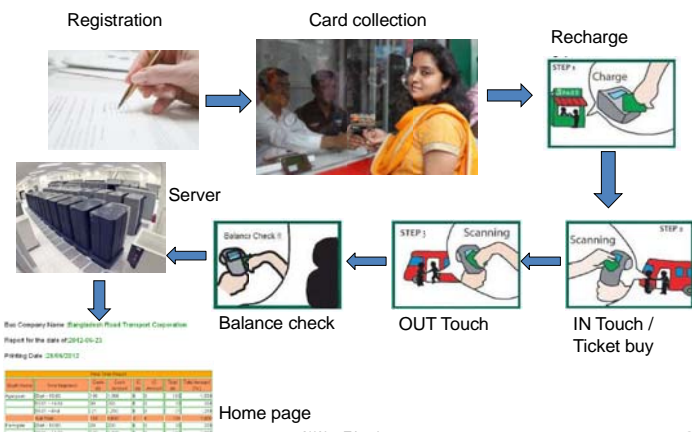
Total area : 147,570 square kilometer
(95th in the world, about 40% of Japan)
Population: 164 million (2010 estimate, 7th)
Density: about 1,000/km² (9th)
⇒ Laos: 27.6/km², Thailand: 132/km²
India: 365/km², Japan: 340/km²
Capital: Dhaka, population: about 15 million (2010)



N-Wave Tokyo Japan

2

Operation Flow of the ICT System



N-Wave Tokyo Japan

3

New Digital ICT Ticketing System in Dhaka



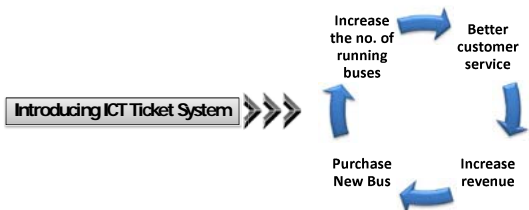
N-Wave Tokyo Japan

4

Effect of Introducing ICT Ticket System

Govt. Bus Company BRTC(Uttara~Motijheel route)

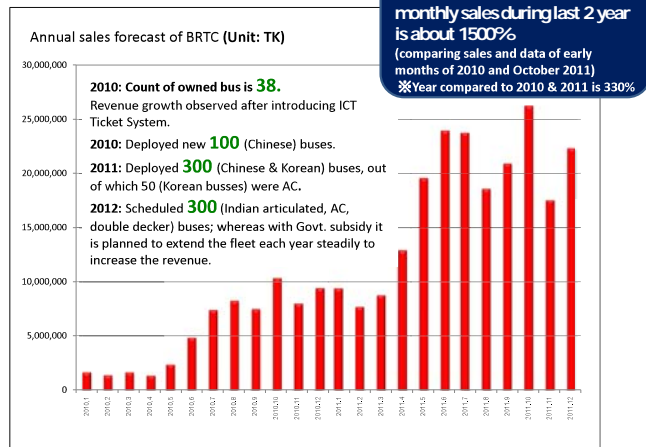
| | IC Ticket System | |
|--------------|---------------------------------------|--|
| | Before Operation(~May, 2010) | After Operation(June, 2010~ May, 2012) |
| Running Bus | 25 double decker | 50 single decker |
| Sales Amount | 130,000Tk./day | 317,000Tk./day |
| | | 150% UP |
| | Sales increase 187,000Tk. Per day | |
| | Sales increase 50,060,000Tk. Per year | |



N-Wave Tokyo Japan

5

Achievement - Bus



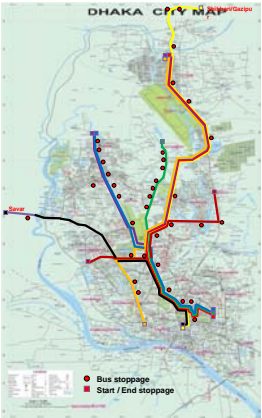
N-Wave Tokyo Japan

6

Scale expansion of bus route and ticket shops

Current implementation status (IC Ticket System for Bus)

The system is operating mainly for BRTC (national company) and others with 8 routes and 52 ticket shops



Bus route table

| Sl. No | Color | From | To | Via | Up/Stoppage | Down/Stoppage | Remarks |
|--------|--------|--------------------|-----------|----------------------|---|--|-----------------------|
| 1 | Red | Uttara | Motijheel | Firmgate | Abdullahpur, Housebuilding, Azampur, Airport, Khilkhat, Baniani, Firmgate | Motijheel, Gulistan, Pallon, Press Club, Shahbag, Firmgate, Banani | City Service |
| 2 | Green | Bakighat | Motijheel | Firmgate | Bakighat, Mirroon, Air HQ, C&E, Garden, Post Office, Adamjhe, Workshop, Firmgate | Motijheel, Gulistan, Pallon, Press Club, Shahbag, Firmgate, Workshop, Adamjhe, Post office | City Service |
| 3 | Yellow | Shibbari / Gazipur | Fulbaria | Uttara | Shibbari, Gazipur Chowrastra, Station R/D, Fongi | Fulbaria, Sonaridani, Airportdani | City Service /Gazipur |
| 4 | Blue | Mirpur12 | Motijheel | Firmgate | Mirpur 12, Pallaski, Parabi, Mirpur 11, Mirpur 10, Kaptana, Chowrastra, Firmgate | Motijheel, Gulistan, Pallon, Press Club, Shahbag, Firmgate | City Service |
| 5 | Purple | Mirpur12 | Uttara | Technical | Mirpur 12, Pallaski, Parabi, Mirpur 11, Mirpur 10, Agangona Link Road, Samanidani | Abdullahpur, Housebuilding, Azampur, Airport, Khilkhat, Banani | City Service |
| 6 | Red | Mohammadpur depot | Badda | Mohakhai | MD road depot, Ramkhila, Firmgate police box, Shahe Colop, Gulistan 1 | Badda, Kotonabzar, Gulshafidara, Mohakhai, Shahe Colop | City Service |
| 7 | Yellow | Abdullahpur | Adampur | Manik Mia | Abdullahpur, Housebuilding, Azampur, Airport, Khilkhat, Baniani | Singur City, Khatkhola, Kolabaga, Mahakhila, Firmgate police box | City Service |
| 8 | Black | Savar | Fulbaria | Manik Mia / Firmgate | Fulbaria, Pallon, Press club, Shahbag, Firmgate | Shaver Bazar, Homalpur/Gonda /Gaalock | City Service |

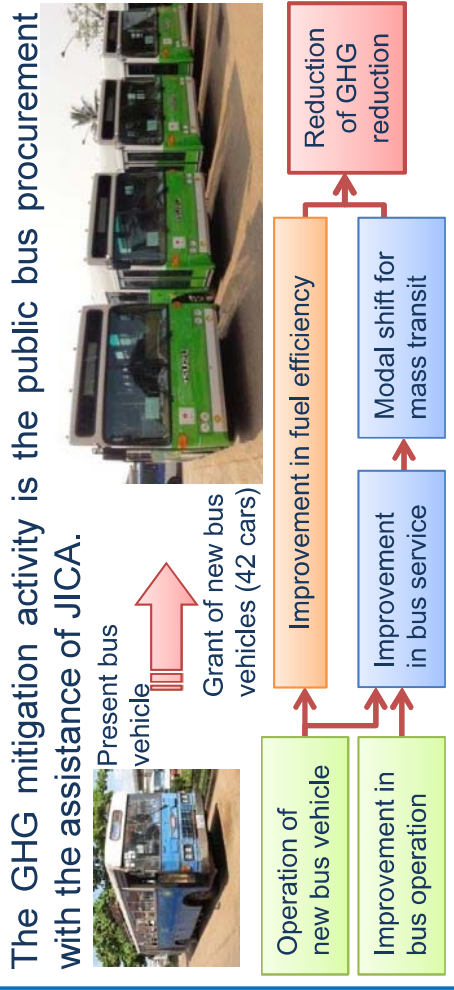
BRTC Bus



N-Wave Tokyo Japan

English DS Title *Transportation Improvement through Introduction of Efficient Buses and Provision of Good Services* FS Entity: KATAHIRA&ENGINEERES INTERNATIONAL

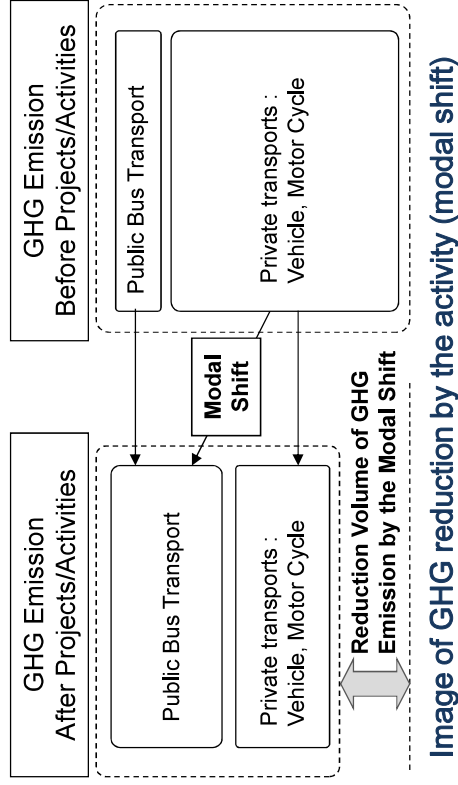
Outline of GHG Mitigation Activity



Draft Simple MRV Methodology

The GHG reduction of the activity includes “fuel efficiency” by the introduction of new bus vehicles and “modal shift” by the improvement of the bus service.

- ◆ GHG reduction of the “Fuel Efficiency”
GHG reduction is calculated on deference of fuel efficiency of the old and new bus vehicles and VKT (vehicle kilometers travelled) of the bus vehicles.
- ◆ GHG reduction of the “Modal Shift”
After implementation of the activity, in-person survey is implemented for the bus users to grasp their past use of the transport. GHG reduction is calculated on the information of the modal shift..

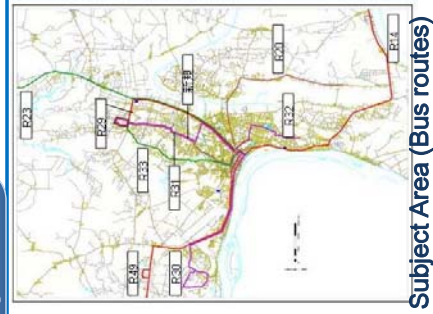


Site of MRV Model Project

Center of Vientiane Capital, Lao PDR



Congestion on commuting time in Vientiane Capital



Subject Area (Bus routes)

Expected GHG Reductions

Approximately one thousand four hundred tCO₂/y (only modal shift)

Background of this Study

- ✓ Climate change becomes a significant issue on global environment.
- ✓ It is said that one of the cause of the climate change is global warming by increase of green house gas (GHG).
- ✓ To reduce the GHG, various approaches are needed.
- ✓ As one of the approaches, there is "Bilateral Offset Credit Mechanism" (BOCM).



Bangkok City in November 2011

What is this Study

- ✓ Case study on a project/activity that reduces GHG reduction
We pick up the public bus project as a model project.
- ✓ Build a MRV methodology and try the MRV methodology on the model project
- ✓ Recommend the MRV methodology on a same type of projects

MRV : Measurement/Report/Verification

Model Project on this Study



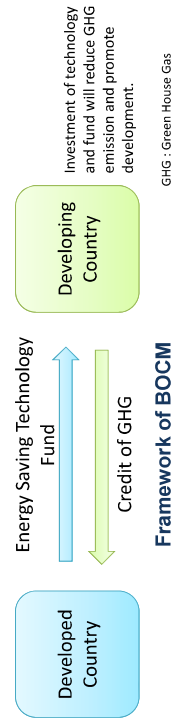
Present Bus Vehicles in Vientiane

The aging buses are replaced to new buses.

- ✓ Grant of new bus vehicles (42 cars) by JICA
- ✓ Improvement of bus service

Bilateral Offset Credit Mechanism (BOCM)

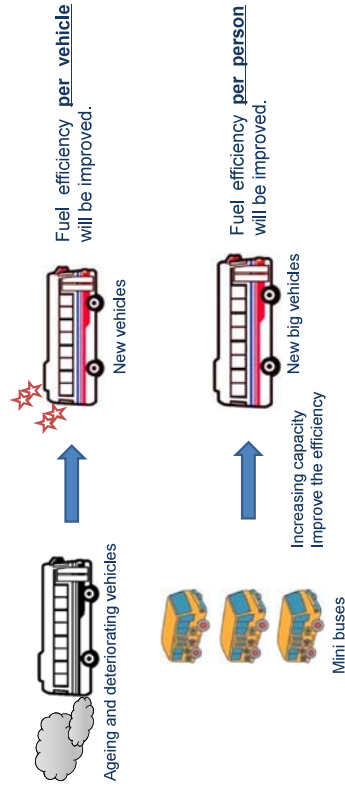
- ✓ BOCM is one of the emission trading mechanism between two countries for the purpose of GHG reduction.



Framework of BOCM

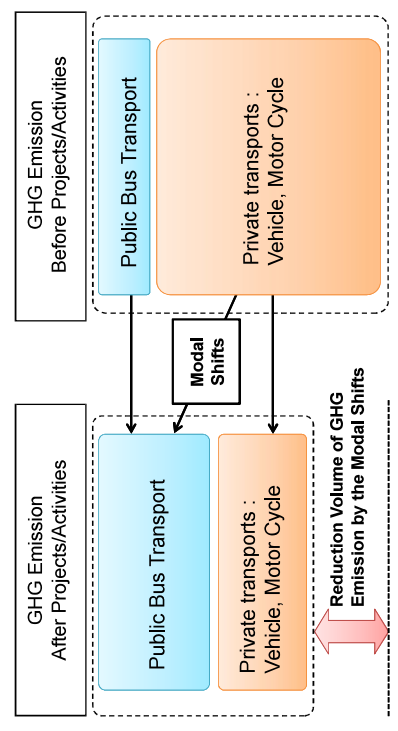
- ✓ As same mechanism, CDM (Clean Development Mechanism), which is stipulated in Kyoto Protocol(1997), has been operated.
- ✓ The expiration of CDM is 2012.
- ✓ There are some issues of CDM institution. (Monitoring cost, others)
- ✓ We need to build BOCM as a new mechanism that alternatives to CDM.

Mechanism of GHG reduction on the bus project - Improvement of fuel efficiency -



Improvement of fuel efficiency

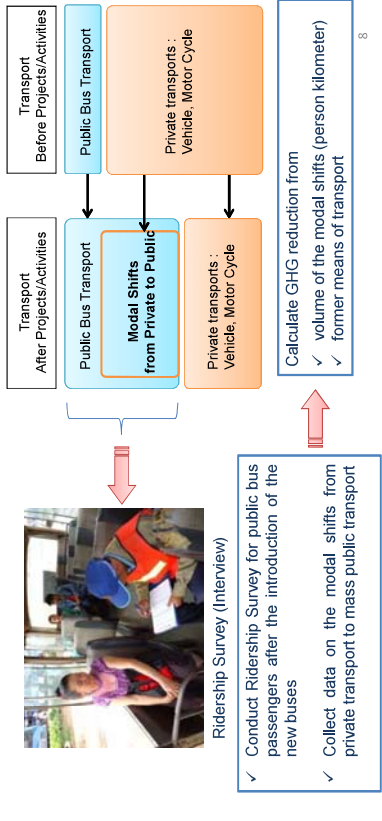
Mechanism of GHG reduction on the bus project - Modal Shifts -



GHG Reduction Mechanism by Modal Shifts to Mass Public Transport

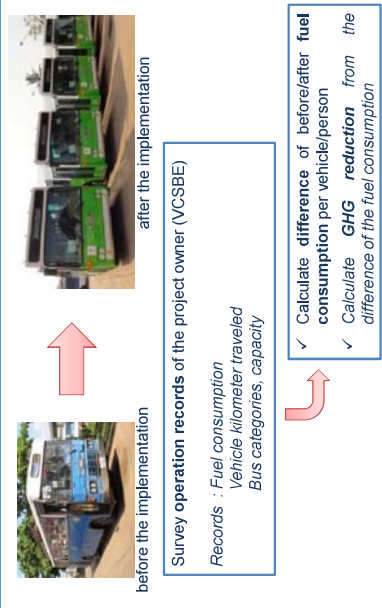
Monitoring Survey on the Modal Shifts

- ✓ Ridership Survey for the bus passengers
- ✓ Data on the bus operation



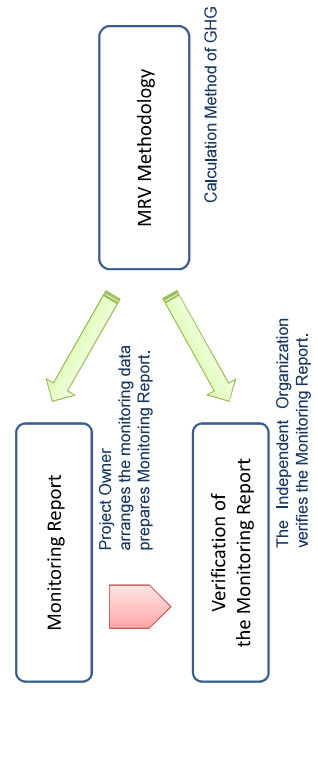
Monitoring Survey on the improvement of fuel efficiency

- ✓ Fuel Consumptions before/after the project
- ✓ Vehicle Kilometer Traveled before/after the project
- ✓ Other data on bus operation



Analysis/Procedure

- ✓ Preparation of "monitoring report"
- ✓ Verification for the monitoring report by an "independent organization"
- ✓ Build MRV methodology



1. 10 July, 2013 Seminar on Green and IT'S at Faculty of Engineering, NUOL



3. Presenter: Mr.Khamphone / Director of VCSBE, Prof. Dr. Nakamura / Yokohama National University, Mr. Toda / JICA Project Team



2. Staff of VCSBE



4. About 150 Attendees from VCSBE, DPWT, Vientiane Capital and Students of NUOL



5. Presentation by Mr. Khamphoune



7. Prof. Dr. Nakamura, Bus Business in Japan



6. Ditto



8. Ditto



9. Staffs of VCSBE and Students of NUOL



11. Mr. Mezba presents ICT ticket system in Bangladesh



10. Ms. Mishima presents ICT card Social Experiment



12. 環境省委任の環境排出権調査の説明（田野口技師）



13. Chaired by Dr. Bounta, Director of Division of Planning and Budgeting, DoT/MPWWT



15. Ditto



14. Filling in questionnaire



16. Ditto



17. Discussion



19. Ditto



18. ICT card system demonstration by Data Com, Lao ICT Company, and N-Wave, Japanese ICT Company



20. Ditto



App4 Workshop Materials

Act 1-1-6 Attractive Measures for Potential Bus Users

| No. | Date | Seminar / Workshop | Page |
|-----|-------------|-------------------------------------|---------|
| 1 | 9 Mar, 2013 | Public Bus Use for Students of NUOL | App4-22 |

Meeting Agenda
Public Bus Use for students of NUOL, Dong Dok Campus
on 09 March 2013

| Time | Presentation Topics | Presenter |
|-------------|---|--|
| 8:15-8:30 | Register of Participants | All Participants |
| 8:30-9:15 | Opening Remark | Dean of Faculty of Social Science |
| 9:15-9:30 | Propose of the Project activities and the history of the Project | Mr. Khamphoun TEMERATH, Director of VCSBE |
| 9:35-10:00 | Propose of Vientiane Capital Public Bus Survey Results | Mr. Tadaaki MURAKAMI: Traffic Engineer/Bus operation |
| 10:00-10:30 | Propose of Public Bus Service Standard / Training / Social Experiment | Mr. Yoshiro KUNIMASA: Traffic Engineer/Bus Service /Capacity Development |
| 10:30-10:40 | Coffee Break | All Participants |
| 10:40-11:20 | Propose difficulty of Public Bus Enterprise of Financial Management | Mr. Natsuki SHIMEGI: Certified Public Accountant/ Cooperate management / Finance |
| 11:20-11:40 | Discussion on public bus use enhancement among NUOL students | All Participants |
| 11:40-12:00 | Questionnaire survey on students' bus needs | All Participants |
| 12:00 | Closing Remark | Dean of Faculty of Social Science |

The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise

Meeting Records

For Conference on Public Bus Use for students of NUOL, Dong Dok Campus

Time/Date: Saturday, 09 March, 2012, 8:00 - 12:00
Place: National University of Laos Conference Room
Objectives: Public Bus Use for students of National University of Laos, Dong Dok Campus
Participants:

| | |
|------------------------------------|---|
| VCSBE | Mr. Khamphoune TEMERATH, Director of VCSBE Mr. Bounpone FONGMANY, Deputy Director of VCSBE Mr. Bounpha PHETVISAY, Deputy Director of VCSBE Mr. Thanongsy DEDVONGSONE, Chief of Domestic Car Transport Division of VCSBE Asso. Prof. Lamai Phiphakkhavong, Deputy President of NUOL |
| NUOL Faculty of Social Sciences | Asso. Prof. Khammany SOULIDETH, Deputy Dean of Sciences Research and Academic Services /Post Graduate and Services Dr. Bounshom SYHALATH, Chief Department of Social Welfare and Development Mr. Syvilay KEOBOUNTHAM, Deputy Chief Department of Social Welfare and Development Ms. Saychay SILADETH, Deputy Chief of Sciences Research and Academic Services /Post Graduate and Services Ms. Chanthachone SYHALATH, Chief of Department of Social Welfare Ms. Souphinh VONGPHACHANH, Deputy Chief of Department of Social Welfare for site operation Mr. Souliyong THAMMAVONGSA, Department of Political Science and Public Administration Ms. Thippaphone KEOVILYAVONG, Department of Geological and Information Ms. Aengsone SYSOMPHONE, Department of Social Welfare and Development Mr. Sommay SINGTHONG, Department of History and Archaeology Ms. Phoungmaly SUTTHIVONG, Department of Hotel and Tourist |
| DoT/MPWT | Dr. Bounta ONNAVONG, Director Division of Planning and Budgeting/DOT Ms. Souphanhy HEUANGKEO |
| JICA Project Team | Mr. KUNIMASA Yoshiro, Vice Team Leader/Bus Service/Human Resource Development Mr. MURAKAMI Tadaaki, Bus Route and Operation Mr. SHIMEGI Natsuki, Corporate Management/ Accounting Ms. Pathana INTHALANGSY, Project Interpreter English Ms. Phayakala CHANDENG, Project Secretary Mr. Chanthala VORRASING, Project Engineer |

The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise

| Speaker | Content | Action |
|--------------------------|--|--------|
| Mr. Lamai Phiphakkhavong | Opening Remark by Mr. Lamai Phiphakkhavong, The Vice President of National University of Laos | |
| Mr. Khamphoune TEMERATH | Mr. Khamphoune TEMERATH, Director of VCSBE proposed about Vientiane Capital State Bus Enterprise and The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise for Project activities and the history of the Project. Also, he proposed the introduction of bus service improvement such as: Operation of new route, Operation capacity were increased such as Operation number and Seating Capacity increased to 1.4 time and 1.93 time, respectively if compared with the situation of May 2010. Moreover, Operation hours was extended time of final departing from CBS to Dongdok from 17:30 PM to 18:00 PM. (As per Conference Materials attached) | |
| Mr. Tadaaki MURAKAMI | Mr. Tadaaki MURAKAMI, Traffic Engineer/Bus Operation introduced himself and proposed about Vientiane Capital Public Bus Survey Results 4 times before and after new 42 buses have been operating since early of July to November 2012. He also presented about Bus Service and IC Ticket System in details from last Survey Results in order to encourage the NUOL students let's use a Public Bus for supporting infrastructure of civil life, environmental preservation, and development of Vientiane Capital. Moreover, he also provided Town Bus Route operation with update schedules for their information. (As per Conference Materials attached) | |
| Mr. Yoshiro KUNIMASA | Mr. Yoshiro KUNIMASA: Traffic Engineer/Bus Service /Capacity Development proposed about Public Bus Service Standard/ Training/Social Experiment such as: Necessity of Public Transportation Services, Survey Results – Present Traffic Condition, Good Users Create Good Bus Service, and Bus Service Improvements. | |

The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise

| Speaker | Content | Action |
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| Mr. Yoshiro KUNIMASA | He also requested all participants to imagine, if there is no Public Bus in Vientiane Capital in the future, there will be liked in the situation of the Ho Chi Minh City nowadays. Moreover, he gave an example of Public Bus Can Utilize Road Space photo, which it can identify how important of Public Bus and indicated NUOL students to be a part of a Good Cycle of Public Bus Service in order to create of Environmentally Sustainable Transport for Vientiane Capital. (As per Conference Materials attached) | |
| Mr. Natsuki SHIMEGI | Mr. Natsuki SHIMEGI: Certified Public Accountant/ Cooperate management / Finance proposed about the Difficulty of public bus management such as: The features of the management of the public bus company, Visibility of the management, importance to know about "Mission or Goal of a company". He also recommended some information for further learning of Management and Finance knowledge to the NUOL students to continue improve their learning and skills to have a great understanding of that was not easy to achieve both Economy and Public interest like the Vientiane Capital State Bus Enterprise try to achieve as much as they can. (As per Conference Materials attached) | |
| Teacher's question and comment | He proposed his objectives that he wants the VCSBE to identify the colors of the bus in order to improve of Bus Speed and other comment related to Bus Service Improvement as below: 1. How VCSBE can be consider to improve the schedule for bus service to be more accuracy for NUOL students, shall to be discuss with other party such as: public users and merchant to divide by mark different of bus colors in order to speed up and encourage more students to use public bus. 2. How to solve the U-term area due to big bus service so shall to be identified the U-term area accurately 3. Is it possible for VCSBE to have Small or Medium Buses that appropriate with the narrow route to service at Campus Area (for students)? | |

The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise

| Speaker | Content | Action |
|--|--|--------|
| Dr. Bounta ONNAVONG, Director Division of Planning and Budgeting/DOT & Mr. Khamphoun TEMERATH, Director of VCSBE | Dr. Bounta ONNAVONG response to the question No 1: Replied that "VCSBE cannot color coded, but need the convenience of the budget". It is very difficult to divide and mark the color of the bus because we didn't have enough Public Bus to services. Even nowadays, the Government would like the VCSBE to do so because we have limit of Public Bus to provide in Vientiane Capital. That's why sometime you would see the LCD for Electronic Bus Running to tell the Operation Route Name and No have to switch off and use Manual Sign for where temporary destination will go. No 2& 3: Regarding to these questions and the road didn't design to accommodate Big Public Buses, which is not appropriate with narrow road. However, the Government also considers requesting to import more buses for 150 Medium Buses in order to reduce of traffic congestion of Vientiane Capital and can be operated all routes that require the Direct Service to Trunk and Feeder Service. | |
| Student's question and comment | 1. Regarding too increase of public bus passengers and users, there are many of monk would like to use public bus due to new clean buses and conveniently with air conditioner. - However, Monk proposed that VCSBE to consider to be provided the special seat like for the pregnancy women and for elderly people for Monk due to restrict of Lao Culture, which Monk can't sit close to women. - Moreover, it is very difficult for Bus Drivers to work without Bus Operator because Monk has to walk through the crowded people to pay money to Bus Drivers. Especially, the crowded with women and students. 2. The problem from Bus Driver would like to get more and more passengers by not consider about time schedules and route, which sometime students cannot go to school on time. 3. How about Traffic Congestion and accident issues? VCSBE Should be considered more about Medium Bus due to the new Big Bus can't operate in the narrow area and they cannot direct to | |

The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise

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| <p>Student's question and comment</p> | <p>Feeder Service. Also, they caused more Traffic Jam during peak hour. - How about using Minibus (Battery Bus)? 4. How to improve of Bus Driver manners that they did not stop at Bus Stop and Driving manner such as: slam on the brakes when bus driver wants to get passengers on. 5. Regarding to ICT System which will be experimented to only students to use with public bus, and how about private bus? Also, how about for public bus users are there any problem for them if they would like to use? Moreover, how about for Para-Transit services what will happen to them?</p> |
| <p>Mr. Khamphoun TEMERATH, Director of VCSBE & Dr. Bounta ONNAVONG, Director Division of Planning and Budgeting/DOT & Mr. Tadaaki MURAKAMI, Traffic Engineer/Bus Operation</p> | <p>Mr. Khamphoun TEMERATH response to question No 1: VCSBE will provide the special seat, which can be at the back seat of the bus. Also, regarding to cash payment system for fare collection, VCSBE found that it was very difficult for Bus Drivers to work without Bus Operator. Therefore, VCSBE also consider recruiting more Bus Operators in the near future when the time that ICT system will be operated. No 2: After the Government of Lao received Grant-Aid for 42 New Buses from the Government and the Japanese People. VCSBE also has been receiving Technical Assistance for Bus Operation and Financial Management by the JICA Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise JICA PEC-VCSBE, which nowadays already introduced and installed Digital Tachograph (it's the system to control of drivers' behaviour) to new buses, which will help to improve of Bus Driver manners for improving of their Eco driving behavior and skills more and more. Regarding to Bus Driver did not stop at Bus Stop. VCSBE also agreed to improve and will instruct to Bus Drivers have to stop at Bus Stop only. However, VCSBE would be able to improve this issue when the passengers have to wait at boarding area at Bus Stop. No 3: Regarding to Traffic Congestion and accident issues, which VCSBE would request the NUOL Teachers to encourage the</p> |

The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise

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|---------------------------------|---|
| | <p>NUOL students' trend to use Public Bus more and more. Also, the JICA PEC-VCSBE advised to VCSBE and above authority for considering to set up the priority lane for the bus during peak hour and illegal parking. Also, VCSBE will try their best to be able to have the Bus Rapid Transit BRT in order to VCSBE to improve of Public Bus Service capacity that regard to Bus Speed up and encourage more and more Public Bus Users. Especially, NUOL students. - Regarding to Battery Bus did not work efficiency because of Battery Bus capacity can't carry many passengers due to less capacity, but highly expenses. Especially, Battery costs. Therefore, VCSBE use Battery Bus to operate on where area average is only 3-5 Km such as: Donepamai Route, which is short distance, but they can operate many number of trips. No 4: VCSBE will be advised to Bus Drivers more about this issue in order to service to public as schedule as accuracy as they can. No 5: Regarding to ICT System, which will be used for multi-functional, ICT will also be possible in the future Tuktuk and other transportation mode, but this will be started from the bus first and general public can buy.</p> |
| <p>Mr. Lamai PHIPHAKKHAVONG</p> | <p>1. Closing Remark by Mr. Lamai PHIPHAKKHAVONG, The Vice President of National University of Laos agreed that Public Bus Use such as: - Public Bus will reduce of accidents, traffic jam and congestion, - Reasonable prices if compare to other transportation mode, - Safety for students. However, he proposed to have more Conference like this to disclose the useful information about Public Bus for students to other Faculty as well in order to encourage more and more student to use Public Bus due to National University of Laos, there are five Campus, but the biggest Campus is Dong Dok, which there are many Faculty would like to have better opportunity to involve, which will be good for VCSBE to increase the number of Public bus Users more and more from NUOL students too.</p> |

The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise

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| Mr. Khamphoun TEMERATH, Director of VCSBE | Regarding to the Vice President of National University of Laos's comment to hold more Conference, VCSBE will further discuss more with the Project Experts Team because it will be good to introduce about Public Bus Use to student to have good understanding how important of Public Bus Use more and more. | |
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- The conference was adjourned at 12:00 AM.

Registration

The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise (JICA PEC-VCSBE)

Meeting Topic: Seminar on Green Transportation and ICT Ticketing System

Venue: Faculty of Engineering of Lao University, Conference Room

Date: 09 July 2012

Time: 13:30-16:30 (Student)

| ສາຍ No. | ຊື່ ຜູ້ ນຳ Name & Surname | ຕຳແໜ່ງ Position | ບັນຍາກາງ Organization | ເບີໂທລະສັບ Telephone number | ອີເມວ Email Address | ຕຳແໜ່ງ Signature |
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Registration

The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise (JICA PEC-VCSBE)

Meeting Topic: Seminar on Green Transportation and ICT Ticketing System

Venue: Faculty of Engineering of Lao University, Conference Room

Date: 09 July 2012

Time: 13:30-16:30 (Student)

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Registration

The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise
(JICA PEC-VCSBE)

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Venue: Faculty of Engineering of Lao University,

Conference Room

Date: 09 July 2012

Time 13:30-16:30

| ປັນ No | ຊື່ ນາມ ພວມເອີ້ນ Name & Surname | ຕຳແໜ່ງ Position | ອົງການ Organization | ເລກສະຫຼັກ Telephone number | ທີ່ຢູ່ອີເມວ Email Address | ຕຳແໜ່ງ Signature |
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| 6 | ທ້າວ ສິມສິນ ສິມສິນ | ຜູ້ບໍລິຫານ | ສາທາລະນະລາຍ | | | |
| 7 | ທ້າວ ສິມສິນ ສິມສິນ | ຜູ້ບໍລິຫານ | ສາທາລະນະລາຍ | | | |
| 8 | ທ້າວ ສິມສິນ ສິມສິນ | ຜູ້ບໍລິຫານ | ສາທາລະນະລາຍ | | | |
| 9 | ທ້າວ ສິມສິນ ສິມສິນ | ຜູ້ບໍລິຫານ | ສາທາລະນະລາຍ | | | |
| 10 | ທ້າວ ສິມສິນ ສິມສິນ | ຜູ້ບໍລິຫານ | ສາທາລະນະລາຍ | | | |
| 11 | | | | | | |
| 12 | | | | | | |

RESULT OF BUS USER SURVEY



THE PROJECT TO ENHANCE THE CAPACITY OF VIENTIANE CAPITAL STATE BUS ENTERPRISE

SURVEYS

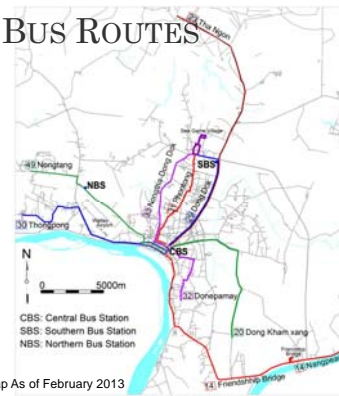
| N o. | Description | Date | Bus Service | ICT |
|-----------------|---|----------------------------|-------------|-----|
| 1 st | Bus user number counting survey at CBS | 4 th July 2012 | ✓ | |
| 2 nd | Student bus needs interview survey at NUOL Faculty of Engineering | 9 th July 2012 | ✓ | ✓ |
| 3 rd | Student bus needs interview survey at NUOL Dongdok campus | 21 st Oct. 2012 | ✓ | ✓ |
| 4 th | Bus user needs survey at CBS | 21 st Nov. 2012 | ✓ | ✓ |

1. BUS SERVICE 1-1 NUMBER OF PASSENGERS

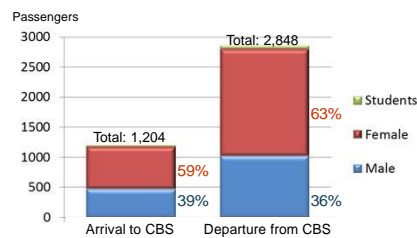
RESULT OF
"BUS USER NUMBER COUNTING SURVEY AT CBS"

- DATE : 4th July 2012
- SURVEY AREA : CBS
- OBJECT : To evaluate impact of newly provided bus
- TARGET : Public bus users in CBS
- SAMPLE NUMBER : 1,204

TOWN BUS ROUTES

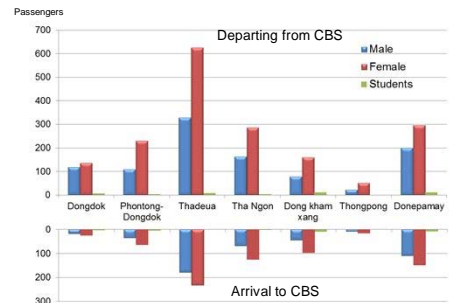


(1) NUMBER OF PASSENGERS



Amount of passengers arriving to CBS is heavily outnumbered than that of departing from CBS.
Female have a high proportion of passengers.

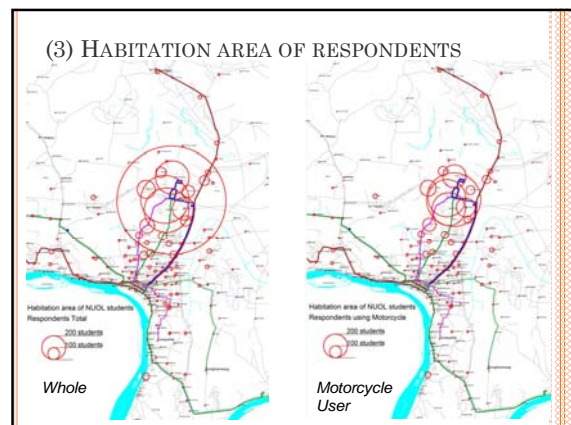
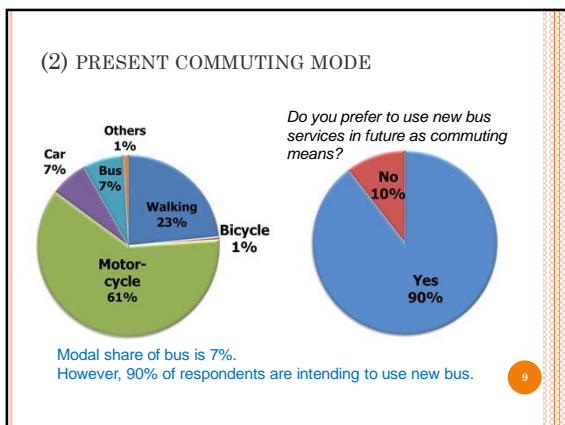
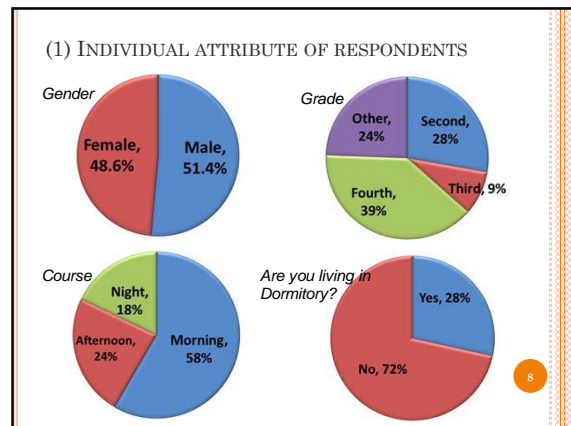
(2) TOTAL NUMBER OF PASSENGERS OF EACH ROUTE



1. BUS SERVICE 1-2 BUS NEEDS BY NUOL STUDENTS

RESULT OF
"STUDENT BUS NEEDS INTERVIEW
SURVEY AT NUOL DONGDOK
CAMPUS"

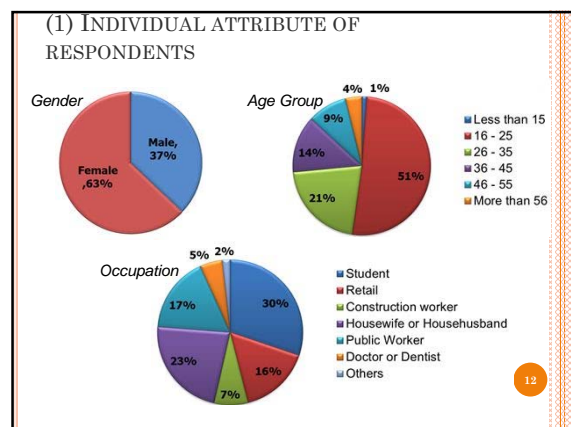
- TARGET : Student of NUOL Dongdok campus
- DATE : 21 October 2012
- OBJECT: To grasp bus needs, current commuting situation of NUOL students.
- SAMPLE NUMBER : 8,287 including 2-4th grades students from 8 faculties including morning, afternoon and night classes.

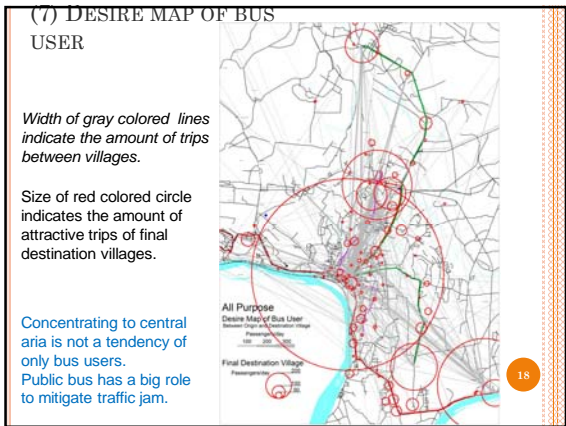
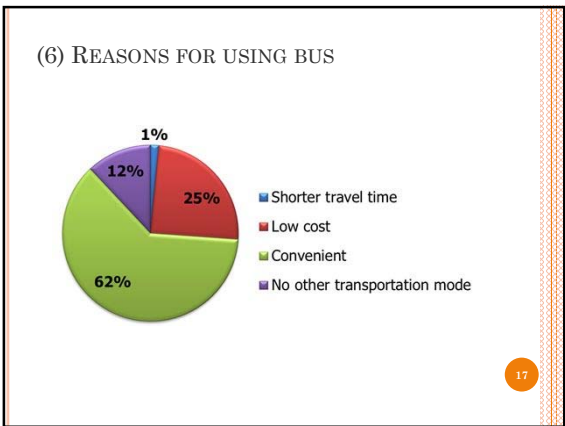
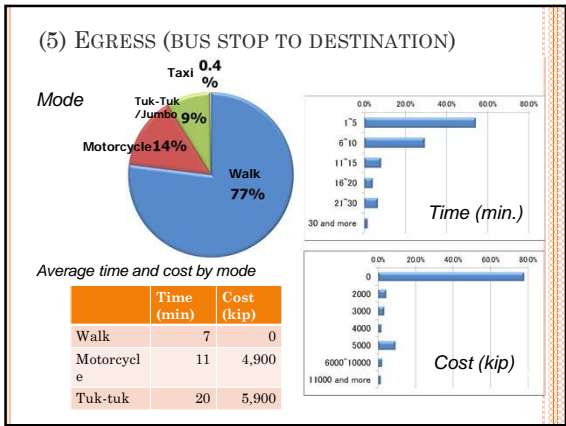
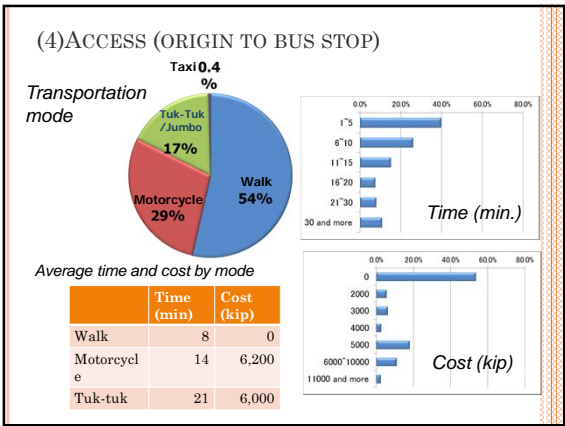
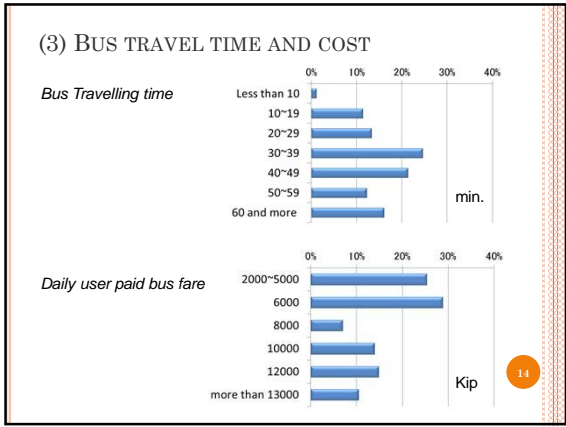
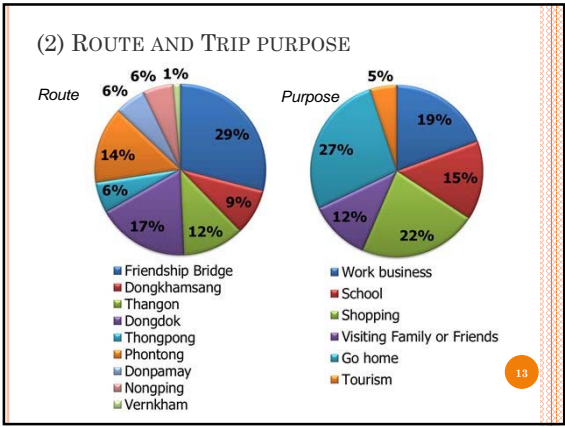


1. BUS SERVICE 1-3 TIME AND COST OF BUS TRIP

RESULT OF
"BUS USER SURVEY AT CBS"

- TARGET : Bus users at CBS
- DATE : 21 November 2012
- OBJECT: To grasp bus needs, current commuting situation of bus users.
- SAMPLE NUMBER : 517





1. BUS SERVICE

1-4 REQUIREMENTS AND COMMENTS

RESULT OF
 “NUOL FACULTY OF ENGINEERING
 STUDENT BUS NEEDS INTERVIEW
 SURVEY”

“STUDENT BUS NEEDS INTERVIEW
 SURVEY
 AT NUOL DONGDOK CAMPUS”

“BUS USER SURVEY AT CBS”

19

(1) REQUEST TO BUS SERVICE

| Request | Comments (approx.) |
|---------------------------------|--------------------|
| Improve drivers manner *1) | 3,500 |
| Punctual bus operation | 1,500 |
| Cleanliness | 1,200 |
| Increase bus route | 1,100 |
| Bus should stop at the bus stop | 1,000 |
| Increase bus operation number | 900 |
| Extend bus operation time | 800 |
| Improve the bus vehicle | 700 |
| Improve the road | 600 |
| Improve the bus stop | 500 |
| New fare structure for students | 400 |
| Provide the information | 300 |
| Additional service on board | 200 |
| Improve passengers' manner | 100 |
| Others | 100 |

Summary of 12,594 comments by 8,881 respondents (multiple answer) of 3 surveys.

*1) "Digital Tachograph" was installed to New bus to improve the driving behavior.

20

SYSTEM

2-1 UTILIZATION SITUATION OF CARD AND INTERNET

RESULT OF
 “NUOL FACULTY OF ENGINEERING
 STUDENT BUS NEEDS INTERVIEW
 SURVEY”

- Date: 9 July 2012
- Target: UNOL faculty of Engineering
- Object: To grasp bus use and needs, interest of ICT system for bus fare collection.
- Sample Number: 77 (Male 68%, Female: 32%)

21

WHAT IS ICT?

- ICT is a convenient and reliable ticket system using a IC card which is chargeable and repeatedly used.
- When fare is paid, passenger only touches the ICT onto the reader of the IC fare machine equipped on board easily with “Cashless”

22

(1) DO YOU HAVE BANK ACCOUNT/DEBIT/CREDIT CARD ?

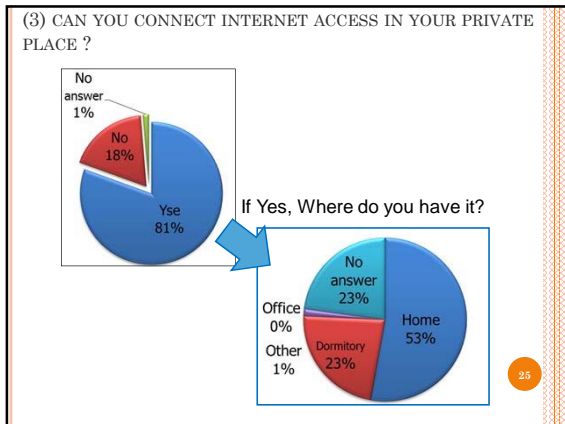
If Yes, What Card Do You Have?

23

(2) DO YOU HAVE EMAIL / FACEBOOK / TWITTER ACCOUNT?

If Yes, What Item Do you use?

24

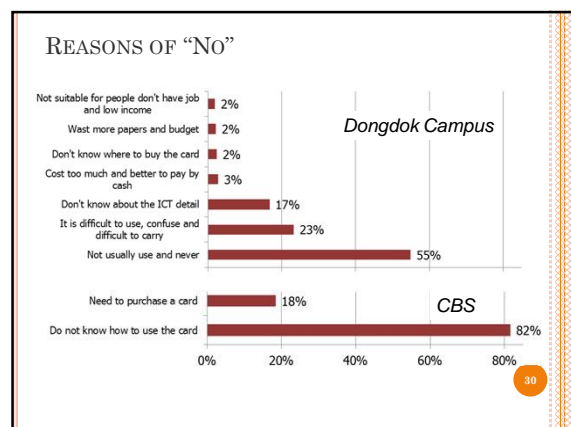
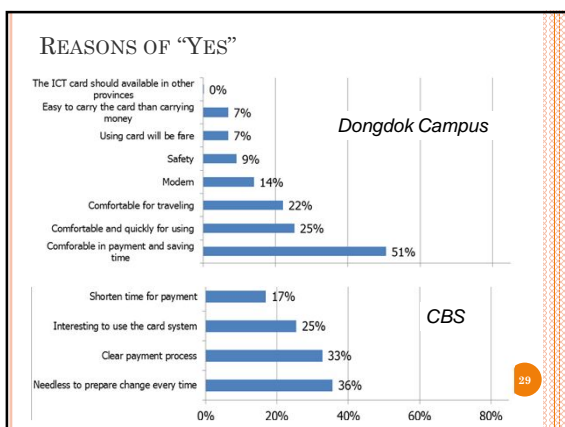
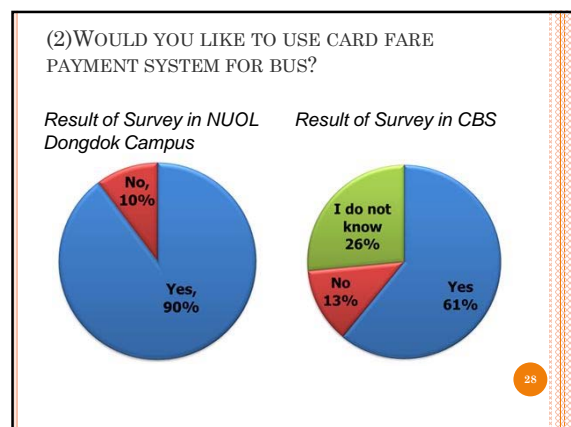
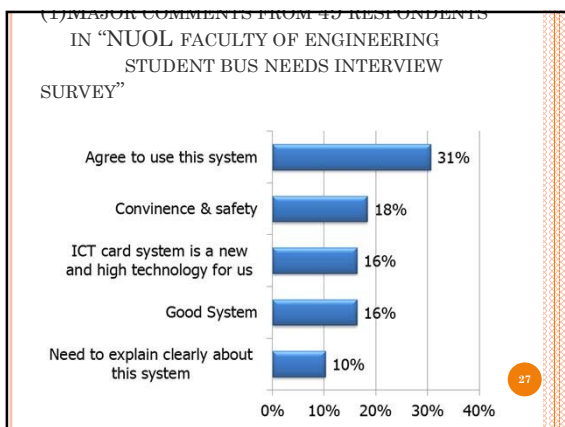


SYSTEM

2-2 REQUIREMENTS AND COMMENTS

RESULT OF
 “NUOL FACULTY OF ENGINEERING
 STUDENT BUS NEEDS INTERVIEW
 SURVEY”
 “STUDENT BUS NEEDS INTERVIEW
 SURVEY
 AT NUOL DONGDOK CAMPUS”
 “BUS USER SURVEY AT CBS”

26



LET'S USE A PUBLIC BUS

- A public bus is an important infrastructure supporting a civic life, environmental preservation, and development of Vientiane.
- Please let us know your idea for making the public bus of Vientiane more convenient.

31

THANK YOU FOR YOUR ATTENTION

32

THE PROJECT TO ENHANCE THE CAPACITY OF VIENTIANE CAPITAL STATE BUS ENTERPRISE

BUS SERVICE

CONTENTS

- ✦ Necessity of Public Transportation Services
- ✦ Survey Results – Present Traffic Condition
- ✦ Good Users Create Good Bus Service
- ✦ Bus Service Improvements

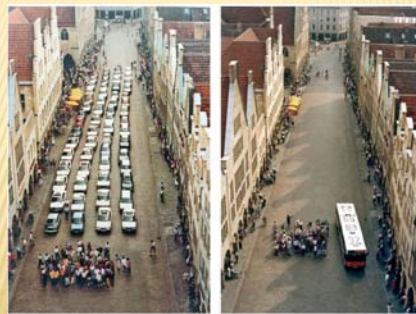
NECESSITY OF PUBLIC TRANSPORTATION SERVICES

- ✦ Imagine, if there is no Public Bus in Vientiane Capital in the future

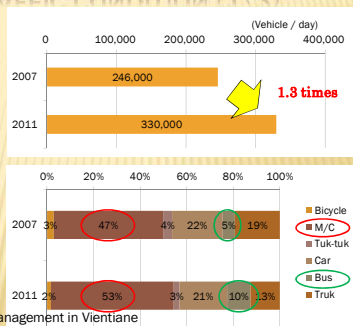


Ho Chi Minh City

PUBLIC BUS CAN UTILIZE ROAD SPACE



PRESENT TRAFFIC CONDITION (1/2)



Source: Urban Transport Management in Vientiane (GEC, KEI&MUG, 2011)

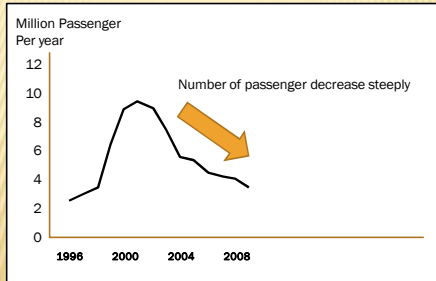
PRESENT TRAFFIC CONDITION (2/2)



| Route | From - To | Dist. | Average Travel Speed | | |
|-------|--------------------------------------|--------|----------------------|----------------------|----------------------|
| | | | Morning | Daytime | Evening |
| 14 | CBS--Thadeua Thadeua--CBS | 27.0km | 30.0km/h 32.5km/h | 32.5km/h 32.5km/h | 32.5km/h 28.5km/h |
| 20 | CBS--Doukhamuang Doukhamuang--CBS | 13.7km | 25.7km/h 17.0km/h | 30.0km/h 22.5km/h | 23.0km/h 21.0km/h |
| 23 | CBS--Thangone Thangone--CBS | 24.1km | 36.0km/h 28.0km/h | 42.5km/h 28.0km/h | 21.0km/h 32.0km/h |
| 29 | CBS--Thongkhe Thongkhe--CBS | 12.0km | 25.0km/h 17.0km/h | 27.0km/h 25.0km/h | 25.0km/h 22.0km/h |
| 30 | CBS--Thongpang Thongpang--CBS | 14.7km | 21.0km/h 19.0km/h | 21.0km/h 26.0km/h | 20.0km/h 25.7km/h |
| 31 | CBS--Thongpang Thongpang--CBS | 11.0km | 28.0km/h 26.0km/h | 24.0km/h 21.0km/h | 18.0km/h 21.0km/h |
| 32 | CBS--Thongpang Thongpang--CBS | 6.0km | 30.0km/h 25.0km/h | 26.0km/h 21.0km/h | 25.0km/h 19.0km/h |
| 49 | CBS--Nongkhe Nongkhe--CBS | 16.7km | 35.0km/h 21.0km/h | 33.0km/h 14.0km/h | 23.0km/h 26.0km/h |

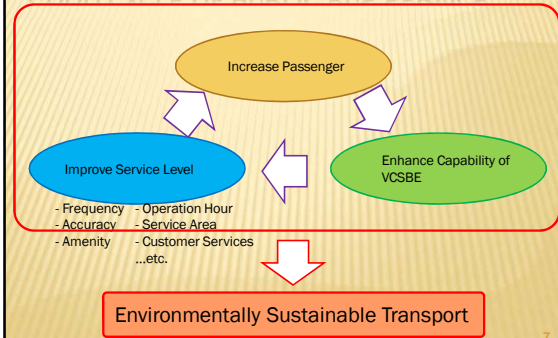
Source: Urban Transport Management in Vientiane (GEC, KEI&MUG, 2011)

BUS PASSENGER IN VIENTIANE CAPITAL



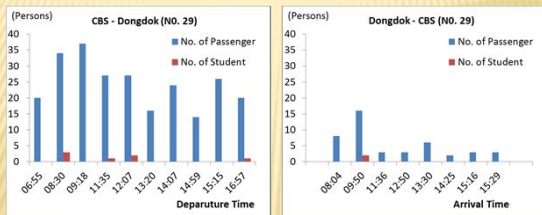
6

GOOD CYCLE OF PUBLIC BUS SERVICE



7

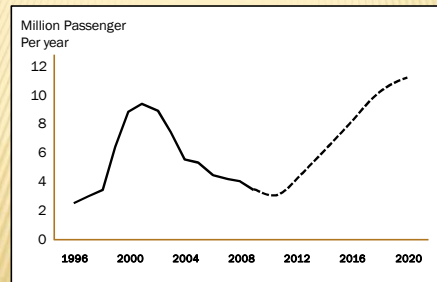
LET'S USE PUBLIC BUS !



Location : Talat sao Bus Station
Survey Date: Wednesday, 4th July, 2012

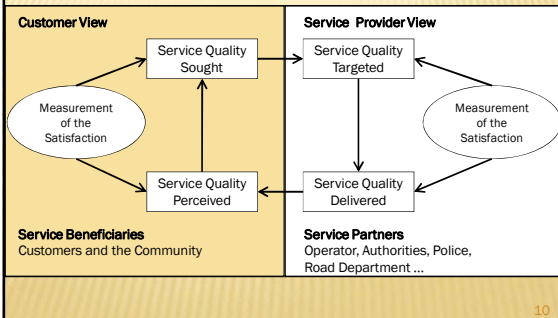
8

PASSENGER EXPECTATION



9

SPIRAL-UP OF BUS SERVICE QUALITY



10

BUS SERVICE QUALITY INDICES

| Quality Criteria | | Index | 2010 | 2015 (Target) |
|-------------------|---------------|----------------------------|------------|---------------|
| Availability | Network | (km) | 133 | ? |
| | Operation | Operation Number (per day) | 211 | 244 |
| Carrying Capacity | | mil. Pop-km per day | 196,000 | 331,000 |
| Service Hours | | Operation Hour | 6:00-17:30 | ? |
| Frequency | | CBS - Dongdok | | |
| Accessibility | Waiting Time | Interview | | |
| | Safety | Interview | | |
| Information | Connectivity | Interview | | |
| | Bus Operation | Interview | | |

11

BUS SERVICE QUALITY INDICES

| Quality Criteria | | Index | 2010 | 2015 (Target) |
|------------------|--------------------------------|---------------------|------|---------------|
| Time | Travel Time Punctuality | Operation Record | | |
| Customer Care | Staff behaviors | Number of complains | | |
| Amenity | Fleet Quality On Board Comfort | Interview | | |
| | Drivers' Skill | Digital Tachograph | | |
| Security | | Interview | | |
| Environment | Air Quality Noise Level | Interview | | |


BUS SERVICE IMPROVEMENTS

Present Transit Service

- Flat Fare
- Relatively infrequent service
- Relatively short operation hour
- Normal travel on road, same as private car

Higher-quality Transit Service


- Flexible Fare
- High frequent service
- Longer operation hour
- Bus priority lane, exclusive bus lane, bus priority intersection, etc.




Bus Priority Lane at peak hours (Osaka, Japan)

DISCUSSION ON BUS PRIORITY

- ✘ Center of Vientiane has not enough space for bus lane.
- ✘ Bus priority lane makes other lanes congested.
- ✘ Bus priority lane requires strong no-parking enforcement.



Consensus on Bus Priority Policy shall be established



AN IDEA OF BUS PRIORITY LANE DESIGN


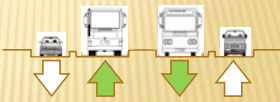
Bi-directional busway with single one way lane for private cars



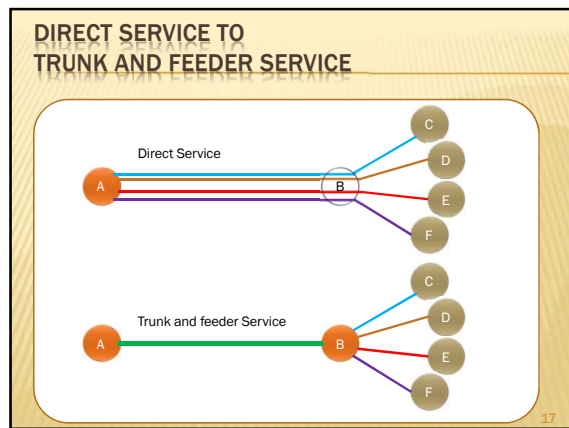
Chicago Department of Transportation, USA
Source: <http://chicagobus.org/news/cdot-central-brt-open-house>

AN IDEA OF BUS PRIORITY LANE DESIGN

Opposite direction operation using median lanes

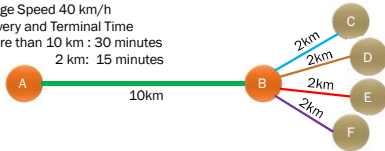



-> Further study will be conducted as a pilot project.



PROVISIONAL ESTIMATION

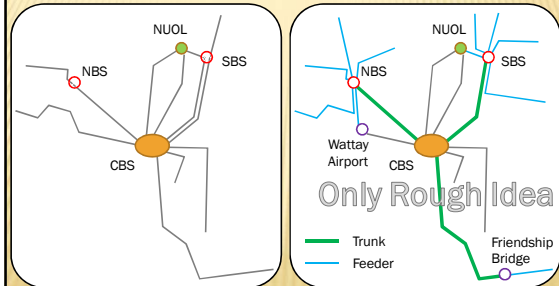
- Operation Hour: 12 hours (6:00 - 18:00)
- 20 Buses
- Average Speed 40 km/h
- Recovery and Terminal Time
 - More than 10 km : 30 minutes
 - 2 km : 15 minutes



| Index | Direct Service | Trunk - Feeder Service | |
|--------------------------|----------------|------------------------|------------|
| | | A to B | B to C - F |
| Bus Number | 5 | 8 | 3 |
| Travel Time (Round Trip) | 81 minutes | 60 minutes | 36 minutes |
| Daily Round Trip per Bus | 8 | 12 | 20 |
| Headway | 16.2 minutes | 7.5 minutes | 12 minutes |

18

POSSIBLE TRUNK AND FEEDER SYSTEM



19

SMART CARD

- Faster fare collection
- Varieties of fair structure
 - i.e. 5,000 kip -> 4,800 kip
 - Fare integration between trunk and feeder services
- Passengers' travel information can be utilized for new services



20

FARE COLLECTION SYSTEM

| Factors | Cash System | Smart Card System |
|------------------------------------|-------------|-------------------|
| Customer service speed | Low | High |
| Customer tracking information | No | Yes |
| Allows automated fare verification | No (Manual) | Yes |
| Allows distance-based fare schemes | No (Manual) | Yes |
| Robustness to counterfeiting | Low | High |
| Operating costs | Low | Medium |

21

Thank you very much for your attention !

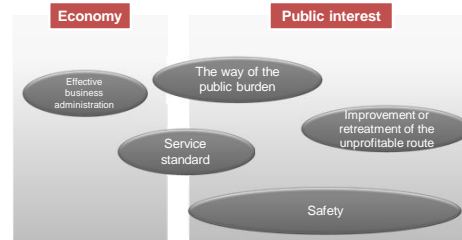
22

Difficulty of public bus management

Natsuki SHIMEGI
(Certified Public Accountant (Japan),
Company management and Finance Expert)

1. The features of the management of the public bus company

- Framework and elements about the management of the public bus company



1. The features of the management of the public bus company

| | |
|--|--|
| Safety | <ul style="list-style-type: none"> •Promotion of the safety driving (reduction of the number of accident, accident rate) •Action for the accident reduction by the publication of the accident rate or number of accident. As a result, leading to a high rate of operation |
| Effective business administration | <ul style="list-style-type: none"> •Measured by the transportation passenger/ net profit per kilometer •Business coefficient in |
| Service standard | <ul style="list-style-type: none"> •Point in order to ensure the foot of the citizens, and how the level of service that either set of bus routes is important. Therefore, it is necessary from the perspective of improving user convenience, while gaining a broad national consensus, to clarify the basic ideas. •Enhancement, reinforcement of the information •Control the service line (e.g. excessively heavy freight) |
| Timely of the public burden | <ul style="list-style-type: none"> •Bus service is related to various measures on the urban infrastructure management as a city. •It is necessary to maintain the current level of service by burden (subsidy) from the public. •Civil minimum is necessary to achieve. However, it is unavoidable due to the decrease of the level of service reduction or abolition of the route in case that public service sector can not obtain the agreement of the public. |
| Improvement of the unprofitable route | <ul style="list-style-type: none"> •It is the extremely important problem that it must be decided by a view of the security of the citizen's foot or town planning as the whole on desiding the improvement or retreatment of unprofitable route. |

1. The features of the management of the public bus company

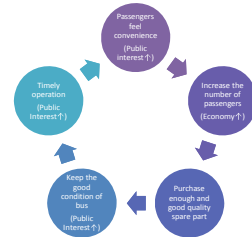
- Usually, Economy and Public interest are conflicting ideas.

E.g.) If bus runs unprofitable (small number of passengers) area, the public interest, that people who have no means of transportation so far can change their life, increase. However, the profitability will decrease as a sacrifice of the rise of public interest.

1st Difficulty
Bus company (infrastructure companies) must achieve both Economy and Public interest

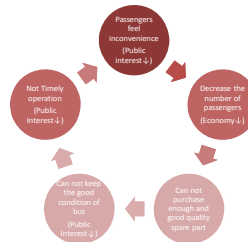
1. The features of the management of the public bus company

- ▶ The solution to this difficulty
 - But both ideas can be achieved at the same time by strategically driving the two ideas to the same direction.
 - Make good circulation shown as below.



1. The features of the management of the public bus company

- ▶ The solution to this difficulty
 - Or next circulation must be avoided.



2. Visibility of the management

- ▶ To increase the net profit, there are only two ways for any companies.
 - ▶ Increase revenue.
 - ▶ Decrease cost.
- ▶ However, it is difficult to achieve those two ways.
- ▶ Why?
 - ▶ Because, usually, companies try to analyze their mechanism to generate profit by quantitative method, such as sales turn over analysis, to heighten the visibility of management.

2. Visibility of the management

- ▶ However, it is not easy for some industries including bus industry.
- ▶ Why?
 - ▶ Because it is not easy to grasp the actual operation after bus leaves the central bus station.
 - ▶ Revenue and cost in each lines or bus are difficult to calculate in case proper management tools are not applied.

2nd Difficulty

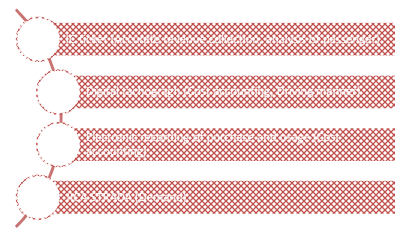
It is difficult to understand bus business mechanism to increase the net profit.

2. Visibility of the management

- ▶ The solution to this difficulty
 - i. Finish the operation by experience or intuition.
 - ii. Heighten the visibility of the management
 - iii. Introduce the system or information sharing to enhance the understanding of items as below.
 - a. Accurate revenue collection.
 - b. Cost accounting (Ride rate of each bus, Review the fare calculation, recognize the cost of each bus and line)
 - c. Driving manner (Safety driving, Ecological driving)
 - d. Demand
 - ◆ These are distinctive information as bus company.

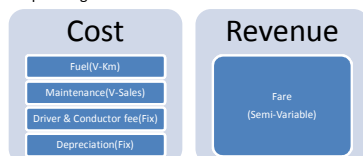
2. Visibility of the management

- ▶ Nowadays, it is easier than before to practice knowledge management by ICT.
- ▶ Set up comprehensive system and combine the information.



3. Limitation of the management restructuring (Additional)

- Compared with other industry, the accounting subject of Financial statements in bus company are limited.
- Especially, in terms of revenue and cost generated by main operation, only 5 subjects can cover the activity.
- Simple image is as below.



- This means the measures of restructuring are also limited.

3. Limitation of the management restructuring (Additional)

- However, next procedures can be adopted to restructure a company.
 - 1st procedure: Prioritize the accounting subjects according to the amount of money.
 - Financial impact should be taken due to decreasing 1% of expense, to decrease 1% of an subject 10,000Kip is larger than to decrease 1% of subject 100Kip, of course.
 - However, managers sometime tend to discuss to decrease small amount subject without discussing about important subject.
 - In the case of bus company, the priority order for the reduction of cost is
 - i. Fuel
 - ii. Maintenance and tire
 - iii. Salary for drivers and conductors
 - ▶ Depreciation cost can be excluded, as it is past payment and can not change by company's effort.
 - 2nd procedure: Divide a subject to 2 elements, price and quantity.
 - Almost all subjects consist from 2 elements, and the both should be took into consideration. And the efforts are different.
 - Usually, to change price is not easy, as quantity change can be conducted only in the company in many cases. Imagine to negotiate the purchase price with suppliers for the reduction of cost, or the impact to the number of passengers on raising bus fare for the increase of revenue.
 - Therefore, quantitative effort should be firstly taken.

3. Limitation of the management restructuring (Additional)

- 3rd procedure: Think the way to decrease the quantity by control.
 - In many text books, it is written that “it is important to classify all costs to Variable costs and Fixed costs, and perform ...”
 - However, this analysis method can not be useful for many companies.
 - In the case of bus company, there is no direct relationship between Sales and all costs.
 - Therefore, it is necessary to consider to control costs apart from the idea of various cost or fixed cost.

3. Importance to know “who I am”

- ▶ In any companies, two aspects are necessary to be considered by asking “who I am”.
- ▶ To know “Who I am” can be achieved by knowing
 - i. Mission or Goal of a company
Here, it is “Economy and Public interest”
 - ii. Clear and detailed (divided) information about present company's figure.
Here, it is information to heighten the visibility

4. For further learning of Management and Finance

- ▶ For participants who want to learn further knowledge in this area, it would be helpful to study the sample topics as following.
 - ▶ Making Strategy or Planning(Mission or Goal)
 - I. External management analysis
 - PEST (Politics, Economics, Society and Technology) analysis
 - 5 Force (Rivalry, Threat of substitutes, Buyer power, Supplier power, and Barriers to entry) analysis
 - 3C (Customer, Competitor and Company) analysis for marketing
 - II. External and Internal management analysis
 - SWOT (Strength, Weakness, Opportunity and Threatening) analysis
 - III. Internal analysis
 - VRIO (Value, Rarity, Imitability and Organization) analysis
 - IV. Business model analysis
 - PPM (Product Portfolio Management) Analysis
 - ▶ Operation and Finance
 - I. Operational Value addition
 - Value chain analysis
 - II. Financial analysis
 - Stock turnover, Debtors turnover, Current ratio, Debt/equity, Interest coverage ratio, Return on investment, Gross profit margin, Break-even sales and etc.
 - III. Experience curve
 - Consider the fitness of the curve in an industry
 - IV. Network externality
 - Consider the fitness of the curve in an industry
 - V. Economy of scope
 - Consider the fitness of the curve in an industry
 - VI. economies of scale
 - Consider the fitness of the curve in an industry



App4 Workshop Materials

Act 1-2-1 Improve Staff's Capacity for Management & Operation

| No. | Date | Seminar / Workshop | Page |
|---|-------------------|--|----------|
| (1) Account and Management of Corporate | | | |
| 1 | 10 Aug, 2012 | Outline of financial accounting | App4-47 |
| 2 | 7 Sep, 2012 | Cost reduction | App4-58 |
| 3 | 27 Sep, 2012 | The features of the management of the public bus company & Revenue growth | App4-64 |
| 4 | 15 Mar, 2013 | Introduction of Cash Flow Statement | App4-70 |
| 5 | 5 Apr, 2013 | Cost per unit analysis | App4-77 |
| 6 | 5 Jun, 2013 | Organization Structure Reform | App4-81 |
| 7 | 21 Jun, 2013 | MS-Excel Training for Accountant | App4-83 |
| 8 | 5 Sep, 2013 | Exercise to make C/F | App4-85 |
| 9 | 16 Sep, 2013 | Financial Analysis | App4-93 |
| 10 | 19 Feb, 2014 | Management Planning | App4-118 |
| 11 | 27 Feb, 2014 | External Environment Analysis | App4-125 |
| 12 | 13 Mar, 2014 | Exercise of Financial Analysis | - |
| 13 | 26 Mar, 2014 | Price Setting for University bus Pass | App4-130 |
| 14 | 13 Nov, 2014 | Consensus building on Management Plan and Finance | App4-134 |
| 15 | 21 Nov, 2014 | Report of Progress of Management Plan | App4-137 |
| (2) Planning for Bus Operation | | | |
| 1 | 12 Mar, 2012 | Preparation of New bus operation | App4-141 |
| 2 | 9 May, 2012 | Public Transport Facility Planning and Design | App4-147 |
| 3 | 18 May, 2012 | Good Public Transport Facility | App4-150 |
| 4 | 28 Aug, 2012 | Temporary Bus Stop During construction of CBS | App4-173 |
| 5 | 30 Oct, 2013 | - Roll call and Bus operation management - Shuttle bus operation - Bus fare setting | App4-177 |
| 6 | 1 Nov, 2013 | Bus Operation Seminar for Executives | App4-184 |
| 7 | 14 Jul, 2014 | Seminar for Public Bus Transportation in Vientiane Capital | App4-187 |
| 8 | 19 Sep, 2014 | Traffic Counting by Smartphone and ITS application | App4-194 |
| (3) Transportation Planning | | | |
| 1 | 1 Mar, 2013 | Introduction of Transportation Planning | App4-207 |
| 2 | 7 Mar, 2013 | Outline of Transportation Demand Forecast, - Excel practice, - Practice 1 : Update Network | App4-212 |
| 3 | 15 Mar, 2013 | Practice 2 : One-way Traffic Regulation in CBS | App4-217 |
| 4 | 22 Mar, 2013 | Other Program Modules | App4-224 |
| 5 | 24 & 25 Feb, 2014 | Introduction of Traffic Engineering | App4-229 |
| 6 | 14 May, 2014 | Intersection Analysis | App4-239 |
| (4) Maintenance | | | |
| 1 | 19 Feb, 2013 | IT Introduction for Maintenance | App4-243 |
| 2 | 23 May, 2013 | Daily Maintenance Training | App4-251 |
| 3 | 15 May, 2014 | Quality Control (QC) & Digital Tachograph Analyze | App4-259 |

The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise

Minutes of Discussion

| | |
|-------------|--|
| Workshop | 1 st Corporate management / Finance workshop |
| JICA Expert | Mr. SHIMEGI Natsuki, Corporate Management/ Accounting |
| Participant | 11 persons shown in Participant List |
| Date/time | 10 August, 2012 / 15:00 – 16:30 |
| Theme | Financial Accounting |
| Agenda | 1 . Briefing about financial accounting by JICA Expert |
| Overview | 1 . Mr. Shimegi briefed about financial accounting in accordance with prepared ppt. Major items explained are shown blow; 1) Contents of Financial Statements 2) Necessary of Financial Statements 3) Relationship between B/S and I/S 4) Depreciation and Grant Aid 5) Introduction of Cash Flow statement 2 . There is no question or inquiry from participants |

Participant List for 1st Work Shop Cost Reduction of (VCSBE) by Natsuki SHIMEGI JICA Expert (Corporate Management /Finance)

| No. | Name & Surname | Position | Organization | Telephone number |
|-----|-------------------------------|---|--------------|------------------|
| 1 | Mr. Kidaeng Vongdonxay | Head of Inventory Division | VCBSE | +85620 5550 3787 |
| 2 | Mr. Khamseen Vilasack | Head of Technician Division | VCBSE | +85620 5561 4405 |
| 3 | Mr. Duangta Southkhamhuk | Deputy Head of operation Division | VCBSE | +85620 5566 6512 |
| 4 | Mr. Bounthan Saensackdavong | Head of Finance Division | VCBSE | +85620 2246 2156 |
| 5 | Mr. Vanly Chanhchaluean | Deputy Director of VCSBE | VCBSE | +85620 5560 6390 |
| 6 | Mr. Bounsouk Sybounthan | Deputy Head of Technician Division | VCBSE | +85620 5561 9495 |
| 7 | Mr. Somok Boriboun | Deputy Head of Inventory Division | VCBSE | +85620 2220 3763 |
| 8 | Mr. Panya Vilatham | Head of Town Bus Division | VCBSE | +85620 5400 2902 |
| 9 | Ms. Manivone Phengphongsavath | Head of Inter Province/International Bus Division | VCBSE | +85620 2377 3398 |
| 10 | Mr. Chanhsouk Chanthavong | Deputy Head of Finance Division | VCBSE | +85620 5550 9120 |
| 11 | Mr. Vongphachanh | Deputy Head of Finance Division | VCBSE | +85620 5593 7197 |

Contents of the 1st Work Shop

1. Contents of Financial Statements
2. Why Financial Statements are necessary to be made?
3. The relationship between B/S and I/S
4. Consider the depreciation and Grant Aid
5. Introduction of Cash Flow statement

Friday, August 10, 2012

Friday, August 10, 2012

1st Work Shop Financial Accounting

Natsuki SHIMEGI

JICA Expert (Corporate Management/Finance)

0. Abbreviation

| No. | Original | Lao | Abbreviation |
|-----|--|-----|--------------|
| 1 | Balance Sheet | | B/S |
| 2 | Income Statement | | I/S |
| 3 | Cash Flow Statement | | C/F |
| 4 | International Financial Reporting Standard | | IFRS |
| 5 | International Accounting Standard | | IAS |
| 6 | Depreciation | | Dep. |

Friday, August 10, 2012

Friday, August 10, 2012

1. Contents of Financial Statements

- Contents of Financial Statements required by the Lao Accounting Law
 - The Article 36.2 describes as below
 - The financial statements of the commercial entities and ... include:
 - The Balance sheet:
 - ⇒ Making since 2009
 - The Income statement:
 - ⇒ Making since 2009
 - The statement of change in equity:
 - ⇒ ???
 - The cash flow statement:
 - ⇒ N/A
 - The explanatory notes of the used accounting principle and methods and others.
 - ⇒ N/A

1. Contents of Financial Statements

- Contents of Financial Statements required by the IFRS (International Financial Reporting Standard)
 - The IAS (International Accounting Standard) 1 describes as below
 - The financial statements include:
 - Statement of financial position;
 - ⇒ similar to The Balance sheet in Lao
 - statement of comprehensive income
 - ⇒ similar to The income statement in Lao
 - statement of changes in equity
 - ⇒ Same
 - The cash flow statement;
 - ⇒ N/A
 - Notes to the Financial Statements
 - ⇒ N/A

Friday, August 10, 2012

2. Why Financial Statements are necessary to be made?

2. Provide useful information for the management
 - ▶ The management can use the B/S, the I/S and the C/F for the decision making. The I/S can be used to imagine what kind of activities, which the company perform, and what kind of business model the company has. The B/S can be used to understand the basis of the operation or stability of the management. However, the management should recognize these statements are information as the result of the operation in the past and almost no information about the future. So, in other word, F/S can be used to understand what the company is.
 - ▶ The Accounting Law in Lao seems to put importance on this point. It describes as “The Accounting Law determines the principles, rules... in order to strengthen and develop accounting activities as tools of financial management and accounting control, serving as a basis for collecting taxes in favor of the State Budget, promoting the production and business as well as local and foreign investments, and contributing to the mission of building up and development of the Nation”

Friday, August 10, 2012

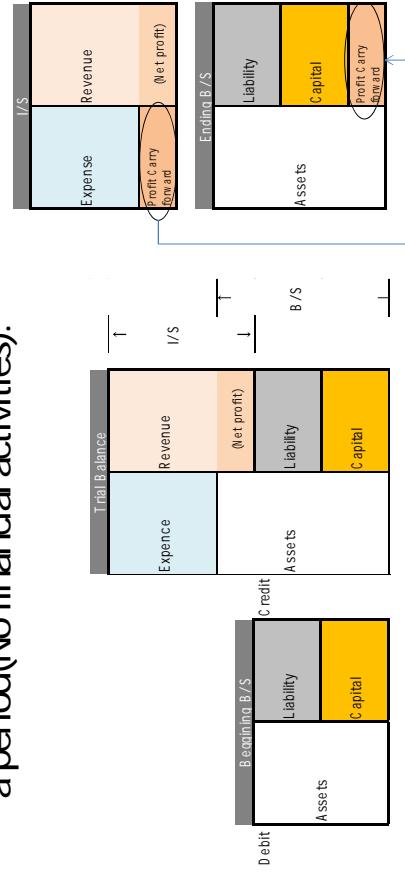
2. Why Financial Statements are necessary to be made?

1. Accountability
 - ▶ In the developed society or large company, separation of ownership from management is promoted. So owner side tends to know the situation of company management, then management side is required to response to this request. Then management side explains and show their financial position and results of operations in a period with using B/S, I/S and C/F. And originally this series of the process of explanation to the owner is called as “Accountability”
 - ▶ IAS describes the purpose to make F/S as “to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management’s stewardship of the resources entrusted to it”.

Friday, August 10, 2012

3. The relationship between B/S and I/S

1. Simple image of B/S and I/S after the transactions in a period (No financial activities).

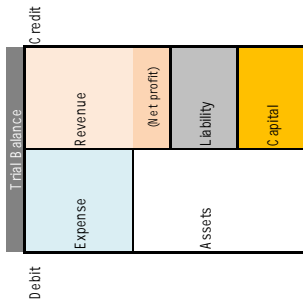


Friday, August 10, 2012

3. The relationship between B/S and I/S

2. The meaning of Debit side and Credit side

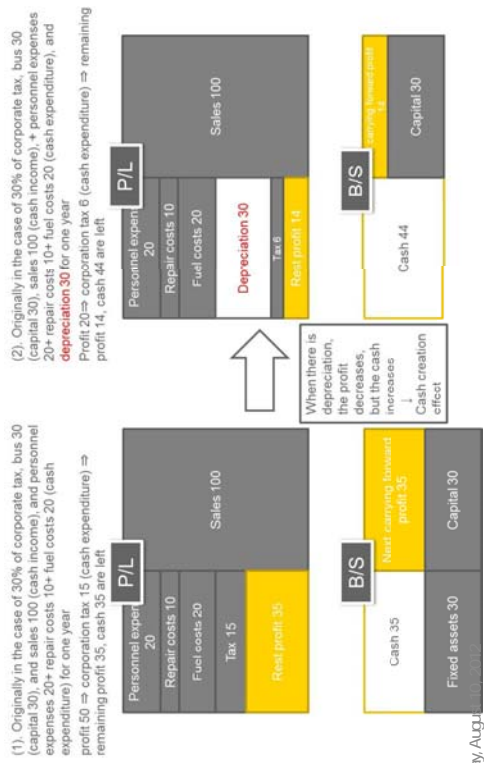
- ▶ Originally, debit side means "How the company use the economic resources"
 - ▶ Expense is economic usage whose effect continues within 1 year
 - ▶ Asset is economic usage whose effect continues more than 1 year
- ▶ Originally credit side means "How the company got the economic resources"
 - ▶ Revenue is economic resources which are obtained by operating activities.
 - ▶ Liability and capital are economic resources which are obtained by financial activities.



Friday, August 10, 2012

4. Consider the depreciation and Grant Aid

- ▶ Depreciation creates the "tax shield" effect.



Friday, Aug...

4. Consider the depreciation and Grant Aid

1. In the public company and other infrastructure companies possess many tangible assets, therefore the depreciation cost is a lot as a whole.
2. And depreciation contains many topics to be considered. Today, introduce and consider the topics as below.
 - ▶ Depreciation creates the "tax shield" effect.
 - ▶ The term and method of depreciation
 - ▶ Depreciation and Grant Aid

Friday, August 10, 2012

4. Consider the depreciation and Grant Aid

- ▶ The term and method of depreciation
 - ▶ Term
 - ▶ Which term is preferable? Long term? or Short Term?
 - ▶ Accounting thinking prefers Long term, because its basic thinking is that a company should adopt negative way for the profit to avoid the window-dressed accounts or excessive reporting of profit.
 - ▶ Tax thinking prefers short term, because its basic thinking is that a company should adopt positive way for the profit to collect more tax.
 - ▶ Actual term
 - ▶ By the accounting standard, usually the term is not fixed and mentioned such as "use economic life of the asset".
 - ▶ By the tax law, usually term is fixed because the Tax Law puts importance on the fairness to all companies and unify the way of all companies.
 - ▶ In practice, in Japan companies adopt the term described in the Corporate Tax Law, as it is necessary to adjust the term with using "Deferred Tax Asset", and this procedure is a little annoying.
 - ▶ Method
 - ▶ There are many methods of depreciation, such as a Straight line method, a Double Decline method, or Sales proportional method and so on.
 - ▶ Regarding method, no description in the Accounting Law nor the Profit Tax Law in the Lao.
 - ▶ IAS 16.60 mentions as "The depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity."
 - ▶ IAS 16.62 mentions as "A variety of depreciation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method and the units of production method."

Friday, August 10, 2012

4. Consider the depreciation and Grant Aid

- Depreciation method by the Tax Laws in several countries

| | Japan | USA | England | Germany | France | Korea | Thailand |
|-------------------------|----------------------|-----------------------|--------------------------------------|---------------------------------------|------------------------|-------------------------------|--------------------------|
| Method Building | Straight-line method | Straight-line method | Cannot depreciate | Straight-line method | Straight-line method | Straight-line method | Straight-line method |
| Equipment and machinery | Straight-line method | Straight-line method | Declining-balance method (Principal) | Straight-line method | Straight-line method | Straight-line method | Declining-balance method |
| Term Building | 21-50 years | 2.5 years or 39 years | — | Fixed amount (3%) of acquisition cost | Term for general usage | 40 years (20 years) | 20 years |
| Equipment and machinery | 0-22 years | 0-20 years | Depreciate by fixed rate (20%) | 0-33 years | Term for general usage | 5 years-20 years (5-10 years) | 5-10 years |

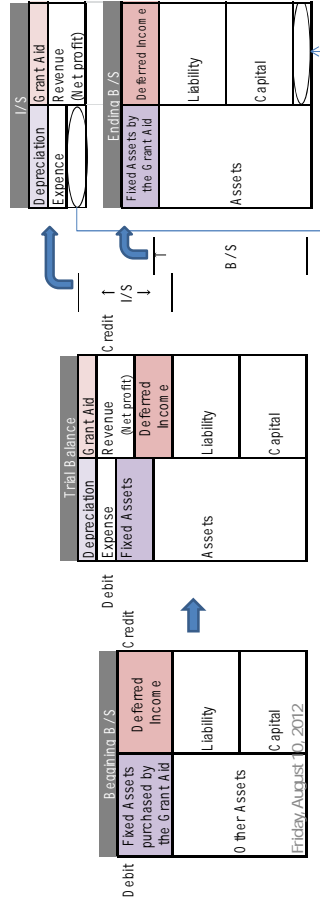
- As a result, the method should be decided by company with considering their actual situation of economic activity. And it is important for the comparability and the elimination of arbitrariness that the policy of method should not be changed, after once one method has been adopted.

- Depreciation and Grant Aid

Friday, August 10, 2012

4. Consider the depreciation and Grant Aid

- Depreciation and Grant Aid
 - When a company receive grant aid and purchase fixed assets, the way of record this transaction is a little difficult point.
 - Though some ways of journal entry can be considered, the image of the best way which meets the description of IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" would be shown as below.



5. Introduction of the Cash Flow statement

- Explanation of a Cash Flow statement (C/F)
 - It consists from 3 parts
 - Cash flow from operations
 - Cash flow from investing activities
 - Cash flow from financing activities
 - Cash flow from the operations has 2 ways of representing.
 - Direct method
 - Indirect method
 ⇒ In general, Indirect method is preferred as it is easier to make
 - There is a relationship b/w a B/S and an I/S, however, cash flow statement is generated apart from those two statements. Still the C/S can be generated by using the amount of money which are shown in the B/S (2 period) and the I/S.

Friday, August 10, 2012

5. Introduction of the Cash Flow statement

- Explanation of the Cash flow from the Operations
 - The first section is widely regarded as the most important section of the cash flow statement. This is so as this section shows whether the company was able to generate cash from its operating activities, this shows the ability to get money by core business. On the typical cash flow statement, the cash flow from operations section is divided into two sub-sections:
 - The first subsection adds back to/minus from net income all non-cash operating items that were subtracted/added in arriving at net income
 - The second sub-section calculates the net change in working capital and adds it back to net income.
 - In general, this section would become plus amount of money.
- Cash flow from investing activities
 - Cash flow from Investing Activities focuses on the flow of cash in and out of the company as a result of changes in the company's long-term assets (tangible assets and investments). The company replaces old equipment and as it carries out its capital expenditure program
 - In general, cash flow from investing activities would become minus amount of money

Friday, August 10, 2012

5. Introduction of the Cash Flow statement

4. Cash flow from financing activities
 - ▶ The last section is Cash flow from financing activities. Usually a company will seek external financing to expand its business, build new factories, or even financing money for operation activities, and it is this process that is recorded in the cash flow from financing section of the cash flow statement.
5. Sample cash flow statement

Friday, August 10, 2012

Photos



Capacity Assessment Questionnaire

A) Please describe the answer to the questions as below.

| |
|--|
| 1. Please explain the weak point of the VCSBE, when compared with other transportation or bus companies? |
| |
| 2. Please explain the relationship between Management plan and Budget |
| |
| 3. Please explain the way to improve the profitability in the VCSBE. |
| |
| 4. Please explain the structure of the cost of the VCSBE? |
| |
| 5. What is the difference between management accounting and financial accounting? |
| |
| 6. Please describe the meaning of the Fixed Cost and Variable Cost. |
| |

7. Please describe the way to reduce the fuel cost?

| |
|--|
| |
|--|

B) Choose correct answer to the question by selecting the one of choices.

1. What is the primary purpose to make and submit financial statements to the related Ministries?

- a. To identify the risks in the company.
- b. To achieve the accountability as public (Governmental) company.
- c. To understand and analyze the present situation for the management.

2. Which subject belongs to the Asset?

- a. Building
- b. Borrowing from the bank
- c. Fuel cost

3. Which year should be used for the depreciation of the bus under the IFRS?

- a. 10 years
- b. Historical or statistical economic life of busses
- c. Years defined by Tax law

4. Regarding the “Public interest” and the “Economic efficiency” as the public (Governmental) company, which decision is putting importance on the Public interest?

- a. Continue an inter-urban line even under the situation of minus profit.
- b. Increase the number of rental busses for private use.
- c. Wait for the customer until the time, when all seats are filled, instead of punctual (scheduled) operation of bus.

5. Which account is the highest percentage of expenditure in VCSBE?

- a. Personnel cost
- b. Fuel cost
- c. Spare parts cost

6. Which indicator provides useful information to manage the public bus company?
 - a. Net Profit per kilometer by lines
 - b. Return on Equity (ROE)
 - c. Inventory turnover ratio

7. To decrease the spare parts cost, which way is not suitable?
 - a. Use all spare parts until the time when those parts are broken, regardless the result of the periodic maintenance.
 - b. Control the stock properly.
 - c. Reduce the type of busses.

8. Which operational matter in a bus company should be solved in preference from the view of the financial impact?
 - a. Inefficient usage of spare parts
 - b. Some broken seats in a bus
 - c. Frequent car crash and loss of the bus

9. Regarding the SWOT analysis to understand the internal environment of company, which aspect is not included?
 - a. Strength
 - b. Opportunity
 - c. Competitor

10. When you classify all costs to the fixed cost and the variable cost, which cost should be classified as the fixed cost?
 - a. Fuel cost
 - b. Salary for the administrative officers
 - c. Spare parts cost

Minutes of Discussion

| | |
|-------------|---|
| Workshop | 2 nd Corporate management / Finance workshop |
| JICA Expert | Mr. SHIMEGI Natsuki, Corporate Management/ Accounting |
| Participant | 11 persons shown in Participant List |
| Date/time | 7 September, 2012 / 15:00 – 16:30 |
| Theme | Cost Reduction |
| Agenda | <ol style="list-style-type: none"> 1. Briefing by JICA Expert 2. Discussion |
| Overview | <ol style="list-style-type: none"> 1. Mr. Shimegi explained about present cost structure of VCSBE. He emphasized following issues; <ol style="list-style-type: none"> 1) Cost control of VCSBE is very important issue to be tackled. Increasing bus fleets without proper cost control causes more inefficient management and more difficult to control finance. As a case of the failure of the management, Rwanda was introduced. 2) Fuel cost is dominant in the costs of VCSBE. The price of fuel can not controlled by VCSBE, therefore the volume of consumption is to be reduced. 3) Costs other than fuel and depreciation, personnel cost and maintenance cost are high and increasing year by year. One of the reasons of the increasing cost is inflation, however, maintenance cost shall be decreased with replacing old buses to new buses. The personnel cost shall not to be decreased, since the level of salary is not expensive. 2. Discussion <ol style="list-style-type: none"> I. Why cost reduction is important? <ol style="list-style-type: none"> 1. Mr. Bounthan: <ol style="list-style-type: none"> 1. Cost reduction is important for business activities in order to minimize all expenses lower as much as we can and maximize the highest profit and expansion of business 2. So that if high cost will make company lost, when company lost will make company's liquidity slow, which affect to business plan inefficiency. Also, this will lead to collapse. II. How to reduce the Fuel cost <ol style="list-style-type: none"> 1. Mr. Bounthan: <ol style="list-style-type: none"> 1. Allocate fuel allowance in each route for operating correctly. 2. After that calculate each route for operating results if there is any |

| | |
|--|---|
| | <p>breakeven point of the fuel cost or not.</p> <ol style="list-style-type: none"> 3. Checking the management of bus operational plan of each route with actual operating if each route was operating correctly. 4. Bus drivers' training technique should be provided such as how to drive, parking, starting etc. <ol style="list-style-type: none"> 2. Mr. Vongphachanh: many drivers have debt to VCSBE because of lump sum method is applied to control bus operation and fuel collections. Especially, after new route starting operation, the debt rises because not many passengers uses at the beginning. 3. Mr. Vanly: <ol style="list-style-type: none"> 1. Proposed to survey distance of bus route with fuel consumption. 2. Proposed to check actual number of trips of each bus with bus operational plan. 3. Proposed to stop engine for idling. Even passengers get into the car during waiting for departure, long time idling wastes fuel. 4. Mr. Khamsaen: Requested to JICA expert, giving advices how to solve these problems. 5. Mr. Bounsouk: Proposed to management to survey on efficiency of each route regularly by week and by month. Based on the survey results, calculate the fuel consumption of new bus and old bus, unpayable routes should be cancelled. 6. Mr. Kidaeng: Bus operation schedules should be planned by carrying number of passengers. If a route has only small number of passengers, the route should be cancelled because it costs but do not earn. <p>III. How to reduce the Maintenance cost</p> <ol style="list-style-type: none"> 1. Mr. Bounthan: <ol style="list-style-type: none"> 1. Check the maintenance schedule with actual repair works to know if there were unusual breakdown of thee parts. 2. Purchase only quality parts which are actually used. 3. Some old parts can be fixed and reused, it also the way how to save maintenance cost. We should not purchase all new parts all the time. 4. Number of bus is not sufficient enough in VCSBE, therefore not always can repair at once all buses required to be repaired in order to provide minimum bus services to each route. 2. Mr. Vanly: Mechanics should check all buses in certain period, they should not wait bus causing a break down to repair it. 3. Mr. Bounsouk: There were many issues such as not any report about each |
|--|---|

| | |
|--|--|
| | <p>route operation, due to lump-sum contract with drivers.</p> <p>4. Mr. Kidaeng: Pointed out problems on drivers' driving behavior.</p> <p>At last, Mr. Shimegi proposed introducing eco-drive utilizing digital tachograph. Digital tachograph can visualize drivers' behavior and efficiency of driving. To prize good driver as a champion driver and spread good manner to all drivers, not only new bus drivers but also old bus drivers. As the result, fuel consumption will be reduced.</p> |
|--|--|

Participant List for 2nd Work Shop Cost Reduction of (VCSBE) by Natsuki SHIMEGI JICA Expert (Corporate Management /Finance)

| No. | Name & Surname | Position | Organization | Telephone number |
|-----|-------------------------------|---|--------------|------------------|
| 1 | Mr. Kidaeng Vongdonxay | Head of Inventory Division | VCBSE | +85620 5550 3787 |
| 2 | Mr. Khamseen Vilasack | Head of Technician Division | VCBSE | +85620 5561 4405 |
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| 11 | Mr. Vongphachanh | Deputy Head of Finance Division | VCBSE | +85620 5593 7197 |

2nd Work Shop Cost Reduction

Natsuki SHIMEGI
JICA Expert (Corporate Management/Finance)

Contents of the 2nd Work Shop

1. Transition of the costs in last 10 years
2. Why cost reduction is important?
3. How to reduce the Fuel cost
4. How to reduce the Maintenance cost
5. How to reduce the Fuel cost

1. Transition of the costs in last 10 years

- Transition of the costs in last 10 years is shown as below.

1. Transition of the costs in last 10 years

- However, the fuel cost is affected by the international oil Price.

1. Transition of the costs in last 10 years

- The transition of the cost structure in last 10 years is shown as below.

the cost structure in last 10 years (Exc. Fuel and Dep.)

| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| အခမဲ့ | 0 | 0 | 0 | 92,842 | 141,667 | 126,903 | 142,008 | 187,665 | 203,917 | 165,067 | 132,022 | 175,981 |
| အလုပ်သမား | 257,235 | 528,667 | 608,017 | 403,771 | 999,958 | 1,239,769 | 1,265,318 | 1,646,152 | 2,199,904 | 2,340,817 | 1,531,779 | 2,096,505 |
| အိမ်ထောင်စု | 299,600 | 499,106 | 608,915 | 775,386 | 807,889 | 800,619 | 741,630 | 664,650 | 672,013 | 740,324 | 1,728,208 | 880,514 |
| အခြား | 961,560 | 1,291,927 | 1,252,745 | 1,533,621 | 1,449,998 | 1,084,199 | 1,181,591 | 1,439,160 | 1,295,576 | 1,431,120 | 1,464,891 | 1,382,129 |
| အခြား | 1,543,988 | 1,293,651 | 1,684,076 | 1,725,049 | 3,820,100 | 4,312,257 | 3,703,757 | 3,969,796 | 4,960,719 | 5,071,181 | 4,803,097 | 6,319,212 |
| အခြား | 366,744 | 395,738 | 370,854 | 422,720 | 491,736 | 633,017 | 760,815 | 945,377 | 855,204 | 864,295 | 859,861 | 808,280 |
| အခြား | 1,741,897 | 2,360,129 | 2,393,255 | 2,929,729 | 3,376,953 | 3,968,133 | 4,032,976 | 4,137,143 | 4,559,104 | 3,964,697 | 3,738,297 | 4,437,179 |

2. Why cost reduction is important?

- One case of the failure of the management - Rwanda
 - Onatracom started in 1978, then the only company offering public transport services. It aimed to transport passengers to remote areas that were inaccessible to smaller companies. But as time went on, a growing private sector emerged and more and more roads were built. The new companies, says Ntaganira, "kind of kicked us out."
 - The company, however, truly began its collapse in 2009-2010, says Benjamin Ntaganira, the new Managing Director of Onatracom. In those two years 70 out of the company's 178 buses had to be grounded because they either lacked new tires, spare parts or were technically out of shape.
 - As a result, Onatracom can hardly manage to maintain the quality of its buses because it is now constrained by operational costs; the Japanese Isuzus are getting old, yet they use expensive spare parts.
 - The outgoing Director General of Onatracom, Mr. Ezra Nkundumukiza, said that lack of innovation to manage fuel, and the bus spare parts was one of the major problems bringing down the company. Competition from private operators has also been largely blamed for causing a major loss to the agency. Onatracom used to operate big and uncomfortable buses and when private operators increased their fleet of smaller buses with more comfortable seats, passengers began to quit Onatracom buses.
 - The Auditor General of state finances Mr. Obadiiah Biraro said in financial year 2009/2010, Onatracom was also involved in illegal tendering processes.

2. Why cost reduction is important?

- Discussion

3. How to reduce the Fuel cost

- Discussion

4. How to reduce the Maintenance cost

- Discussion

Minutes of Discussion

| | |
|-------------|---|
| Workshop | 3 rd Corporate management / Finance workshop |
| JICA Expert | Mr. SHIMEGI Natsuki, Corporate Management/ Accounting |
| Participant | 4 persons shown in Participant List |
| Date/time | 27 September, 2012 / 14:00 – 15:10 |
| Theme | The features of the management of the public bus company & Revenue growth |
| Agenda | <ol style="list-style-type: none"> 1 . Briefing by JICA Expert 2 . Discussion |
| Overview | <ol style="list-style-type: none"> 1 . Mr. Shimegi explained about present management and profit of VCSBE. He emphasized following issues; <ol style="list-style-type: none"> 1) Important aspects of operating public corporation are public welfare and economy. In addition, for the public transportation company, safety and efficient transport service, level of service, public expense, dealing with unprofitable route, and etc. shall be considered. 2) In general, public interest and economy make conflict. In other words, highly public service costs high., for instance, to operate unprofitable route breach economic efficiency, whereas expensive fare breaches public welfare. 3) There is another possible way to establish positive growth cycle to comply both public welfare and economic efficiency. 2 . Discussed upon a case of a Chinese bus operator provided a city bus service in Vientiane Capital, which was retreated from the business. The reason of their failure was described by participants as follows; <ul style="list-style-type: none"> · The bus fleets were old and fare was expensive. In addition, service was not good. · The Chinese operator franchised the bus fleets to drivers. <p>Corresponding to above mentioned, Mr. Shimegi added a point of view the issue of strategy of the Chinese company, which is providing frequent bus operation in stead of scheduled operation, this kind of operation is also common in Brundi or other African countries. Frequent service reduces number of passenger of each bus, which means reduces profit of drivers. However, once improved convenience to passengers, it was difficult to be reduced. He explained this causing negative spiral with considering public welfare and economic.</p> 3 . He explained the difference between private bus company and public bus company. The private bus company can operate without considering public welfare, but has to procure bus fleets and equipment. Whereas the public company shall consider about public welfare but can be donated bus fleets by government or ODA. He proposed to introduce efficient operation by private companies and to |

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| | <p>demonstrate the existence of public bus company.</p> <p>4 . At last, discussed how to increase profit of VCSBE.</p> <ul style="list-style-type: none">· Reduce breakdown of buses· Improve fare collection system <p>Mr. Shimegi informed about CCTV camera can be utilized to monitoring accurate passenger number.</p> |
|--|--|

Participant List for 3rd Work Shop Cost Reduction of (VCBSE) by Natsuki SHIMEGI JICA Expert (Corporate Management /Finance)

| No. | Name & Surname | Position | Organization | Telephone number |
|-----|-----------------------------|--------------------------|--------------|------------------|
| 1 | Mr. Bounthan Saensackdavong | Head of Finance Division | VCBSE | +85620 2246 2156 |
| 2 | Mr.Korakay INTHAVONG | Finance Division | VCBSE | +85620 55655236 |
| 3 | Mr.Thanongsy DEDVONGSONE | Transportation Division | VCBSE | +85620 55675122 |
| 4 | Mrs.Viengthong PORLITHIKHUN | Administration Division | VCBSE | +85620 55420373 |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
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3rd Work Shop - The features of the management of the public bus company& Revenue growth

3rd Work Shop
The features of the management of the public bus company& Revenue growth

 Natsuki SHIMEGI
 JICA Expert (Corporate Management/Finance)

1. The features of the management of the public bus company

- Framework and elements about the management of the public bus company

1. The features of the management of the public bus company

- Thought about each element
 - ▶ Safety
 - ▶ Promotion of the safety driving (reduction of the number of accident, accident rate)
 - ▶ Action for the accident reduction by the publication of the accident rate or number of accident,
 - ▶ As a result, leading to a high rate of operation
 - ▶ Effective business administration
 - ▶ The transportation passenger per kilometer
 - ▶ Business coefficient
 - ▶ Service standard
 - ▶ Point in order to ensure the foot of the citizens, and how the level of service that either set of bus routes is important. Therefore, it is necessary from the perspective of improving user convenience, while gaining a broad national consensus, to clarify the basic idea..
 - ▶ Enhancement, reinforcement of the information
 - ▶ Control the service line (e.g. excessively heavy freight)

1. The features of the management of the public bus company

- ▶ The way of the public burden
 - ▶ Bus service is related to various measures on the urban infrastructure management as a city. Therefore, it is possible to perform a certain public burden has sufficient rationale. Therefore, in order to maintain the current level of service, general accounting burden (subsidy) from the public is essential.
 - ▶ From the viewpoint of ensuring the foot of the town planning and civil is something that should be determined with the agreement of the citizens. However, if public service sector can not obtain the agreement of the public, it is unavoidable due to the decrease of the level of service reduction or abolition of the route.
- ▶ Improvement or retreatment of the unprofitable route
 - ▶ It is the extremely important problem that it must be decided by a viewpoint of the security of the citizen's foot or town planning as the whole on deciding the improvement or retreatment of unprofitable route.

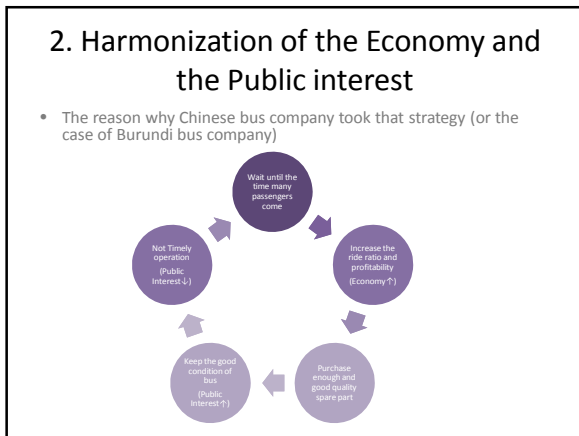
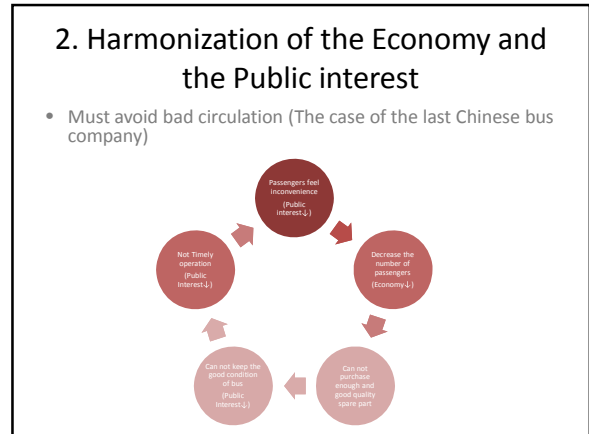
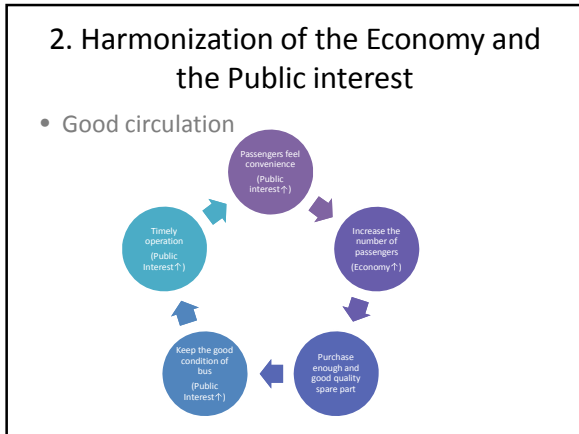
2. Harmonization of the Economy and the Public interest

- Usually, Economy and Public interest are the conflicting ideas.
 - E.g.) If bus runs unprofitable (small passenger) area, the public interest that people, who was no means of transportation so far, can change their life. Then public interest increase, however, the profitability will decrease.
- Please think and suggest other cases or examples of the conflicting.

2. Harmonization of the Economy and the Public interest

- But you can achieve both ideas at the same time by strategically driving the two ideas to the same direction.
 - ▶ Make good circulation shown as next page.

3rd Work Shop - The features of the management of the public bus company & Revenue growth



- #### 2. Harmonization of the Economy and the Public interest
- The logic of Chinese company seems reasonable.
 1. Please discuss why the strategy of the Chinese bus company could not success in Lao PDR?
 2. Please discuss why the good circulation superior to the Chinese company strategy

- #### 3. The difference between public companies and private companies
- Discussion topic
 - ▶ Please discuss if private transportation companies need to make public interest in consideration on management.

- #### 4. The way to increase revenue
- Discussion topic
 1. Do you have any idea to improve both Economy and Public interest?
 2. Suggest what kind of effort can make revenue increase.

Photos



Minutes of Discussion

| | |
|-------------|--|
| Workshop | 4 th Corporate management / Finance workshop |
| JICA Expert | Mr. SHIMEGI Natsuki, Corporate Management/ Accounting |
| Participant | 12 persons shown in Participant List |
| Date/time | 15 March, 2013 / 14:00 – 15:10 |
| Theme | Introduction of Cash Flow Statement |
| Agenda | <ol style="list-style-type: none"> 1 . Briefing by JICA Expert 2 . Discussion |
| Overview | <ol style="list-style-type: none"> 1 . Mr. Shimegi explained about cash flow statement. He emphasized following issues; <ol style="list-style-type: none"> 1) VCSBE has prepared B/S and I/S. They are correlated but cash flow statement (CF) shall be prepared separately from them. 2) the cash flow statement consists of operating activity, investing activity, and financing activity. Each activity is divided clearly showing variety of activities of the company, and it helps to understand management. 3) I/S can deceive by illegal trade such as round transaction, whereas CF shows transaction of cash or cash equivalent properties, such as bank balance, it prevents illegal trades. In other words, CF is the only financial statement showing truth. 4) CF can be utilized to plan for future management plan. 2 . CF of BMTA, public bus company in Thailand, was studied and discussed about bad points of the CF. <p>In general, following conditions are required;</p> <ol style="list-style-type: none"> 1) Operating activity is plus, 2) Financing activity is plus, and 3) Investing activity is minus. <p>Above conditions mean that derived surplus from operating activity and financing activity, is invested to extend production. However, in the case of BMTA, operating activity shows minus, that is not reasonable cash flow statement.</p> 3 . At last, the issue of driver retiring without submitting collected fare to financial department was discussed. |

Participant List for 4th Work Shop Cost Reduction of (VCSBE) by Natsuki SHIMEGI JICA Expert (Corporate Management /Finance)

| No. | Name & Surname | Position | Organization | Signature |
|-----|------------------------------|---|-----------------|-----------|
| 1 | Mr. KUNIMASA Yoshiro | Vice Team Leader/Bus Service/Human Resource Development | JICA Study Team | |
| 2 | Mr. Bounbone PHONGMANY | Deputy Director of Technical Affaires | VCSBE | |
| 3 | Mr. Vanly CHANCHALEUNE | Deputy Director of Administrative Affaires | VCSBE | |
| 4 | Mr. Thanongsy DEDVONGSONE | Chief of City Bus Division | VCSBE | |
| 5 | Mr. Bounthan SENSACKDAVONG | Chief of Finance Department | VCSBE | |
| 6 | Mr. Korlakai INTHAVONG | Finance Officer | VCSBE | |
| 7 | Mr. Kham savang EPHUMMACHANH | Finance Officer | VCSBE | |
| 8 | Mr. Vongphachanh | Deputy Chief of Finance Department | VCSBE | |
| 9 | Ms. Chansouk CHANTHAVY | Finance Officer | VCSBE | |
| 10 | Mr. Pannha VIRATHAM | Office | VCSBE | |
| 11 | Mr. Bounthan KHAMMANYSAY | Finance Officer | VCSBE | |
| 12 | Mr. Keedaeng VONGDONXAI | Chief of Section od Spare Parts | VCSBE | |

The JICA Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise (JICA PEC-VCSBE)

4th Work Shop Introduction of Cash Flow statement

Natsuki SHIMEGI

JICA Expert (Corporate Management/Finance)

Contents of the Work Shop

1. Contents of Financial Statements
2. Why Financial Statements are necessary to be made?
3. The relationship between B/S and I/S
4. Consider the depreciation and Grant Aid
5. Introduction of the Cash Flow statement

1. Introduction of the Cash Flow statement

1. Explanation of a Cash Flow statement (C/F)
 - ▶ It consists from 3 parts
 - i) Cash flow from operations
 - ii) Cash flow from investing activities
 - iii) Cash flow from financing activities
 - ▶ Cash flow from the operations has 2 ways of representing.
 - i) Direct method
 - ii) Indirect method
 ⇒ In general, Indirect method is preferred as it is easier to make
 - ▶ There is a relationship b/w a B/S and an I/S, however, cash flow statement is generated apart from those two statements. Still the C/S can be generated by using the amount of money which are shown in the B/S (2 period) and the I/S.

1. Introduction of the Cash Flow statement

2. Explanation of the Cash flow from the Operations
 - ▶ The first section is widely regarded as the most important section of the cash flow statement. This is so as this section shows whether the company was able to generate cash from its operating activities, this shows the ability to get money by core business. On the typical cash flow statement, the cash flow from operations section is divided into two sub-sections:
 - ▶ The first subsection adds back to/minus from net income all non-cash operating items that were subtracted/added in arriving at net income
 - ▶ The second sub-section calculates the net change in working capital and adds it back to net income.
 - ▶ In general, this section would become plus amount of money.
3. Cash flow from investing activities
 - ▶ Cash flow from Investing Activities focuses on the flow of cash in and out of the company as a result of changes in the company's long-term assets (tangible assets and investments). The company replaces old equipment and as it carries out its capital expenditure program.
 - ▶ In general, cash flow from investing activities would become minus amount of money

1. Introduction of the Cash Flow statement

4. Cash flow from financing activities
 - ▶ The last section is Cash flow from financing activities. Usually a company will seek external financing to expand its business, build new factories, or even financing money for operation activities, and it is this process that is recorded in the cash flow from financing section of the cash flow statement.

2. Utility of CF

1. Among Balance Sheet, Income Statement and Cash flow Statement, only Cash Flow statement can not tell a lie.
 - In detail, "Cash" means "Cash and Cash equivalents". Therefore, Bank account or related account are included.
 - The scope of "Cash and Cash equivalents" can be decided by each company.
 - In B/S or I/S, it is possible to increase or decrease the amount intentionally according to the convenience of the company.
 - However, only "Cash and Cash equivalents" can not change according to the convenience of the company, as it is obvious.
2. To recognize the earning capacity of cash by ordinal operation, Cash Flow statement is useful.
 - Ordinary income or EBITDA in Income Statement is also used to recognize the earning capacity.
 - However, Operational Cash flow can show the earning capacity backed by exact fund.
3. Cash Flow statement can provide useful information to make future management plan.

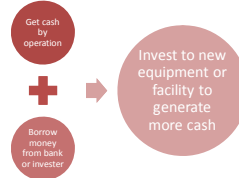
The JICA Project to Enhance the Capacity of
Vientiane Capital State Bus Enterprise (JICA
PEC-VCSBE)

3. Case study

1. Sample cash flow statement
 - The case of Thai BMTA (See appendix)
2. The sample of BMTA is not ideal.
 - Why?

4. Ideal Cash Flow

1. In sound company, plus or minus in respective activities should be
 - "Plus" in Operating activity
 - "Plus" in Financing activity
 - "Minus" in Investment activity
2. As the reason of above, we can think the company activity as sound if it is shown as below.



| Bangkok Mass Transit Authority | | |
|---|------------------------|------------------------|
| Cash flow statement for the year. Ended September 30, 2554 and 2553 | | |
| | 2,554 | 2,553 |
| | Unit: Thai Baht | |
| Cash flows from operating activities | | |
| Loss(net) | (5,125,247,362) | (4,972,577,562) |
| Adjustments to reconcile net income to net cash provided by (pay) operating | | |
| Financial costs | 2,434,475,453 | 2,323,346,644 |
| Depreciation and amortization | 264,323,403 | 262,464,552 |
| Doubtful | (44,967,991) | 244,614,279 |
| (Profit) loss on sale of fixed assets | 1,638,102 | (89,642) |
| Bad debt | 735,162 | 9,716,701 |
| (Loss) from operating activities before changes in operating assets and liabilities | <u>(2,469,043,233)</u> | <u>(2,132,525,028)</u> |
| Operating assets (increase) decrease | | |
| trade account receivable | 68,490,550 | 125,879,505 |
| Receivables accident | (3,179,552) | 5,990,684 |
| Advances for accident cases | 188,532 | 725,337 |
| Other Receivables | (16,910,302) | (5,636,886) |
| Longer accounts receivable clerk | (6,965,549) | (4,147,144) |
| Receivables(The Express Transportation Organization of Thailand) | - | 29,097,123 |
| Inventory balance | (2,040,952) | 1,124,021 |
| Other current assets | (1,216,901,865) | (1,199,587,489) |
| Other non current assets | (1,146,978,203) | (2,101,322,567) |
| Operating liabilities increase (decrease) | | |
| trade account payable | (1,906,293,873) | (559,893,550) |
| payable-n case of an accident | 1,926,325 | 337,097 |
| Other payable | 76,254,492 | (4,972,150) |
| Other current liabilities | (199,423,290) | 206,426,313 |
| Other non-current liabilities | 15,657,017 | (372,645) |
| Long-term provisions | 331,410,862 | 173,063,889 |
| Interest paid on loans | (2,207,321,228) | (2,397,168,000) |
| et cash provided by (used in) operating activities | <u>(8,681,130,268)</u> | <u>(7,862,981,491)</u> |
| Bangkok Mass Transit Authority | | |
| Cash flow statement for the year. Ended September 30, 2554 and 2553 | | |
| | 2,554 | 2,553 |
| | Unit: Thai Baht | |
| Cash flows from investing activities | | |
| Cash received (paid) short-term investment | (405,000) | 794,337 |
| Cash received from the sale of the property | 261,816 | 114,249 |
| Cash paid for property and equipment additions | <u>(29,337,043)</u> | <u>(12,550,377)</u> |
| Net cash provided by (used in) investing activities | <u>(29,480,227)</u> | <u>(11,641,791)</u> |
| Cash flows from financing activities | | |
| Cash received from the loan finance charge | - | 355,000,000 |
| cash received from long term loan(Ministry of finance pay) | 4,961,276,333 | 1,731,926,000 |
| cash received of financial loan of promissory notes and bonds. | 2,971,766,667 | 5,277,863,145 |
| Cash received (paid) of loans from individuals and businesses | - | 442,027,000 |
| Net cash provided by (used in) financing activities | <u>7,933,043,000</u> | <u>7,806,816,145</u> |
| Cash and cash equivalents Net increase (decrease) | (777,567,495) | (67,807,137) |
| Cash and cash equivalents at beginning of the period | 1,037,012,380 | 1,104,819,517 |
| Cash and cash equivalents at end of period | <u>259,444,886</u> | <u>1,037,012,380</u> |

องค์การขนส่งมวลชนกรุงเทพ
งบกระแสเงินสด
สำหรับปี สิ้นสุดวันที่ 30 กันยายน 2554 และ 2553

หน่วย : บาท

| | 2554 | 2553 |
|---|---------------------------|---------------------------|
| กระแสเงินสดจากกิจกรรมดำเนินงาน | | |
| (ขาดทุน) สุทธิ | (5,125,247,361.85) | (4,972,577,561.61) |
| รายการปรับกระทบกำไรสุทธิเป็นเงินสดรับ (จ่าย) | 2,434,475,452.95 | 2,323,346,643.71 |
| จากการดำเนินงาน ต้นทุนการเงิน | | |
| ค่าเสื่อมราคาและค่าตัดจำหน่าย | 264,323,403.15 | 262,464,551.87 |
| หนี้สงสัยจะสูญ | (44,967,990.94) | 244,614,278.68 |
| (กำไร) ขาดทุน จากการขายสินทรัพย์ถาวร | 1,638,101.77 | (89,642.01) |
| หนี้สูญ | 735,161.52 | 9,716,700.91 |
| (ขาดทุน) | <u>(2,469,043,233.40)</u> | <u>(2,132,525,028.45)</u> |
| จากการดำเนินงานก่อนการเปลี่ยนแปลงในสินทรัพย์และหนี้สินดำเนินงาน | | |
| สินทรัพย์ดำเนินงาน (เพิ่มขึ้น) ลดลง :- | | |
| ลูกหนี้การค้า | 68,490,549.83 | 125,879,504.70 |
| ลูกหนี้อุบัติเหตุ | (3,179,551.71) | 5,990,683.89 |
| เงินทดรองจ่ายกรณีอุบัติเหตุ | 188,532.25 | 725,337.21 |
| ลูกหนี้อื่น | (16,910,301.52) | (5,636,885.70) |
| ลูกหนี้พนักงานพันสภาพ | (6,965,549.11) | (4,147,143.69) |
| ลูกหนี้ รสพ. | - | 29,097,122.76 |
| พัสดุคงเหลือ | (2,040,952.03) | 1,124,020.85 |
| สินทรัพย์หมุนเวียนอื่น | (1,216,901,864.50) | (1,199,587,488.95) |
| สินทรัพย์ไม่หมุนเวียนอื่น | (1,146,978,203.16) | (2,101,322,567.41) |
| หนี้สินดำเนินงานเพิ่มขึ้น (ลดลง) :- | | |
| เข้าหนี้การค้า | (1,906,293,872.76) | (559,893,550.14) |
| เข้าหนี้ - กรณีอุบัติเหตุ | 1,926,324.75 | 337,097.00 |
| เข้าหนี้อื่น | 76,254,492.04 | (4,972,149.94) |
| หนี้สินหมุนเวียนอื่น | (199,423,289.75) | 206,426,312.97 |
| หนี้สินไม่หมุนเวียนอื่น | 15,657,016.94 | (372,645.38) |
| ประมาณการหนี้สินระยะยาว | 331,410,862.33 | 173,063,888.85 |
| จ่ายดอกเบี้ยเงินกู้ยืม | (2,207,321,228.15) | (2,397,167,999.75) |
| กระแสเงินสดจากกิจกรรมลงทุน | | |
| เงินรับ (จ่าย)เงินลงทุนระยะสั้น | (405,000.00) | 794,336.94 |
| เงินรับจากการจำหน่ายทรัพย์สิน | 261,816.28 | 114,248.91 |
| เงินจ่ายต่อเติมอาคารและซื้ออุปกรณ์ | (29,337,042.98) | (12,550,376.88) |
| เงินสดสุทธิได้มาจาก (ใช้ไป)ใน) กิจกรรมลงทุน | <u>(29,480,226.70)</u> | <u>(11,641,791.03)</u> |
| กระแสเงินสดจากกิจกรรมจัดหาเงิน | | |
| เงินรับจากเงินกู้ยืมกระทรวงการคลังรับภาระ | - | 355,000,000.00 |
| เงินรับจากเงินกู้ยืมระยะยาวกระทรวงการคลังรับภาระ | 4,961,276,333.33 | 1,731,926,000.00 |
| เงินรับจากการเงินกู้ยืมจากตัวสัญญาใช้เงินและการออกพันธบัตร | 2,971,766,666.67 | 5,277,863,145.49 |
| เงินรับ(จ่าย) จากเงินกู้ยืมระยะยาวจากบุคคลและกิจการ | - | 442,027,000.00 |
| เงินสดสุทธิได้มาจาก (ใช้ไป)ใน) กิจกรรมจัดหาเงิน | <u>7,933,043,000.00</u> | <u>7,806,816,145.49</u> |
| เงินสดและรายการเทียบเท่าเงินสดสุทธิเพิ่มขึ้น (ลดลง) | (777,567,494.65) | (67,807,136.72) |
| เงินสดและรายการเทียบเท่าเงินสด ณ วันต้นงวด | 1,037,012,380.20 | 1,104,819,516.92 |
| เงินสดและรายการเทียบเท่าเงินสด ณ วันสิ้นงวด | <u>259,444,885.55</u> | <u>1,037,012,380.20</u> |

Photos



Minutes of Discussion

| | |
|-------------|---|
| Workshop | 5 th Corporate management / Finance workshop |
| JICA Expert | Mr. SHIMEGI Natsuki, Corporate Management/ Accounting |
| Participant | 11 persons shown in Participant List |
| Date/time | 5 April, 2013 / 9:00- 10:15 |
| Theme | Cost per unit analysis |
| Agenda | <ol style="list-style-type: none"> 1 . Briefing by JICA Expert 2 . Discussion |
| Overview | <ol style="list-style-type: none"> 1 . Mr. Shimegi explained about cash flow statement. He emphasized following issues; <ol style="list-style-type: none"> 1) First the meaning of technical terms of cost control. VCSBE has accumulated costs by items, total amount of fuel consumption, passenger numbers and etc. What required is monitoring of bus operating since there is no data after bus leaving at the CBS. The digital tachograph can record actual bus operations. 2) A merit of cost per unit is to be utilized for judging unprofitable routes. For instance, a route costs 100, if the revenue is 120, it shall be continued. Then, if the revenue is 80, 60 or 40. To judge which case to be abolished the route, criteria shall be set. In general view of accounting and economic, as far as variable cost is collected even though the fixed cost can not afford, it shall be continued. For the bus operation, fuel cost, spare parts, personnel cost, and depreciation are to be afforded. At present, they share 60% of total cost. Therefore 60 is an indicator. Not only unit cost of total bus operation but unit cost of each route and each bus is important. 3) In the case of unit cost of passenger was studied. Necessity of detailed unit cost analysis was emphasized. 4) At last, in the view of standard accounting and responsibility accounting, studied the difference between estimated cost and actual cost. Some costs affected by market price can not be controlled by staff of VCSBE, but some costs such as gasoline mileage can be controlled. This kind of dissection is important to improve cost control. 2 . At the discussion, unit costs of route and bus would clarify how to improve unit costs. A participant requested to regard participation of the workshop in personnel evaluation. |

Participant List for 5th Work Shop Cost Reduction of (VCBSE) by Natsuki SHIMEGI JICA Expert (Corporate Management /Finance)

| No. | Name & Surname | Position | Organization | Telephone number |
|-----|-------------------------------|---|--------------|------------------|
| 1 | Mr. Bounbone PHONGMANY | Deputy Director of Technical Affairs | VCBSE | |
| 2 | Mr. Vanly CHANCHALEUNE | Deputy Director of Administrative Affairs | VCBSE | |
| 3 | Mr.Thanongsy DEDVONGSONE | Chief of City Bus Division | VCBSE | |
| 4 | Mr. Bounthan SENSACKDAVONG | Chief of Finance Department | VCBSE | |
| 5 | Mr. Korlakai INTHAVONG | Finance Officer | VCBSE | |
| 6 | Mr. Kham savang HEPHUMMACHANH | Finance Officer | VCBSE | |
| 7 | Mr. Vongphachanh | Deputy Chief of Finance Department | VCBSE | |
| 8 | Ms. Chansouk CHANTHAVY | Finance Officer | VCBSE | |
| 9 | Mr. Pannha VIRATHAM | Office | VCBSE | |
| 10 | Mr. Bounthan KHAMMANY SAY | Finance Officer | VCBSE | |
| 11 | Mr. Keedaeng VONGDONXAI | Chief of Section of Spare Parts | VCBSE | |

5th Work Shop

Cost per unit analysis

Natsuki SHIMEGI
JICA Expert (Corporate Management/Finance)

Contents of the 5th Work Shop

1. Importance of Cost per unit analysis
2. Judgment of improvement or abolition of line
3. Calculation of the fare based on the actual cost per distance and per capita
4. Comparison between actual fare and fare by MPWT formula
5. Next step

1. Importance of Cost per unit analysis

1. What is the "Cost per unit"?
 - ▶ It is calculated by following formula.
 - ▶ Total cost / Total number of passenger, Total number of driving distance, a bus or a route.
2. Why the "Cost per unit" is important?
 - ▶ In current situation, bus operation is almost "Black Box"

| | | | | |
|-----------------------|---|-----------|---|---|
| Busses leave VCSBE | ⇒ | Black Box | ⇔ | Collected bus fare Results of fuel usage Results of parts usage |
|-----------------------|---|-----------|---|---|

- ▶ It is necessary to control and clarify bus operation.
- ▶ "Cost per unit" is useful information for many purpose and management decision. Such as...
 - ▶ Heighten the visibility of management
 - ▶ Judgment of improvement or abolition of lines
 - ▶ Calculation of the fare based on the actual cost per unit
 - ▶ Comparison between actual fare and fare by MPWT formula

2. Judgment of improvement or abolition of line

1. Abolition or Improvement line (route change) should be decided by the net profit by the line.
2. If net loss of particular route is obvious and calculated, it makes easier to apply the subsidy to the government.
 - The sample criteria of judgment for the decision making of route is as below.

```

            graph TD
            A[Total Profit/ Loss of route] --> B[Net profit]
            A --> C[Net loss]
            B --> D[Profit on excluding Dep and Salary]
            B --> E[Profit on excluding Dep and Salary]
            C --> F[Loss on excluding Dep]
            C --> G[Loss on excluding Dep and Salary]
            D --> H[A. No problem]
            D --> I[B. Wait and see]
            E --> J[C. Discussion]
            F --> K[D. Needs improvement and subsidy]
            G --> L[E. Poor and restructuring and subsidy]
            
```

2. Judgment of improvement or abolition of lines

3. In case of "E", even the fuel cost can not be recovered in this route.
 - ▶ Behind this decision, following cost structure should be considered.

Cost

- Fuel(V-Km)
- Maintenance(V-Sales)
- Driver & Conductor fee(Fix)
- Depreciation(Fix)

Revenue

- Fare
(Semi-Variable-Km)

4. To make managerial decision like above, it is necessary to calculate the cost per route.

3. Calculation of the fare based on the actual cost per distance and per capita

1. The cost per distance and per capita (per person) also provide useful information for the VCSBE.
2. Especially, it is useful for the verification of the fare calculation.
3. Trial calculation as the whole company is shown as below.

| Includes: Rental | | | |
|---------------------------|------------------|-----------|---------|
| Total driving distance | 2012 | | |
| Minibus | 1,513,664 | | |
| New bus | 1,199,916 | 3,641,275 | |
| Inter province | 4,092,967 | IN | 411,692 |
| Total | 6,706,547 | | |
| Total Operational expense | 34,383,442,000 | | |
| Average cost(per km) | 5,181.39 | | |

| Allocate cost by driving distance | | | |
|-----------------------------------|------------------|----------------|----------------------|
| Total number of passenger | 2012 | | |
| Minibus | 1,779,922 | 7,891,512,133 | |
| New bus | 1,217,385 | 6,097,237,216 | |
| Inter province | 841,715 | 20,594,692,651 | IN 18,500,726,493 |
| Total | 3,839,022 | | 2,091,666,253 |
| Total Operational expense | 34,383,442,000 | | |
| Average cost(per capita) | 9,448.54 | | |

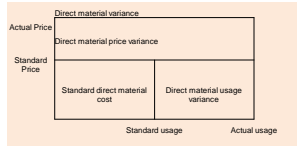
| Cost per passenger by types of operation | | | |
|--|---------------|--|---------------|
| Minibus | 4,321 | | |
| New bus | 5,008 | | |
| Inter province | 32,093 | | IN 39,315 |
| Total | 42,711 | | 12,238 |

| Revenue per passenger | | | |
|-----------------------|---------------|--|---------------|
| Minibus | 4,271 | | |
| New bus | 5,431 | | |
| Inter province | 32,836 | | IN 36,217 |
| Total | 42,538 | | 23,558 |

4. Comparison between actual fare and fare by MPWT formula

1. In manufacturing companies, “setting a standard cost and analysis of cost variance” method is used for the way of controlling cost.

- The image of this analysis is show as below.



2. In VCSBE, similar idea can be applied by comparing actual fare and fare by MPWT formula.

5. Next step

1. We can calculate the cost per unit of entire company even now.
2. However, it is necessary to calculate and analyze the detailed cost per unit, such as the cost of Bus no.170 and its cost per unit, for making it use for good management decision making.
3. To achieve it, we need to proceed to allocate the cost to each bus or route.

Minutes of Discussion

| | |
|-------------|---|
| Workshop | 6 th Corporate management / Finance workshop |
| JICA Expert | Mr. SHIMEGI Natsuki, Corporate Management/ Accounting |
| Participant | 11 persons shown in Participant List |
| Date/time | 5 June, 2013 / 14:00 - 14:45 |
| Theme | Organization structure reform |
| Agenda | 1 . Briefing by JICA Expert |
| Overview | <p>1 . JICA Expert explained about necessity and focus points of organizaion structure reforming of VCSBE at regulatr meeting.</p> <p>2 . There is no question about the explanation.</p> |

**Strengthen Management Accounting
Function
- Organization Structure Reform -**

1. Necessity of organization structure reform

- A) 3 years have passed since last organization reform (2010).
- B) Now VCSBE needs to add new functions which are required from the view of service quality control, operation control, marketing and management accounting.
- C) Organization structure should respond to these requirement.
- D) Organizational development will show the attitude of VCSBE's change to stakeholders.
- E) If the roles of higher position officer are allocated to staff, the management can be replaced after their age of retire.

2. Required functions which should be independent under current management environment

- A) Service quality management
- B) Data or KPI management (Input, analysis, reporting)
- C) Marketing
- D) Negotiation with relevant organizations
- E) Making future management plan

3. References from other bus companies

- A) Keisei bus.
See Appendix1.
- B) BMTA
See Appendix2.

4. Discussion

- A) What department or division should be established?
- B) The process to change organization chart.
- C) If organization change can be implemented, is it required to recruit new staff?

VCSBE PC Training (Excel)

21/6/2013

Corporate Management/Finance

Natsuki SHIMEGI

Purpose

- i. To improve the IT literacy of VCSBE's management section.
- ii. To enhance to diffuse electronic data making

Target

VCSBE's management section staff

Venue

VCSBE HQ 2F Meeting room

Time table and Topics

13:30-13:40 Reception

13:40-14:40 Basic operation (I)

1. Create File and change the file name.
2. Font and Input data
3. Change cell format
4. Copy and paste / Link copy
5. Other tips

14:40-14:50 Coffee Break

14:50-16:20 Basic operation (II)

6. Understand formula (V Lookup, Sum, Sumif)
7. Data Validation
8. Conditional Formatting
9. Macro & VBA Introduction (Only Explanation)

Register
VCSBE PC Training (Excel)

| Name & Surname | Position | Organization | Tel |
|-------------------------------|------------------|---------------------|------------|
| 1. Mr. Bounsouk Sibounthan | Technical Deputy | Technical | 2055619495 |
| 2. Mr. somlit Khankeo | Technical | Technical | 2055528230 |
| 3. Mr. Keimphone Chansouvanh | IT VCSBE | Technical | 2077950660 |
| 4. Mr. Latsamy Phammasean | Warehouse | Warehouse | 2055150663 |
| 5. Mr. Soudchalit Khodyotha | Technical | Transport | 2055676257 |
| 6. Mr. Thanongsy Dathvongsone | Planning | Transport | 2055675122 |
| 7. Mr. Viengkeo Keokeimphet | Technical | Technical | 2055914356 |
| 8. Mr. Virakone | Planning | Planning | 2098820281 |

The Project to Enhance the Capacity of Vientiane Capital State Bus Enterprise

Minutes of Discussion

| | |
|-------------|---|
| Workshop | 7 th Corporate management / Finance workshop |
| JICA Expert | Mr. SHIMEGI Natsuki, Corporate Management/ Accounting |
| Participant | 11 persons shown in Participant List |
| Date/time | 5 September, 2013 / 13:30 - 16:15 |
| Theme | Excercise to make C/F |
| Agenda | <ol style="list-style-type: none"> 1. Skill Check 2. Review of 4th Workshop, C/F outline 3. Exercise to make C/F 4. Skill Check after workshop |
| Overview | <ol style="list-style-type: none"> 1. Skill checks before and after workshop 2. Most of participants did not attend 4 th workshop which outlined cash flow statemetnts, briefly overviewed presentation materials. 3. Each staff excercised to make C/F based on actual finacial statement of VCSBE in 2021. One staff completed inputing profit loss statements, others completed B/S statement. 4. After this work shop, participants' skills were checked. As the results, 5.3/20 was improved to 12.3/20. |

Participant List for 5th Work Shop Cost Reduction of (VCBSE) by Natsuki SHIMEGI JICA Expert (Corporate Management /Finance)

| No. | Name & Surname | Position | Organization | Telephone number |
|-----|-----------------------------|---|--------------|------------------|
| 1 | Mr. Bounbone PHONGMANY | Deputy Director of Technical Affairs | VCBSE | |
| 2 | Mr. Vanly CHANCHALEUNE | Deputy Director of Administrative Affairs | VCBSE | |
| 3 | Mr.Thanongsy DEDVONGSONE | Chief of City Bus Division | VCBSE | |
| 4 | Mr. Bounthan SENSACKDAVONG | Chief of Finance Department | VCBSE | |
| 5 | Mr. Korlakai INTHAVONG | Finance Officer | VCBSE | |
| 6 | Mr. Khamavang HEPHUMMACHANH | Finance Officer | VCBSE | |
| 7 | Mr. Vongphachanh | Deputy Chief of Finance Department | VCBSE | |
| 8 | Ms. Chansouk CHANTHAVY | Finance Officer | VCBSE | |
| 9 | Mr. Pannha VIRATHAM | Office | VCBSE | |
| 10 | Mr. Bounthan KHAMMANYSAY | Finance Officer | VCBSE | |
| 11 | Mr. Keedaeng VONGDONXAI | Chief of Section od Spare Parts | VCBSE | |



Cash Flow Statement Preparation sheet

| | | (Unit: LAK) | | |
|---|---------------------------------|-------------------|---------------------|------------------------------|
| VCSBE | | | | |
| [Balance Sheet] | | | | |
| | | i. Present period | ii. Previous period | i-ii Increase (▲Decrease) |
| Current assets | | | | |
| Cash and cash Equivalents | | 1,446,392,455 | 1,492,625,290 | ▲46,232,835 |
| Accounts receivable | | 2,494,745,675 | 2,075,578,785 | 419,166,890 |
| Inventories | | 4,940,759,642 | 846,477,491 | 4,094,282,151 |
| Investment securities | | 0 | 0 | 0 |
| Short-term loans receivable | | 0 | 0 | 0 |
| Other current assets | | 0 | 0 | 0 |
| | Subtotal | 8,881,897,772 | 4,414,681,566 | |
| Non-current assets | | | | |
| Tangible fixed assets | | 44,862,974,925 | 4,334,111,026 | 40,528,863,899 |
| Financial fixed assets | | 0 | 0 | 0 |
| Loans and fixed financial assets | | 0 | 0 | 0 |
| Other non-current assets | | 0 | 0 | 0 |
| | Subtotal | 44,862,974,925 | 4,334,111,026 | |
| | Asset Total | 53,744,872,697 | 8,748,792,592 | |
| Non current liabilities | | | | |
| Suppliers and related accounts | | 938,436,950 | 15,788,950 | 922,648,000 |
| Short term accounts payable - short section for long term a | | 0 | 0 | 0 |
| Tax unpaid | | 0 | 0 | 0 |
| Other accounts payable | | 564,967,837 | 391,097,955 | 173,869,882 |
| | Subtotal | 1,503,404,787 | 406,886,905 | |
| Non- current liabilities | | | | |
| Borrowings and financial accounts payable | | | | 0 |
| Other Non-current liabilities | | 533,200,000 | 777,800,000 | ▲244,600,000 |
| | Subtotal | 533,200,000 | 777,800,000 | |
| | Liabilities Total | 2,036,604,787 | 1,184,686,905 | |
| Net asset | | | | |
| Subscribed capital, Surplus of share value and reserves | | 58,890,804,928 | 11,208,654,928 | 47,682,150,000 |
| Retained earnings (loss) | | -7,182,537,018 | -3,644,549,241 | ▲3,537,987,777 |
| | Subtotal | 51,708,267,910 | 7,564,105,687 | |
| | Liabilities and Net asset Total | 53,744,872,697 | 8,748,792,592 | Number of securities |
| | (Cheking balance) | OK | OK | |
| | Diff | N/A | N/A | |
| [Income statement] | | | | |
| | | Present period | | |
| Sales (Turn - over) | | 28,785,379,093 | | |
| (Before Tax) Net Profit | | -2,794,357,770 | | |
| (After Tax) Net Profit | | -3,125,529,777 | | |
| Depreciation, provision and reserves | | 2,717,752,101 | | (Absolute value) |
| Interest income | | 61,701,733 | | (Absolute value) |
| Finance cost | | 244,001,375 | | (Absolute value) |
| Gain on sale of securities | | 0 | | (Absolute value) |
| Loss on sales of securities or reevaluation | | 0 | | (Absolute value) |
| Gain on sale of fixed assets | | 0 | | (Absolute value) |
| Loss on sale or disposal of fixed assets | | 0 | | (Absolute value) |
| [Appropriation of profit] | | | | |
| Cash dividend for prior period | | 412,458,000 | | (Absolute value) |
| Directors' bonuses paid | | 0 | | (Absolute value) |
| Calculation Verification | | OK | | |

Cash Flow Statement 2011-2012

VCSBE

| I | Cash flows from Operations | (Unit : LAK) |
|-----|---|-----------------|
| | Net Income (before Tax) | Δ2,794,357,770 |
| | Depreciation and amortization | 2,717,752,101 |
| | Interest income | Δ61,701,733 |
| | Finance cost | 244,001,375 |
| | Profit on sale of asset | 0 |
| | Decrease (increase) in Accounts Receivable | Δ419,166,890 |
| | Decrease (increase) in Inventories | Δ4,094,282,151 |
| | Decrease (increase) in other assets | 0 |
| | Increase (decrease) in Accounts Payable and accrued Liabilities | 922,648,000 |
| | Decrease (increase) in other Short-term Liabilities | 173,869,882 |
| | Decrease (increase) in other Long-term Liabilities | Δ244,600,000 |
| | Subtotal | Δ3,555,837,186 |
| | Interest received | 61,701,733 |
| | Interest paid | Δ244,001,375 |
| | Income taxes paid | Δ331,172,007 |
| | Subtotal | Δ513,471,649 |
| | Net cash from operations | Δ4,069,308,835 |
| II | Cash flows from Investing Activities | |
| | Cash paid for Purchase of Tangible fixed assets | Δ43,246,616,000 |
| | Cash paid for Loans and fixed financial assets | 0 |
| | Cash paid for Other non-current asset | 0 |
| | Net Cash Flow from Investing Activities | Δ43,246,616,000 |
| III | Cash flows from Financing Activities | |
| | Cash receipts or paid for Short-term borrowings | 0 |
| | Cash receipts or paid for Long-term borrowing | 0 |
| | Cash receipts from Capital | 47,682,150,000 |
| | Cash paid for Dividends (2007) | Δ412,458,000 |
| | Net Cash Flow from Financing Activities | 47,269,692,000 |
| IV | Net Increase in Cash | Δ46,232,835 |
| V | Cash at Beginning of Year | 1,492,625,290 |
| VI | Cash at End of Year | 1,446,392,455 |

Date: 5th Sep, 2013, Thursday

Place: VCSBE

Target: Finance Section (VCSBE)

Purpose of Workshop

Though all companies in Lao PDR, are originally obliged to make Cash-Flow Statement (hereinafter referred to as C/F) in Accounting Law, MoF has not provided the instruction to companies. However, C/F is necessary to recognize the actual situation of the entity and can provide useful information for not only stakeholders but Management.

Whereat, we learn how to compile C/F from Balance Sheet and Income Statement. Then, from next year, VCSBE will be able to get a series of Financial Statement (B/S, I/S, C/F) lined up as well as other international companies.

Agenda

13:20-13:30 Reception

13:30-13:50 Review the 4th Work Shop Seminar regarding C/F

13:50-14:45 Exercise to make C/F based on the VCSBE's 2012 F/S

14:45-15:00 Break

15:00-16:00 Explanation of calculation of each subject

VCSBE Cash Flow Statement Skill Check

Sep, 2013

Section & Name

(,)

1. Which Financial Statements are necessary to make as a Financial Statement of a company according to the Accounting Law in Lao PDR? (You can select more than one)
 - a) Balance Sheet
 - b) Cash Flow Statement
 - c) Income State
 - d) Monthly Income Report

2. Which title of section is included in general C/F statement? (You can select more than one)
 - a) Cash Flow from Financing Activities
 - b) Cash Flow from Operation
 - c) Cash Flow from Bank
 - d) Cash Flow from Investing Activities

3. What is the purpose to make a Cash Flow Statement? (You can select more than one)
 - a) Provide information regarding the purpose of company
 - b) Provide information regarding the client
 - c) Provide information regarding the situation of profit
 - d) Provide information regarding the ability to pay

4. In case “Accounts Receivable” in the Balance Sheet increases of 100LAK from the previous year end, what kind of impact is caused in Cash Flow Statement?
 - a) Cash increases of 100LAK
 - b) Cash decrease of 100LAK
 - c) Capital increase of 100LAK
 - d) Capital decrease of 100LAK

5. In case the company purchases a bus, in which section this payment transaction should be reflected.
- a) Cash Flow from Financing Activities
 - b) Cash Flow from Operation
 - c) Cash Flow from Investing Activities

6. Please describe the reason why depreciation cost should be added to the Net Profit in the Cash Flow from Operating?

8th Workshop (Corporate management / Finance) Agenda

Date: 16th Aug, 2013, Tuesday

Place: VCSBE

Target: Management, Finance Section, Operation Section (VCSBE)

Purpose of Workshop

For the effective management of the company, it is difficult to improve only by carrying out the simple daily operation. It is necessary for the company to properly grasp the current situation, and to develop the various plans for growing steadily in the future.

In this regard, in order grasp the current situation of the company, "Financial Analysis with using KPIs" can provide useful information for the Management.

Therefore, this time, we learn about the financial analysis calculation method and the meaning of each indicator.

Agenda

13:20-13:30 Reception

13:30-15:00 Explanation of Financial analysis and KPIs

15:00-15:15 Break

15:15-16:00 Financial analysis exercise (Only Financial section)

Minutes of Discussion

| | |
|-------------|--|
| Workshop | 8 th Corporate management / Finance workshop |
| JICA Expert | Mr. SHIMEGI Natsuki, Corporate Management/ Accounting |
| Participant | 11 persons shown in Participant List |
| Date/time | 16 September, 2013/ 13:30 -16:00 |
| Theme | Financial Analysis |
| Agenda | <ol style="list-style-type: none"> 1. Skill Check 2. Explanation of financial analysis and exercise 3. Explanation of financial analysis report 4. Skill Check after workshop |
| Overview | <ol style="list-style-type: none"> 1. Skill-check was conducted. 2. Mr. Shimegi explained about financial analysis based on the presentation material. Participants exercised financial analysis of Key Performance Indicator (KPI). Main items of the presentation are as shown below. <ol style="list-style-type: none"> 1) What the financial analysis is 2) Necessity of the financial analysis 3) Type of the financial analysis 4) Exercise 5) Wrap-up Summary 3. Mr. Shimegi delivered an analysis report of VCSBE. The report was prepared in the manner of a general and comprehensive financial analysis report for public transport company. The result shows VCSBE is low profitable, but sound finance, in terms of debt-to-equity ratio and liquidity ratio, it can be concluded not so bad. If analyze BMTA, public bus company in Thailand, in the same manner, it could be much worse comparing to VCSBE, because BMTA was higher debt and lower liquidity. 4. After this work shop, participants' skills were checked. As the results, 5.3/20 was improved to 12.7/20. |

Participant List for 8th Work Shop Cost Reduction of (VCBSE) by Natsuki SHIMEGI JICA Expert (Corporate Management /Finance)

| No. | Name & Surname | Position | Organization | Telephone number |
|-----|-------------------------------|---|--------------|------------------|
| 1 | Mr. Bounbone PHONGMANY | Deputy Director of Technical Affairs | VCBSE | |
| 2 | Mr. Vanly CHANCHALEUNE | Deputy Director of Administrative Affairs | VCBSE | |
| 3 | Mr.Thanongsy DEDVONGSONE | Chief of City Bus Division | VCBSE | |
| 4 | Mr. Bounthan SENSACKDAVONG | Chief of Finance Department | VCBSE | |
| 5 | Mr. Korlakai INTHAVONG | Finance Officer | VCBSE | |
| 6 | Mr. Kham savang HEPHUMMACHANH | Finance Officer | VCBSE | |
| 7 | Mr. Vongphachanh | Deputy Chief of Finance Department | VCBSE | |
| 8 | Ms. Chansouk CHANTHAVY | Finance Officer | VCBSE | |
| 9 | Mr. Pannha VIRATHAM | Office | VCBSE | |
| 10 | Mr. Bounthan KHAMMANY SAY | Finance Officer | VCBSE | |
| 11 | Mr. Keedaeng VONGDONXAI | Chief of Section of Spare Parts | VCBSE | |

8th Work Shop Seminar Financial Analysis

Natsuki SHIMEGI
JICA Expert (Corporate Management/Finance)

1. What is financial analysis?

► Definition

- Financial analysis is used to analyze whether an entity is stable, solvent, liquid, or profitable enough to be invested in. When looking at a specific company
 - In general, this kind of analysis is performed by banks or analyst in securities company.
- The financial analyst will often focus on the income statement, balance sheet, and cash flow statement.
 - So, it is necessary to make these three report for analysis.
 - VCSBE has all!!!
- One key area of financial analysis involves extrapolating the company's past performance into an estimate of the company's future performance.

1. Why VCSBE staff should learn financial analysis?

- Other aspects and purpose of financial analysis
 - Financial analysis can provide useful information not only for investors but also for internal officers.
 - You can use this information for the management decision making, making Mid-term management plan, budgeting, and restructuring.
- How to use the result
 - One of the most common ways of analyzing financial data is to calculate ratios from the data to compare against those of other companies or against the company's own historical performance. For example, return on assets is a common ratio used to determine how efficient a company is at using its assets and as a measure of profitability. This ratio could be calculated for several similar companies and compared as part of a larger analysis.
 - In general, it is the best way to compare to other companies who have similarity of industry, business environment, or ownership. In this regards, VCSBE has three unique points, Bus company, State Enterprise and Company in Lao PDR.
 - So just to compare to the indications will not provide the direction of management nor helpful information toward improving the profitability.

2. Classification of analysis

- Financial analysis can be classified as following.
 - a. Profitability analysis
 - b. Stability analysis
 - c. Productivity analysis
 - d. Labor productivity analysis
 - e. Cash flow analysis
 - f. Growth analysis
 - g. Stock price analysis... and so on.
- In each category, some indicators are calculated.
 - There are wide variety of indicators as financial KPI and non-financial KPI, and more than 1,000 of indicators exist.
- Among indicators (results of calculation), the main indicators which should be monitored in certain period, are called as KPI (Key Performance Indicator)
 - E.g.

3. Financial analysis exercise

► Let's calculate some KPIs.

► Profitability analysis

► Gross margin ratio

- Formula : $\text{Gross margin} = (\text{Sales} - \text{cost of sales}) / \text{Sales}$
- How much is Gross margin ratio in 2012?

$$\boxed{} \% = (\boxed{} - \boxed{}) / \boxed{}$$

► Stability analysis

► Current ratio

- Formula : $\text{Current ratio} = \text{Current Assets} / \text{Current Liabilities}$
- How much is Current ratio in 2012

$$\boxed{} = \boxed{} / \boxed{}$$

3. Financial analysis exercise

► Let's calculate some KPIs.

► Productivity analysis

► Debt-to-equity ratio (financial leverage)

- Formula : $\text{Debt-to-equity ratio} = \text{total liabilities} / \text{shareholders' equity}$

$$\boxed{} = \boxed{} / \boxed{}$$

► Labor productivity analysis

► Labor productivity (Sales)

- Formula : $\text{Labor productivity} = \text{Sales} / \text{Total number of employee}$

$$\boxed{} \text{ Kjp/ person} = \boxed{} / \boxed{}$$

4. Limitation of Financial analysis by using the Financial Statements

- ▶ As I mentioned in 1st paragraph, it is the best way to compare to other companies who have similarity.
 - ▶ However, it is difficult to find companies which have same conditions even in other countries.
- ▶ In such case, it is often adopted to analyze by comparing with the average in the industry.
 - ▶ See the report.
- ▶ In the report, we can recognize our company is not so fatal situation.
 - ▶ This conclusion is enough? How do you think?
- ▶ And more, can you find the way to improve the profitability or increase the profit?
 - ▶ If we can not find any solution, it is also the limitation of this analysis.

5. Summary of this seminar

- ▶ We understand the financial analysis and the way to calculate.
- ▶ We understand the limitation of financial analysis by using the Financial Statements.
- ▶ In next seminar of this category, we will learn the financial analysis based on the result of the profitability of each bus and each bus lines.

VCSBE's Financial Condition Analysis for the period from 01/01/2009 to 12/31/2012

1. VCSBE's Financial Position Analysis
 - 1.1. Structure of the Assets and Liabilities
 - 1.2. Net Assets (Net Worth)
 - 1.3. Financial Sustainability Analysis
 - 1.3.1. Key ratios of the company's financial sustainability
 - 1.3.2. Working capital analysis
 - 1.4. Liquidity Analysis
2. Financial Performance
 - 2.1. Overview of the Financial Results
 - 2.2. Profitability Ratios
 - 2.3. Analysis of the Business Activity (Turnover Ratios)
 - 2.4. Labor productivity
3. Conclusion
 - 3.1. Key Ratios Summary
 - 3.2. Rating of the Financial Position and Financial Performance of VCSBE
4. Appendix
 - 4.1. Bankruptcy Test (Altman Z-score)
 - 4.2. Calculation of the Final Rating of the Financial Condition

1. VCSBE's Financial Position Analysis

The analysis given in this report on VCSBE's financial state and activity efficiency is made for the period from 01/01/2009 to 12/31/2012 based on the financial statements data prepared according to International Financial Reporting Standards (IFRS).

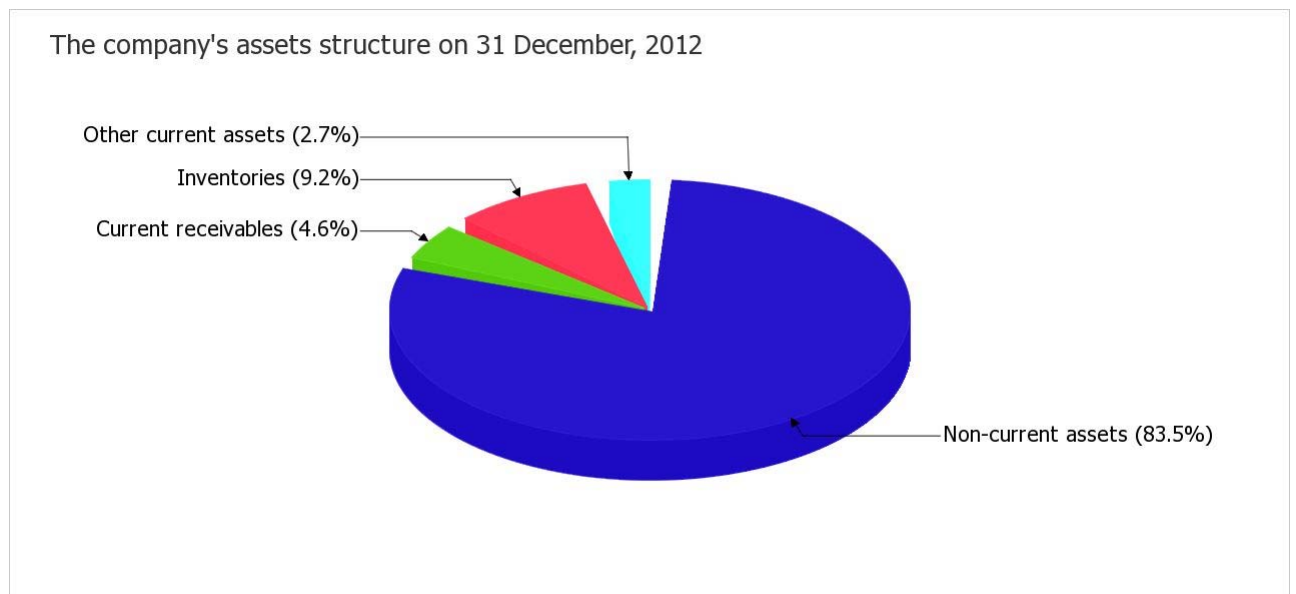
1.1. Structure of the Assets and Liabilities

| Indicator | Value | | | | | | Change for the period analyzed | |
|-------------------------------------|-----------------|---|------------|--------------|--|--|-----------------------------------|---------------------------------------|
| | in thousand USD | | | | % of the balance total | | thousand USD (col.5- col.2) | ± % ((col.5- col.2) : col.2) |
| | 12/31/2008 | 12/31/2009 – 12/31/2010 (averaged) | 12/31/2011 | 12/31/2012 | at the beginning of the period analyzed (12/31/2008) | at the end of the period analyzed (12/31/2012) | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Assets | | | | | | | | |
| 1. Non-current assets | – | 1,019 | 578 | 5,982 | – | 83.5 | +5,982 | – |
| 2. Current assets, total | – | 860 | 589 | 1,184 | – | 16.5 | +1,184 | – |
| Inventories | – | 155 | 113 | 659 | – | 9.2 | +659 | – |
| Trade and other current receivables | – | 285 | 277 | 332 | – | 4.6 | +332 | – |

| | | | | | | | | |
|---------------------------------------|---|-------|-------|-------|-----|------|--------|---|
| Cash and cash equivalents | – | 421 | 199 | 193 | – | 2.7 | +193 | – |
| Equity and Liabilities | | | | | | | | |
| 1. Equity | – | 1,572 | 1,009 | 6,895 | – | 96.2 | +6,895 | – |
| 2. Non-current liabilities | – | 70 | 104 | 71 | – | 1 | +71 | – |
| 3. Current liabilities | – | 237 | 54 | 200 | – | 2.8 | +200 | – |
| Assets; Equity and Liabilities | – | 1,878 | 1,167 | 7,166 | 100 | 100 | +7,166 | – |

On 12/31/2012, VCSBE's assets structure included a great amount of non-current assets (**83.5%**). The share of current assets equaled only **16.5%** of the total balance.

Correlation of basic asset groups is demonstrated in the chart below.



On 31 December, 2012, the inventories were equal to USD **659** thousand. The inventories increased by USD **659** thousand for the period analyzed (from 12/31/2008 to 12/31/2012), moreover, the similar tendency is proven by a straight-line trend during the period.

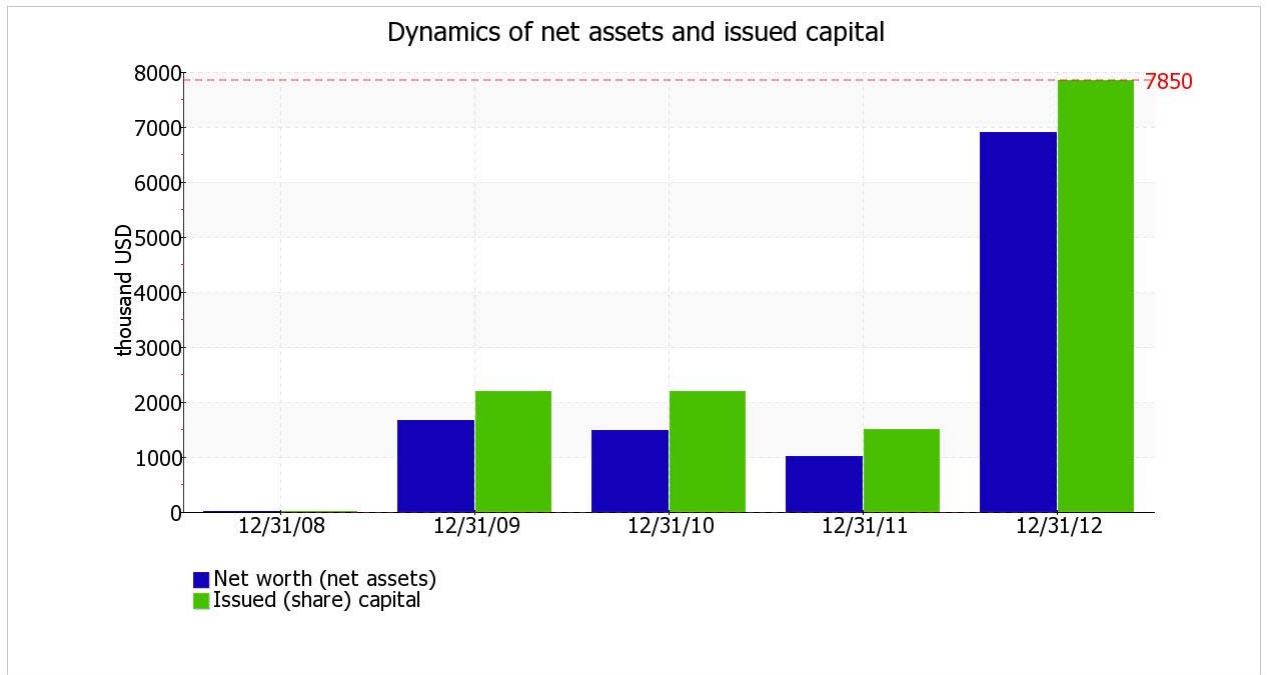
The increase in the current receivables was USD **332** thousand during the period analyzed.

1.2. Net Assets (Net Worth)

| Indicator | Value | | | | | | Change | |
|---|---|---|------------------------|---|--------------|--------------|------------------------------------|--|
| | in thousand USD | | % of the balance total | | | | thousand USD (col.3- col.2), | %, ((col.3 - col.2) : col.2) |
| | at the beginning of the period analyzed (12/31/2008) | at the end of the period analyzed (12/31/2012) | 12/31/2008 | 12/31/2009 – 12/31/2010 (averaged) | 12/31/2011 | 12/31/2012 | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1. Net tangible assets | – | 6,895 | – | 84.2 | 86.5 | 96.2 | +6,895 | – |
| 2. Net assets (Net worth) | – | 6,895 | – | 84.2 | 86.5 | 96.2 | +6,895 | – |
| 3. Issued (share) capital | – | 7,850 | – | 117.9 | 127.9 | 109.5 | +7,850 | – |
| 4. Difference between net assets and Issued (share) capital (line 2 - line 3) | – | -955 | – | -33.7 | -41.5 | -13.3 | -955 | – |

At the end of the period, the net tangible assets were equal to USD **6,895** thousand. For the period analyzed (from 31 December, 2008 to 31 December, 2012), the growth in the net tangible assets was USD **6,895** thousand. In this case, VCSBE has no goodwill or other intangible assets. This is why amounts of net worth and net tangible assets are equal on 31 December, 2012.

on 31 December, 2012, the net worth (net assets) of VCSBE is less than the share capital (difference makes USD **955** thousand). It is a negative rate indicating that the company has uncovered a loss. It is deemed to be normal when the net worth (net assets) of the company is higher than the share capital that shows profitability of the business. Net worth is used as a measure of the company's book value (as opposed to a shareholder's value, the value based on expected earnings and other methods used to estimate the company's value). In financial analysis, amount of net worth (own equity) is one of the key indicators of property status of the company.



During the analyzed period, the issued (share) capital changed multidirectionally.

1.3. Financial Sustainability Analysis

1.3.1. Key ratios of the company's financial sustainability

| Ratio | Value | | | | Change (col.5- col.2) | Description of the ratio and its recommended value |
|---|------------|---|------------|------------|-----------------------------|---|
| | 12/31/2008 | 12/31/2009 – 12/31/2010 (averaged) | 12/31/2011 | 12/31/2012 | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Debt-to-equity ratio (financial leverage) | – | 0.19 | 0.16 | 0.04 | +0.04 | A debt-to-equity ratio is calculated by taking the total liabilities and dividing it by shareholders' equity. It is the key financial ratio and used as a standard for judging a company's financial standing. Acceptable value: no more than 1.5 (optimum 0.43-1). |
| Debt ratio (debt to assets ratio) | – | 0.16 | 0.14 | 0.04 | +0.04 | A debt ratio is calculated by dividing total liabilities (i.e. long-term and short-term liabilities) by total assets. It shows how much the company relies on debt to finance assets (similar to debt-to-equity ratio). Normal value: 0.6 or less (optimum 0.3-0.5). |
| Long-term debt to Equity | – | 0.05 | 0.1 | 0.01 | +0.01 | This ratio is calculated by dividing long-term (non- current) liabilities by equity. |

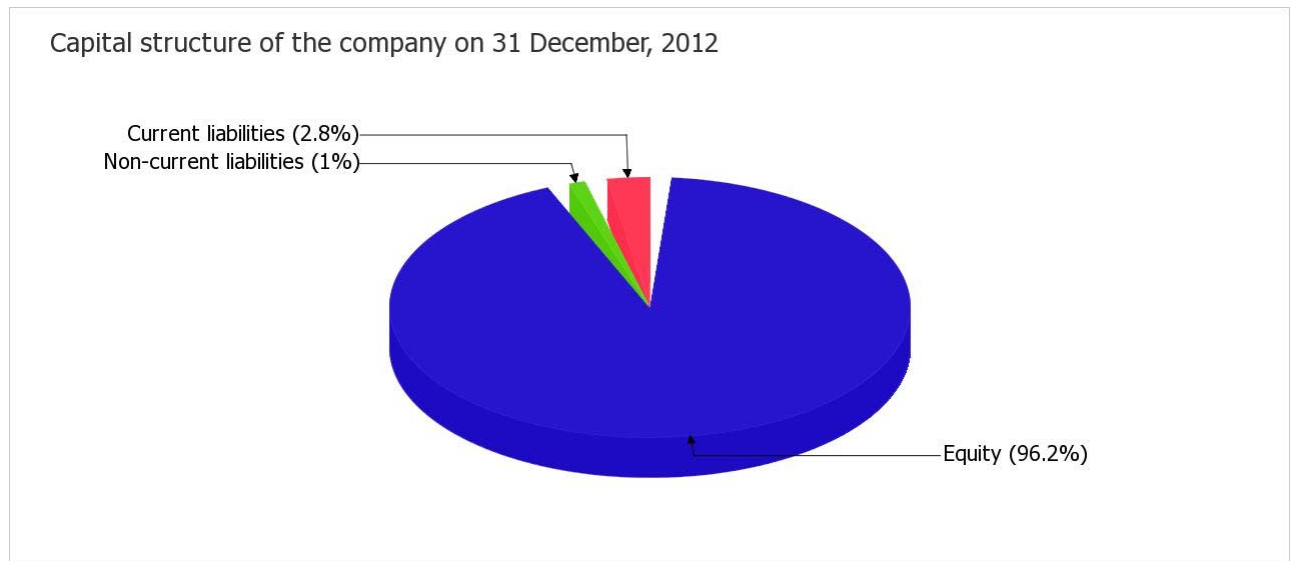
| | | | | | | |
|---------------------------------|---|-------------|-------------|-------------|--------------|---|
| Non-current assets to Net worth | – | 0.65 | 0.57 | 0.87 | +0.87 | This ratio is calculated by dividing long-term (non-current) liabilities by net worth (equity) and measures the extent of a company's investment in low-liquidity non-current assets. This ratio is important for comparison analysis because it's less dependent on industry (structure of company's assets) than debt ratio and debt-to-equity ratio. Normal value: 1.25 or less. |
| Capitalization ratio | – | 0.04 | 0.09 | 0.01 | +0.01 | Calculated by dividing non-current liabilities by the sum of equity and non-current liabilities. |
| Fixed assets to Net worth | – | 0.65 | 0.57 | 0.87 | +0.87 | This ratio indicates the extent to which the owners' cash is frozen in the form of fixed assets, such as property, plant, and equipment, investment property and non-current biological assets. Normal value: 0.75 or less. |
| Current liability ratio | – | 0.63 | 0.34 | 0.74 | +0.74 | Current liability ratio is calculated by dividing non-current liabilities by total (i.e. current and non-current) liabilities. |

The debt-to-equity ratio and debt ratio are the main coefficients describing financial stability. The ratios are similar in their meaning and indicate a relationship between two main sources of capital: equity and borrowed capital. The difference between the ratios is that the first one is calculated as a relationship of the borrowed capital (liabilities) to the equity, while the second ratio is calculated as a relationship of the liabilities to the overall capital (i.e. the sum of equity and liabilities).

On 31 December, 2012, the debt-to-equity was **0.04**. The debt ratio was equal to **0.04** at the end of the period reviewed; that exceeds by **0.04** the level of the debt ratio on 31 December, 2008.

According to the debt ratio, the percentage of the borrowed capital (liabilities) is significantly lower than the admissible value and makes **3.8%** of overall capital at the end of the period. On the one hand it positively describes the financial situation of VCSBE. On the other hand it says about missed opportunities to use borrowed capital for the extension of activity and acceleration of development rates. The company can increase the percentage of credits and debts without damage to its' financial situation if a plan on efficient use of additional capital is available. The debt ratio kept a normal value during the whole of the considered period.

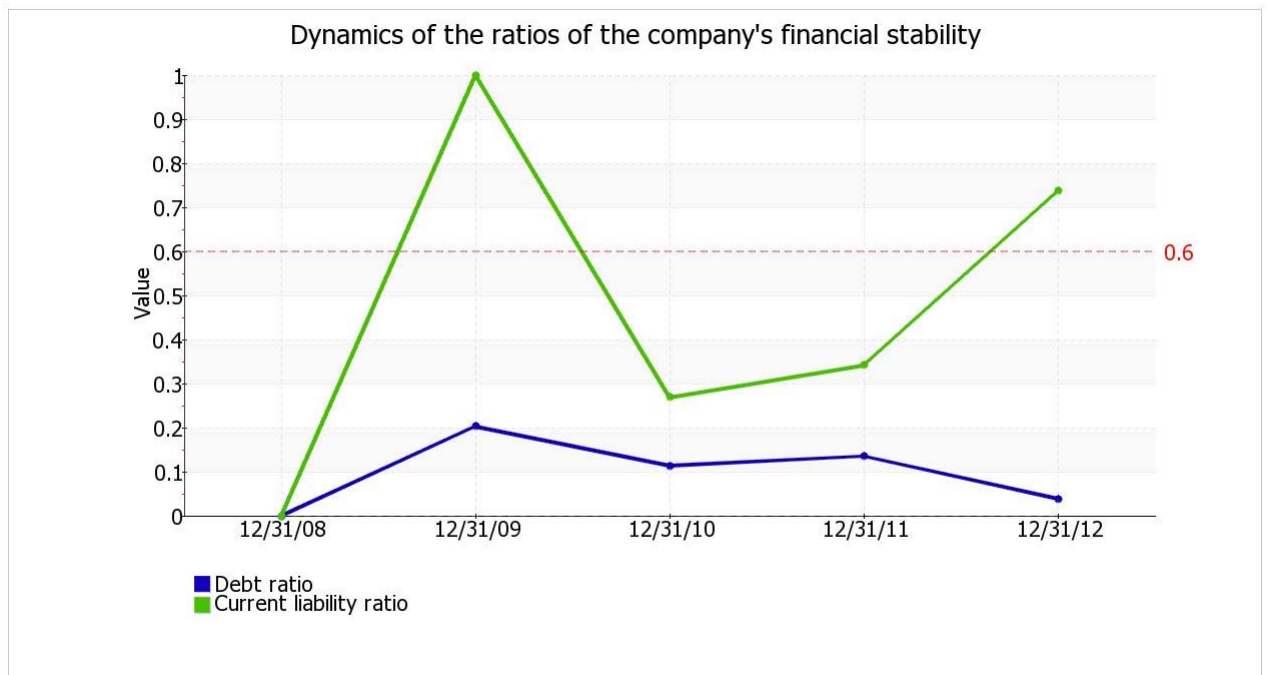
In the chart below, one can see the structure of the company's capital:



According to common rules, non-current investments should be made, in the first place, with the help of the most stable source of financing, i.e. with the help of own capital (equity). The non-current assets to Net worth ratio shows if this rule is followed. The ratio equaled **0.87** at the end of the period analyzed; that is **0.87** higher than the level at the beginning of the period analyzed (12/31/2008). The value of the ratio can be described as first-rate at the end of the period analyzed.

The structure of liabilities of VCSBE by maturity dates appears in the following way: long-term debts make about a quarter, while short-term debts make three quarters of the total liabilities of the company. It is demonstrated with the current liability ratio, which is equal to **0.74** at the end of the period reviewed.

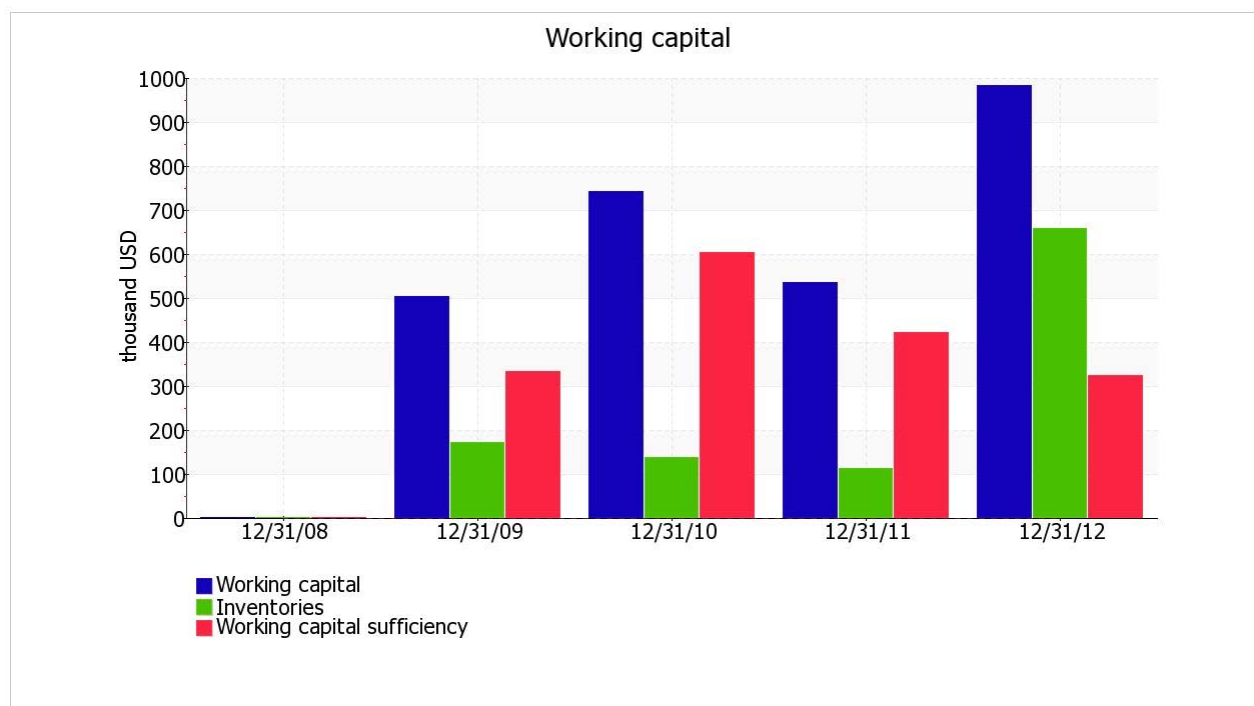
The chart below shows the change in debt and current liability ratios of VCSBE for the entire period reviewed.



1.3.2. Working capital analysis

| Indicator | Value | | | | Change for the period analyzed | |
|--|------------|--|-------------|-------------|--------------------------------|-------------------------------------|
| | 12/31/2008 | 12/31/2009 – 12/31/2010 (averaged) | 12/31/2011 | 12/31/2012 | (col.5- col.2) | % ((col.5- col.2) : col.2) |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. Working capital (net working capital), thousand USD | – | +623 | +535 | +984 | +984 | – |
| 2. Inventories, thousand USD | – | +155 | +113 | +659 | +659 | – |
| 3. Working capital sufficiency (1-2), thousand USD | – | +469 | +422 | +325 | +325 | – |
| 4. Inventory to working capital ratio (2:1) Acceptable value: 1 or less. | – | 0.26 | 0.21 | 0.67 | +0.67 | x |

The working capital was equal to USD **984** thousand at the end of the period analyzed. The growth in the working capital was USD **984** thousand for the entire period reviewed, in addition, the same tendency is confirmed by a linear trend during the period. According to calculations, working capital fully covers the inventories of the company and is deemed to be a positive factor. The inventory to working capital ratio amounted to **0.67** on 12/31/2012. Such a correlation is deemed to be normal, although it can be achieved through warehouse inventories that are too low, but not through enough of long-term resources of financing in some cases.



1.4. Liquidity Analysis

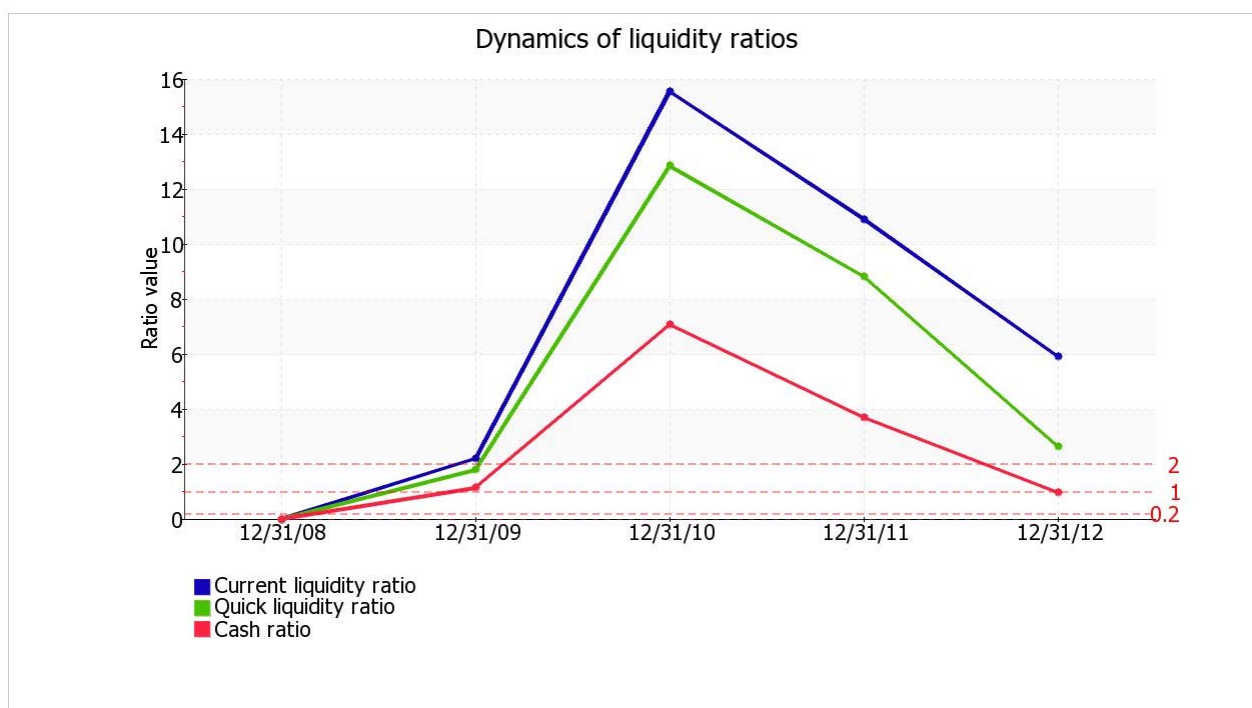
Liquidity related ratios are one of the most widespread indicators of a company's solvency. There are three liquidity related ratios: current ratio, quick ratio and cash ratio. Current ratio is one of the most widespread and shows to what degree the current assets of the company are meeting the current liabilities. The solvency of the company in the near future is described with the quick ratio which reflects if there are enough fund's for normal execution of current transactions with creditors. Current ratio, quick ratio and cash ratio for VCSBE are calculated in the following table.

| Liquidity ratio | Value | | | | Change (col.5 - col.2) | Description of the ratio and its recommended value |
|--|------------|------------------------------------|--------------|-------------|------------------------|---|
| | 12/31/2008 | 12/31/2009 – 12/31/2010 (averaged) | 12/31/2011 | 12/31/2012 | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. Current ratio (working capital ratio) | – | 8.87 | 10.91 | 5.92 | +5.92 | The current ratio is calculated by dividing current assets by current liabilities. It indicates a company's ability to meet short-term debt obligations. Acceptable value: 2 or more. |
| 2. Quick ratio (acid-test ratio) | – | 7.32 | 8.81 | 2.63 | +2.63 | The quick ratio is calculated by dividing liquid assets (cash and cash equivalents, trade and other current receivables, other current financial assets) by current liabilities. It is a measure of a company's ability to meet its short-term obligations using its most liquid assets (near cash or quick assets). Acceptable value: 1 or more. |
| 3. Cash ratio | – | 4.11 | 3.69 | 0.97 | +0.97 | Cash ratio is calculated by dividing absolute liquid assets (cash and cash equivalents) by current liabilities. Normal value: no less than 0.2. |

The current ratio amounted to **5.92** on the last day of the period analyzed. For the period analyzed (from 12/31/2008 to 12/31/2012), the current ratio increased by **5.92**. The value of the ratio can be characterized as absolutely normal at the end of the period. During the whole of the evaluated period, the current ratio kept a normal value.

The quick ratio was **2.63** on 31 December, 2012. The quick ratio went up by **2.63** for the period analyzed (31.12.08–31.12.12), moreover, the increase of the quick ratio is also proven by an average (linear) trend. During the reviewed period, the increase of the ratio changed into a reduction. The value of the quick ratio can be specified as first-rate on 12/31/2012. It means that VCSBE has enough liquid assets (cash and other assets which can be rapidly sold) to meet all their current liabilities.

The value of the third ratio, the cash ratio, similar to the two previous ratios, lies in the acceptable range at the end of the period reviewed. VCSBE is observed to have enough cash and cash equivalents to meet current liabilities.



All three ratios prove good solvency of VCSBE.

2. Financial Performance

2.1. Overview of the Financial Results

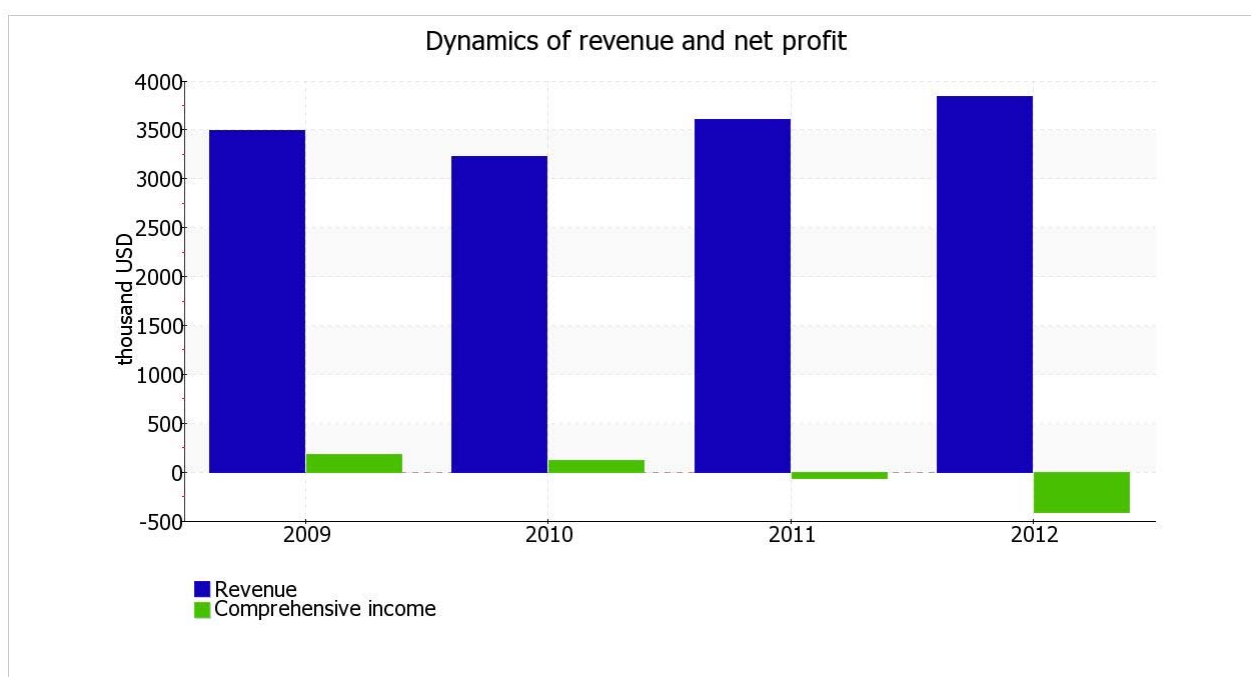
The table below gives information about the main financial results of VCSBE's activities during the 4 years.

| Indicator | Value, thousand USD | | | | Change | | Average annual value, thousand USD |
|--|---------------------|-------|-------|-------|------------------------------|---------------|------------------------------------|
| | 2009 | 2010 | 2011 | 2012 | thousand USD (col.5 - col.2) | ± % (5-2) : 2 | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. Revenue | 3,489 | 3,231 | 3,607 | 3,838 | +349 | +10 | 3,541 |
| 2. Cost of sales | 2,623 | 2,984 | 3,430 | 3,491 | +868 | +33.1 | 3,132 |
| 3. <i>Gross profit</i> (1-2) | 866 | 247 | 177 | 347 | -519 | -59.9 | 409 |
| 4. Other income and expenses, except Finance costs | -580 | -92 | -189 | -687 | -107 | ↓ | -387 |
| 5. <i>EBIT</i> (3+4) | 286 | 155 | -12 | -340 | -626 | ↓ | 22 |
| 6. Finance costs | 3 | – | 11 | 32 | +29 | +10.7 times | 12 |
| 7. Income tax expense (from continuing operations) | 99 | 34 | 45 | 44 | -55 | -55.6 | 56 |
| 8. <i>Profit (loss) from continuing operations</i> (5-6-7) | 184 | 121 | -68 | -416 | -600 | ↓ | -45 |
| 9. Profit (loss) from discontinued operations | – | – | – | – | – | – | – |
| 10. Profit (loss) (8+9) | 184 | 121 | -68 | -416 | -600 | ↓ | -45 |

| | | | | | | | |
|----------------------------------|-----|-----|-----|------|------|---|-----|
| 11. Other comprehensive income | – | – | – | – | – | – | – |
| 12. Comprehensive income (10+11) | 184 | 121 | -68 | -416 | -600 | ↓ | -45 |

The revenue equaled USD **3,838** thousand for the last year. During the entire period reviewed, a change in the revenue ade USD **+349** thousand. During the evaluated period, the revenue changed multidirectionally; the range of values was from USD **3,231** thousand to USD **3,838** thousand. The change in revenue is demonstrated on the chart. The gross profit equaled USD **347** thousand during the last year. During the period reviewed (from 12/31/2008 to 12/31/2012), the gross profit decreased by USD **519** thousand, or by **59.9%**.

Although the company reported a gross profit for the year 2012, earnings before interest and taxes (EBIT) turned out to be negative (loss was USD **340** thousand). The final financial result turned out to be negative: a comprehensive loss was USD **416** thousand during the year 2012.

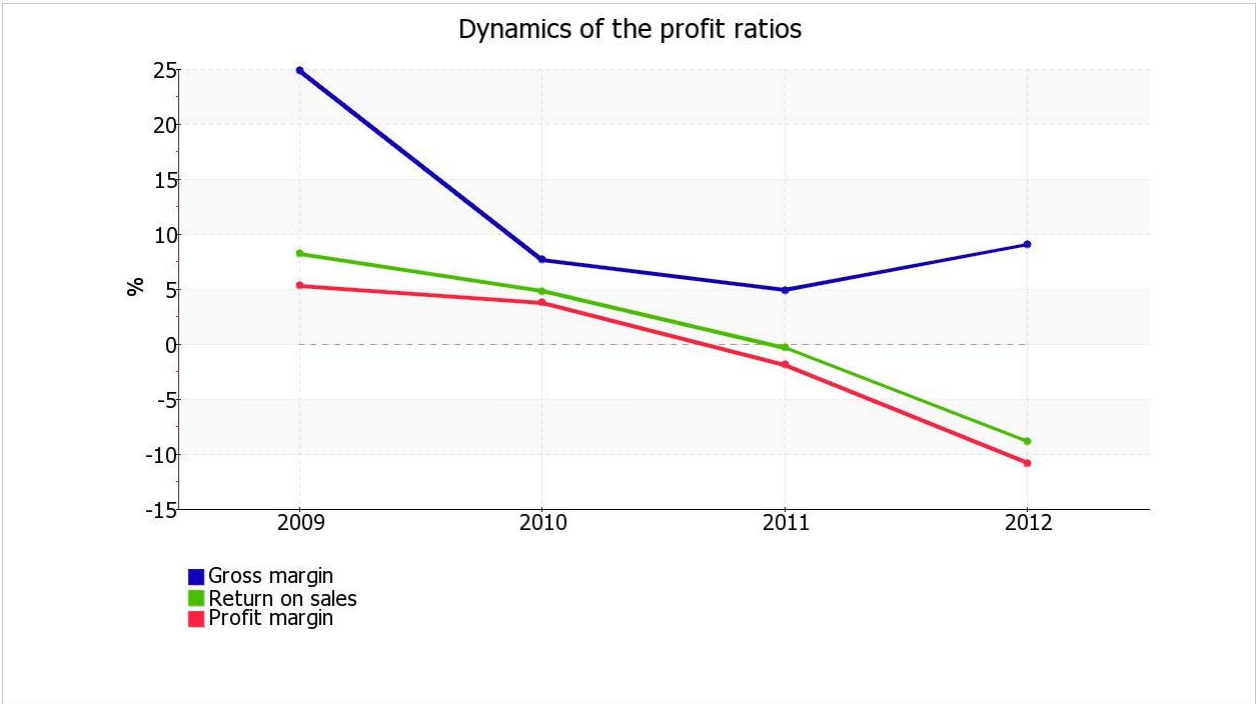


2.2. Profitability Ratios

| Profitability ratios | Value in % | | | | Change (col.5 - col.2) |
|--|------------|------|------|-------|---------------------------|
| | 2009 | 2010 | 2011 | 2012 | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1. Gross margin. | 24.8 | 7.6 | 4.9 | 9 | -15.8 |
| 2. Return on sales (operating margin). | 8.2 | 4.8 | -0.3 | -8.9 | -17.1 |
| 3. Profit margin. | 5.3 | 3.7 | -1.9 | -10.8 | -16.1 |
| <i>Reference:</i> Interest coverage ratio (ICR). Acceptable value: 1.5 or more. | 95.3 | – | -1.1 | -10.6 | -106 |

Only the first profitability ratio given in the table has a positive value during the period 01.01–12/31/2012, as the company gained a gross profit. The company had a loss before interest and taxes and net loss from operational and financial activities, which became a reason for negative values of the two other profitability ratios. For the year 2012, the gross margin equaled **9%**; it is much lower than the level of the gross margin for the year 2009.

The profitability calculated by earnings before interest and taxes (Return on sales) is more important from a comparative analyzes point of view. A reduction in the return on sales (ROS) was observed during the whole of the reviewed period. During the year 2012, the return on sales was **-0.09** (or **-8.9%** per annum), and profitability calculated by net profit was **-10.8%** per annum.



To assess the liabilities that the company should repay for the use of borrowed capital, an interest coverage ratio was calculated. The acceptable value is deemed to be not less than 1.5. In this case, the interest coverage ratio was **-10.6** during the last year, which makes it doubtful as to whether VCSBE is capable of paying interest on the borrowed assets. It should also be mentioned that not all interest payments are necessarily included on the income statement and used to calculate the indicated ratio. Interest related to investments in qualified assets is not included in the financial results (they are taken into account in the asset value).

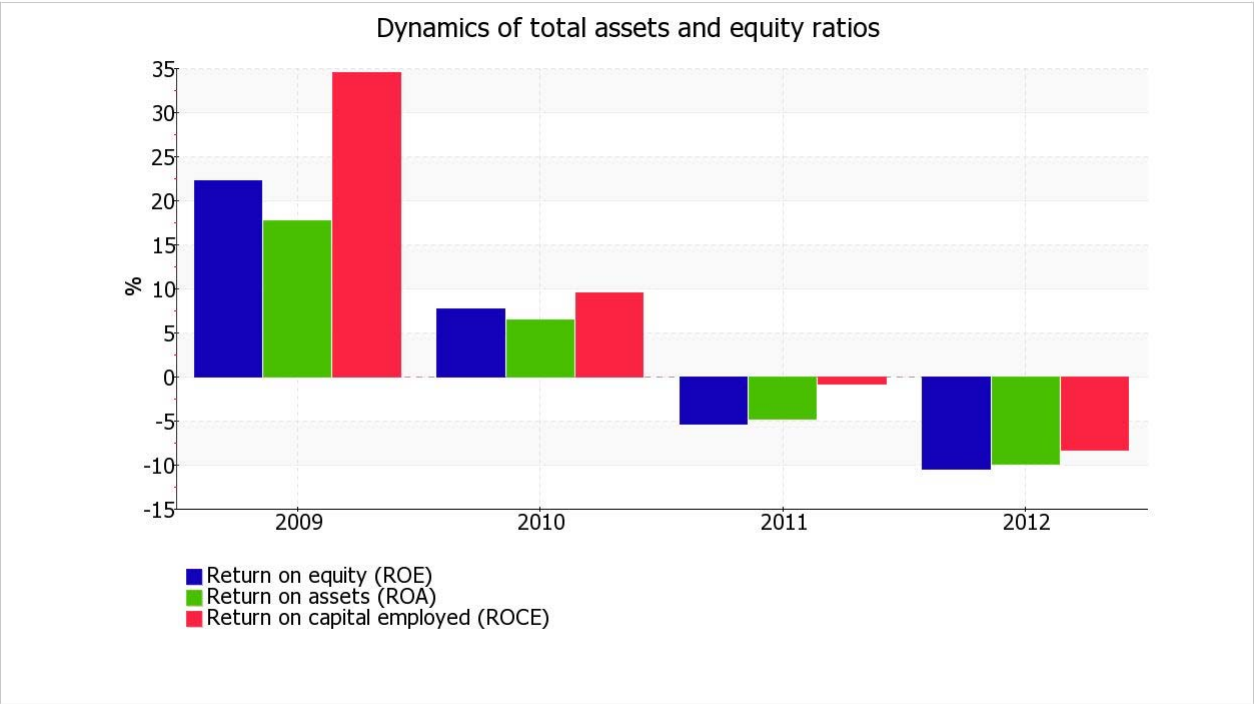
| Profitability ratios | Value, % | | | | Change (col.5 - col.2) | Description of the ratio and its reference value |
|-----------------------------------|----------|------|------|-------|------------------------|---|
| | 2009 | 2010 | 2011 | 2012 | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Return on equity (ROE) | 22.2 | 7.7 | -5.4 | -10.5 | -32.7 | ROE is calculated by taking a year's worth of earnings (net profit) and dividing them by the average shareholder equity for that period, and is expressed as a percentage. It is one of the most important financial ratios and profitability metrics. Normal value: 12% or more. |
| Return on assets (ROA) | 17.7 | 6.4 | -4.8 | -10 | -27.7 | ROA is calculated by dividing net income by total assets, and displayed as a percentage. Acceptable value: no less than 6%. |
| Return on capital employed (ROCE) | 34.5 | 9.4 | -0.9 | -8.4 | -42.9 | ROCE is calculated by dividing EBIT by capital employed (equity plus non-current liabilities). It indicates the efficiency and profitability of a company's capital investments. |

During the last year, the return on assets equaled **-10%**. The return on assets significantly fell (**-27.7%**) for the 4 years. The return on assets was continuously reducing during the whole of the analyzed period. At

the beginning of the analyzed period, the return on assets kept its' acceptable value, but later it became atypical.

A key indicator of business profitability is the return of equity (ROE), i.e. return from money invested by the owners. The profitability of the owners' investments in VCSBE's assets was **-10.5%** per annum for the year 2012. A negative value was the result of a loss obtained for the year 2012.

The chart below shows changes of the main rates of return on assets and equity of the company during the entire period analyzed.



2.3. Analysis of the Business Activity (Turnover Ratios)

To assess VCSBE's business activity, the table below provides the main rates of turnover: receivables, inventory, current and total assets turnovers; accounts payable and capital turnovers of the company. Turnover ratios have strong industry specifics and depend on activity. This is why an absolute value of the ratios does not permit making a qualitative assessment. When assets turnover ratios are analyzed, an increase in ratios (i.e. velocity of circulation) and a reduction in circulation days are deemed to be positive dynamics. There is no well-defined interaction for accounts payable and capital turnover. In any case, an accurate conclusion can only be made after the reasons that caused these changes are considered.

| Turnover ratio | Value, days | | | | Ratio 2009 | Ratio 2012 | Change, days (col.5 - col.2) |
|---|-------------|------|------|------|------------|------------|------------------------------|
| | 2009 | 2010 | 2011 | 2012 | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Receivables turnover (days sales outstanding) (average trade and other current receivables divided by average daily revenue*) | 14 | 32 | 29 | 29 | 25.4 | 12.6 | +15 |
| Accounts payable turnover (days payable outstanding) (average current payables divided by average daily purchases) | 14 | 14 | <1 | 6 | 26 | 63.4 | -8 |
| Inventory turnover (days inventory outstanding) (average inventory divided by average daily cost of sales) | 12 | 19 | 13 | 40 | 30.7 | 9 | +28 |

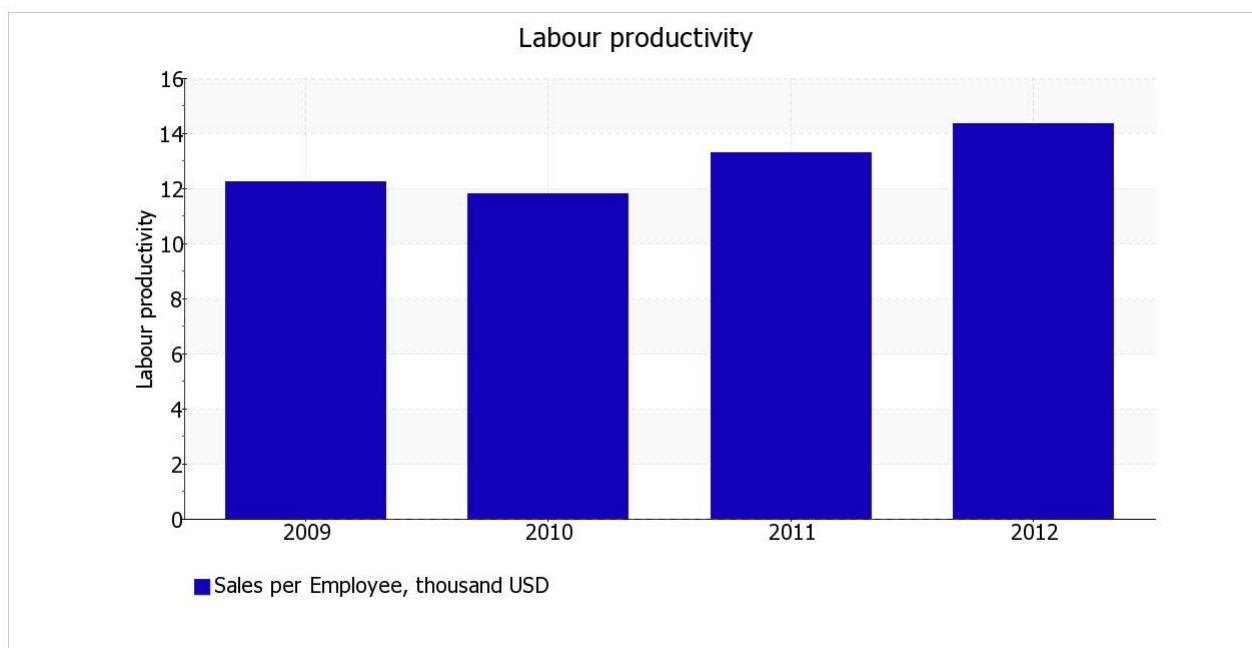
| | | | | | | | |
|---|-----|-----|-----|-----|-----|-----|------|
| Asset turnover (average total assets divided by average daily revenue) | 109 | 212 | 144 | 397 | 3.4 | 0.9 | +288 |
| Current asset turnover (average current assets divided by average daily revenue) | 48 | 97 | 70 | 85 | 7.5 | 4.3 | +37 |
| Capital turnover (average equity divided by average daily revenue) | 87 | 178 | 126 | 377 | 4.2 | 1 | +290 |
| <i>Reference:</i> | | | | | | | |
| Cash conversion cycle (days sales outstanding + days inventory outstanding - days payable outstanding) | 12 | 37 | 42 | 64 | x | x | +52 |

* Calculation in days. Ratio value is equal to 365 divided by days outstanding.

According to the above table, the average collection period (Days Sales Outstanding), calculated based on the data for the last year, was 29 days, while average repayment period for credit debts (Days Payable Outstanding) was 6 days. The rate of asset turnover means that VCSBE gains revenue equal to the sum of all the available assets every 216 days (on average during the period analyzed (31.12.08–31.12.12)).

2.4. Labor productivity

As one of the ratios of the efficiency of labor usage, labor productivity is shown below (the ratio of revenue from sales to the average number of staff).



For the period reviewed, it was seen that there was a marked increase in the labor productivity to **14** thousand USD/employee, which showed **2** thousand USD/employee. During the reviewed period, both growth and decrease in the labor productivity were verified; the maximum value was **14** thousand USD/employee, the minimum one was **12** thousand USD/employee.

3. Conclusion

3.1. Key Ratios Summary

The most important indicators of VCSBE's financial state and activity results are summarized below by using a qualitative assessment for the period reviewed.

The analysis revealed the following *very good* financial characteristics:

- the non-current assets to net worth ratio demonstrates a very good value of **0.87**;
- the current ratio (**5.92**) completely corresponds to the standard criteria for this rate;
- an outstanding relationship between liquid assets (current assets minus inventories) and current liabilities (quick ratio is **2.63**);
- the cash ratio is **0.97** at the end of the period analyzed (a high cash at hand required for current payments);
- working capital has a normal value in comparison with inventories owned by the company.

The VCSBE's financial situation is *positively* described with the following indicator – the debt-to-equity ratio and debt ratio demonstrate good values, but say about too cautious attitude of VCSBE to use of the borrowed capital, which is only **3.8%** of the total balance of the company.

The characteristic, which *negatively describes* VCSBE's financial state is the following one – net worth is less than the share capital (the difference makes USD **955** thousand on 31 December, 2012).

The following financial characteristics of VCSBE have *critical* values:

- critical return on equity (**-10.5%** per annum for the period 01.01–12/31/2012);
- critical return on assets, which was **-10%** during the year 2012;
- the company reported a loss in earnings before interest and taxes (negative EBIT) to the amount of USD **340** thousand for the year 2012, moreover, a negative dynamics of the rate (USD **-626** thousand compared with the previous value was observed);
- the comprehensive loss from financial and operational activities was USD **416** thousand during the year 2012.

3.2. Rating of the Financial Position and Financial Performance of VCSBE

| Financial performance for the period analyzed (01.01.09–31.12.12) | Financial position on 12/31/2012 | | | | | | | | | |
|---|----------------------------------|----|---|-----|----|---|-----|----|---|---|
| | AAA | AA | A | BBB | BB | B | CCC | CC | C | D |
| Excellent (AAA) | . | | | | | | | | | |
| Very good (AA) | . | | | | | | | | | |
| Good (A) | . | | | | | | | | | |
| Positive (BBB) | . | | | | | | | | | |
| Normal (BB) | . | | | | | | | | | |
| Satisfactory (B) | . | | | | | | | | | |
| Unsatisfactory (CCC) | . | | | | | | | | | |
| Adverse (CC) | V | . | . | . | . | . | . | . | . | . |
| Bad (C) | . | | | | | | | | | |
| Critical (D) | . | | | | | | | | | |

Final rating of the financial condition of VCSBE (period analyzed: from 01/01/2009 to 12/31/2012 analysis step - year):

BBB
(positive)

According to the analytical results given above, the following qualitative assessments were calculated: VCSBE's financial position score is **+1.7**; the financial performance score during the last 4 years is **-1.05**. According to the rating scale, it is AAA (excellent position) and CC (adverse financial performance), respectively. These scores are obtained considering both key ratios at the end of the period analyzed and the dynamics of the ratios, including their expected values for the next year. Based on these two scores, the final rating score of VCSBE's financial condition was calculated. The financial condition was assessed at the **BBB** rate (**positive**).

A "BBB" rating shows a positive financial condition of a company and its' capability to meet their current liabilities. Companies with this rating are in the category of borrower, those who can obtain credit with high probability (good creditworthiness).

4. Appendix

4.1. Bankruptcy Test (Altman Z-score)

The Altman Z-score is one of the values predicting the company's bankruptcy in the near future and is calculated in the following manner (a 4-factor model for a private non-manufacturer is taken for VCSBE):

$$Z\text{-score} = 6.56T_1 + 3.26T_2 + 6.72T_3 + 1.05T_4, \text{ where}$$

| Ratio | Calculation | Ratio value on 12/31/2012 | Weighting factor | Product (col. 3 x col. 4) |
|-----------------|---|---------------------------|------------------|---------------------------|
| 1 | 2 | 3 | 4 | 5 |
| T ₁ | Working Capital / Total Assets | 0.14 | 6.56 | 0.9 |
| T ₂ | Retained Earnings / Total Assets | -0.13 | 3.26 | -0.44 |
| T ₃ | Earnings Before Interest and Taxes / Total Assets | -0.05 | 6.72 | -0.32 |
| T ₄ | Equity / Total Liabilities | 25.44 | 1.05 | 26.71 |
| Altman Z-score: | | | | 26.86 |

Discrimination ranges:

- 1.1 or less – “Distress” zone
- from 1.1 to 2.6 – “Grey” zone
- 2.6 or more – “Safe” zone

VCSBE's Z-score was **26.86** on 31 December, 2012. It means that the probability of VCSBE's bankruptcy is insignificant.

4.2. Calculation of the Final Rating of the Financial Condition

| Ratio | Weighting factor | Score | | | Average score (col.3 x 0.25 + col.4 x 0.6 + col.5 x 0.15) | Weighted average score (col.2 x col.6) |
|--|------------------|-----------|-----------|-----------|---|--|
| | | past | present | future | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| I. Rating of the company's financial position | | | | | | |
| Debt ratio | 0.3 | +1 | +1 | +1 | +1 | +0.3 |
| Non-current assets to net worth | 0.15 | +2 | +2 | +2 | +2 | +0.3 |
| Current ratio | 0.2 | +2 | +2 | +2 | +2 | +0.4 |

| | | | | | | |
|--|-------------|---|-----------|-----------|--------------|---------------|
| Quick ratio | 0.2 | +2 | +2 | +2 | +2 | +0.4 |
| Cash ratio | 0.15 | +2 | +2 | +2 | +2 | +0.3 |
| Total | 1 | Final score (in total col.7 : col. 2): | | | | +1.7 |
| II. Rating of the company's financial performance | | | | | | |
| Return on equity (ROE) | 0.5 | -1 | -2 | -2 | -1.75 | -0.875 |
| Return on assets (ROA) | 0.3 | +1 | -2 | -2 | -1.25 | -0.375 |
| Sales growth | 0.2 | +1 | +1 | +1 | +1 | +0.2 |
| Total | 1 | Final score (in total col.7 : col. 2): | | | | -1.05 |

Final rating score for VCSBE's financial condition: $(+1.7 \times 0,6) + (-1.05 \times 0,4) = +0.6$ (BBB - positive)

Reference: Financial condition scale

| Total score | | Sign | The qualitative assessment of a financial condition |
|-------------|----------------|------|---|
| from | to (inclusive) | | |
| 2 | 1.6 | AAA | Excellent |
| 1.6 | 1.2 | AA | Very good |
| 1.2 | 0.8 | A | Good |
| 0.8 | 0.4 | BBB | Positive |
| 0.4 | 0 | BB | Normal |
| 0 | -0.4 | B | Satisfactory |
| -0.4 | -0.8 | CCC | Unsatisfactory |
| -0.8 | -1.2 | CC | Adverse |
| -1.2 | -1.6 | C | Bad |
| -1.6 | -2 | D | Critical |

Note: Report prepared with the assistance of ReadyRatios Software.
Date: 11-09-2013 05:47

Cash Flow Statement Preparation sheet

| | | (Unit: LAK) | | |
|---|---------------------------------|------------------|--------------------|------------------------------|
| VCSBE | | | | |
| 【Balance Sheet】 | | | | |
| | | i.Present period | ii.Previous period | i-ii Increase (▲Decrease) |
| Current assets | | | | |
| Cash and cash Equivalents | | 1,446,392,455 | 1,492,625,290 | ▲46,232,835 |
| Accounts receivable | | 2,494,745,675 | 2,075,578,785 | 419,166,890 |
| Inventories | | 4,940,759,642 | 846,477,491 | 4,094,282,151 |
| Investment securities | | 0 | 0 | 0 |
| Short-term loans receivable | | 0 | 0 | 0 |
| Other current assets | | 0 | 0 | 0 |
| | Subtotal | 8,881,897,772 | 4,414,681,566 | |
| Non-current assets | | | | |
| Tangible fixed assets | | 44,862,974,925 | 4,334,111,026 | 40,528,863,899 |
| Financial fixed assets | | 0 | 0 | 0 |
| Loans and fixed financial assets | | 0 | 0 | 0 |
| Other non-current assets | | 0 | 0 | 0 |
| | Subtotal | 44,862,974,925 | 4,334,111,026 | |
| | Asset Total | 53,744,872,697 | 8,748,792,592 | |
| Non current liabilities | | | | |
| Suppliers and related accounts | | 938,436,950 | 15,788,950 | 922,648,000 |
| Short term accounts payable - short section for long term a | | 0 | 0 | 0 |
| Tax unpaid | | 0 | 0 | 0 |
| Other accounts payable | | 564,967,837 | 391,097,955 | 173,869,882 |
| | Subtotal | 1,503,404,787 | 406,886,905 | |
| Non- current liabilities | | | | |
| Borrowings and financial accounts payable | | | | 0 |
| Other Non-current liabilities | | 533,200,000 | 777,800,000 | ▲244,600,000 |
| | Subtotal | 533,200,000 | 777,800,000 | |
| | Liabilities Total | 2,036,604,787 | 1,184,686,905 | |
| Net asset | | | | |
| Subscribed capital, Surplus of share value and reserves | | 58,890,804,928 | 11,208,654,928 | 47,682,150,000 |
| Retained earnings (loss) | | -7,182,537,018 | -3,644,549,241 | ▲3,537,987,777 |
| | Subtotal | 51,708,267,910 | 7,564,105,687 | |
| | Liabilities and Net asset Total | 53,744,872,697 | 8,748,792,592 | Number of securities |
| | (Cheking balance) | OK | OK | |
| | Diff | N/A | N/A | |
| 【Income statement】 | | | | |
| | | Present period | | |
| Sales (Turn - over) | | 28,785,379,093 | | |
| (Before Tax) Net Profit | | -2,794,357,770 | | |
| (After Tax) Net Profit | | -3,125,529,777 | | |
| Depreciation,provision and reserves | | 2,717,752,101 | | (Absolute value) |
| Interest income | | 61,701,733 | | (Absolute value) |
| Finance cost | | 244,001,375 | | (Absolute value) |
| Gain on sale of securities | | 0 | | (Absolute value) |
| Loss on sales of securities or reevaluation | | 0 | | (Absolute value) |
| Gain on sale of fixed assets | | 0 | | (Absolute value) |
| Loss on sale or disposal of fixed assets | | 0 | | (Absolute value) |
| 【Appropriation of profit 】 | | | | |
| Cash dividend for prior period | | 412,458,000 | | (Absolute value) |
| Directors' bonuses paid | | 0 | | (Absolute value) |
| Calculation Verification | | OK | | |

Cash Flow Statement 2011-2012

VCSBE

| I | Cash flows from Operations | (Unit : LAK) |
|-----|---|-----------------|
| | Net Income (before Tax) | Δ2,794,357,770 |
| | Depreciation and amortization | 2,717,752,101 |
| | Interest income | Δ61,701,733 |
| | Finance cost | 244,001,375 |
| | Profit on sale of asset | 0 |
| | Decrease (increase) in Accounts Receivable | Δ419,166,890 |
| | Decrease (increase) in Inventories | Δ4,094,282,151 |
| | Decrease (increase) in other assets | 0 |
| | Increase (decrease) in Accounts Payable and accrued Liabilities | 922,648,000 |
| | Decrease (increase) in other Short-term Liabilities | 173,869,882 |
| | Decrease (increase) in other Long-term Liabilities | Δ244,600,000 |
| | Subtotal | Δ3,555,837,186 |
| | Interest received | 61,701,733 |
| | Interest paid | Δ244,001,375 |
| | Income taxes paid | Δ331,172,007 |
| | Subtotal | Δ513,471,649 |
| | Net cash from operations | Δ4,069,308,835 |
| II | Cash flows from Investing Activities | |
| | Cash paid for Purchase of Tangible fixed assets | Δ43,246,616,000 |
| | Cash paid for Loans and fixed financial assets | 0 |
| | Cash paid for Other non-current asset | 0 |
| | Net Cash Flow from Investing Activities | Δ43,246,616,000 |
| III | Cash flows from Financing Activities | |
| | Cash receipts or paid for Short-term borrowings | 0 |
| | Cash receipts or paid for Long-term borrowing | 0 |
| | Cash receipts from Capital | 47,682,150,000 |
| | Cash paid for Dividends (2007) | Δ412,458,000 |
| | Net Cash Flow from Financing Activities | 47,269,692,000 |
| IV | Net Increase in Cash | Δ46,232,835 |
| V | Cash at Beginning of Year | 1,492,625,290 |
| VI | Cash at End of Year | 1,446,392,455 |



VCSBE Financial Analysis Skill Check

Sep, 2013

Section & Name

(_____ , _____)

1. Which is the purpose to perform financial analysis?
 - a) To analyze whether an entity is stable, solvent, liquid, or profitable enough to be invested in.
 - b) To achieve the accountability as public (Governmental) company.
 - c) To collect money from customer.

2. In general, who use the result of financial analysis?
 - a) Investors
 - b) Customers (Passengers)
 - c) Suppliers

3. Which indicator can be calculated from Financial Statement?
 - a) Net Profit per kilometer by lines
 - b) Return on Equity (ROE)
 - c) Inventory turnover ratio

4. Which formula is used to calculate "Current ratio"
 - a) $= (\text{Sales} - \text{cost of sales}) / \text{Sales}$
 - b) $= \text{Current Assets} / \text{Current Liabilities}$
 - c) $= \text{total liabilities} / \text{shareholders' equity}$

5. What kind of analysis is included in Financial analysis?
 - a) Contextual analysis
 - b) Regulatory analysis
 - c) Stability analysis

6. Please describe the limitation of using the result of Financial analysis in VCSBE?
.....
.....
.....
.....