**OCH: Explanation for audit’s exception in the FS 2015 of the Company**

On 30/03/2016, Ocean Hospitality & Service Joint Stock Company explained the audit’s exception in the FS 2015 of the Company

**I. CONSOLIDATED FINANCIAL STATEMENT**

**1. Audit’s exception**

a. “As mentioned at Note no. 7 of the Note for the Financial Statement, the Company was recording a prepaid for Viptour Investment Promotion and Tourism One Member Co., Ltd. (“Viptour”) with total amount of VND 38,567,900,000. This is the deposit for purchasing 4,055,800 shares of Viptour-Togi Joint Stock (subsidiary), including VND 18,714,461,700 co-owned by the Company and Viptour at Oceanbank. As at the date of making Financial Statement, the Company was working with Viptour to recover the remaining VND 19,853,438,300. We did not gather enough information to evaluate the ability of recovering this prepaid. Therefore, we cannot identify if it is necessary to adjust these data”

**Explanation:** As at 31/12/2015, the Company continued working with Viptour about liquidating the transferring contract and recovering the prepaid at Viptour

b. As mentioned at Note No. 09 of the Note for consolidated Financial Statement, as at 31/12/2015, The Company had long-term receivables from VNT Co., Ltd. with total amount of VND 204 billion. As at 19/10/2015, the Company and VNT agreed to terminate the co-investment contract. The Company and VNT was working together about recovering the receivable above. We did not gather enough information to evaluate the ability of recovering as well as the receivable value. Therefore, we cannot identify if it is necessary to adjust these data.

**Explanation:** This amount was invested in the property project of VNT by OCH. This project was during the procedure progress. The Company needs capital for business operations so the Company agreed with VNT to terminate the investment contract. Therefore, VNT has responsibility to return entire capital and interest. As at the time of making consolidated FS, VNT started to implement the obligations according to the agreement.

c. As mentioned at Note No. 15 as at 31/12/2015, the Company had an investment into Thang Long Ocean Joint Stock Company (OTL) with the historical cost of VND 74,241,000,000 and investments in other units with total historical cost of VND 15,853,700,000. The Company did not gather the audited financial statement of investee. Therefore, we cannot identify if it is necessary to extract to provisions for these investments.

**Explanation:** As at the date of the FS, OCH gathered the financial statement of OTL. According to this FS, the investment at OTL of OCH was not damaged. Regard to other investments at other units, the Company did not gather fully information because they were still in the business operations. Therefore, OCH did not extract to provisions for these investment.

d. As at 31/12/2015, Nha Trang Evening Star One Member Co., Ltd. (subsidiary) was recording the payables for short-term borrowing to Trang Tien Nha Trang Tourism And Commercial Co., Ltd. with total amount of VND 162,200,000,000 and other short-term receivables (arising interest) with the amount of VND 35,752,260,551. As at the date of this consolidated FS, Nha Trang Evening Star was assessing the ability of recovering of these amounts. We did not gather enough information to evaluate the ability of recovering of these amounts.

**Explanation:** OCH and Nha Trang Evening Star One Member Co., Ltd. still continue implementing solutions to recovering these receivables. This partner was still in the business operation and was responsible for these receivables. Therefore, OCH did not extract to provisions for these receivables.

e. As at 31/12/2015, the subsidiary of the Company was recording the short-term investment with book value of VND 50,000,000,000, receivables from short-term loans of VND 22,578,419,921, other net receivables of VND 27,400,110,000 and investments into other units with total amount of VND 37,821,400,000. However, these data were not enough to identify the necessary amount for the provision. As at the date of making this FS, we cannot gather enough information to identify the ability of recovering and value of these amounts. Therefore, we cannot identify if it is necessary to adjust these data.

**Explanation:** As at the date of making consolidated FS, subsidiaries of OCH did not gather enough financial statement from investee. Therefore, OCH and subsidiaries did not extract to provisions for these investments above.

**2. Audit’s note**

“As mentioned at Note No. 03 of the Note for the consolidated FS, the Company applied the Circular No. 200/2014/TT-BTC (Circular No. 200) and Circular No. 202/2014/TT-BTC (Circular No. 202) issued by Ministry of Finance on 22/12/2014. Therefore, several data of the Balance sheet, income statement and cash flow were not able to compare with the corresponding data of 2014.”

**Explanation:** The Company applied the Circular No. 200 and Circular No. 202 according to the regulations. This issue did not affect the audit’s note.

**II. SEPARATE FINANCIAL STATEMENT**

**1. Audit’s exception**

a. “As mentioned at Note No. 9 of the separate financial statement, as at 31/12/2015, the Company had a receivable from short-term lending from Suoi Mo Restaurant Tourism Joint Stock Company (Suoi Mo) with total amount of VND 31,520,244,101 and a corresponding interest of VND 17,984,646,785. As at the date of making separate financial statement, the Company was working with Suoi Mo to extend the date of these receivables. We cannot gather enough information to identify the amount needed to be adjusted from short-term receivables to long-term receivables”

**Explanation:** The Company is Holding Company of Suoi Mo. OCH was implementing the plan on restructuring the Financial plan of Suoi Mo to create capital source to support and push the business operation of Suoi Mo. Board of Leaderships of OCH believes that the operation of Suoi Mo was better and has ability to pay the debts in the future.

**2. Note**

As mentioned at Note No. 3 of the Note for separate FS, since 01/01/2015, the Company has applied the Circular No. 200/2014/TT-BTC (Circular No. 200) and Circular No. 202/2014/TT-BTC (Circular No. 202) issued by Ministry of Finance on 22/12/2014. Therefore, several data of the Balance sheet, income statement and cash flow were not able to compare with the corresponding data of 2014.”

**Explanation:** The Company applied the Circular No. 200 and Circular No. 202 according to the regulations. This issue did not affect the audit’s note.