

SAIGON HOTEL CORPORATION
AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2015



SAIGON HOTEL CORPORATION

41 - 47 Dong Du, Ben Nghe Ward, District 1, Ho Chi Minh City

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SAIGON HOTEL CORPORATION

41 - 47 Dong Du, Ben Nghe Ward, District 1, Ho Chi Minh City

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Saigon Hotel Corporation (hereinafter referred to as “the Company”) presents this report together with Company’s audited financial statements for the year ended 31 December 2015 presented on pages 06 to 39.

THE BOARD OF MANAGEMENT, BOARD OF SUPERVISORS AND BOARD OF DIRECTORS

Members of the Board of Management, Board of Supervisors and Board of Directors of the Company who held office for the fiscal year ended 31 December 2015 and to the date of this report are as follows:

Board of Management

Mr. Tran Huy Thang	Chairman
Ms. Le Thi Hoang Mai	Member
Mr. Richard Ducan	Member
Mr. Nguyen Van Tan	Member
Mr. Kim Anders Odhner	Member

Board of Supervisors

Mr. Tran Doan Dinh	Supervisor
Ms. Nguyen Ngoc Lan	Member
Ms. Huynh Thi Minh Nguyet	Member

Board of Directors

Mr. Do Dang Huy	Director
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Ms. Tran Thi Minh Hieu is the Chief Accountant for the fiscal year ended 31 December 2015 and to the date of this report.

EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors confirms that there have been no significant events occurring after the balance sheet date, which requires adjustments or disclosures to be made in the financial statements for the fiscal year ended 31 December 2015 of the Company.

AUDITORS

UHY ACA Auditing and Consulting Company Limited - Ho Chi Minh City Branch (UHY ACA), have audited the accompanying financial statements for the fiscal year ended 31 December 2015 of the Company.

COMMITMENTS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company is responsible for preparing the financial statements for the fiscal year ended 31 December 2015, which give a true and fair view of the financial position of the Company, its results and cash flows for the year. In preparing those financial statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Entity will continue in business.

SAIGON HOTEL CORPORATION

41 - 47 Dong Du, Ben Nghe Ward, District 1, Ho Chi Minh City

STATEMENT OF THE BOARD OF DIRECTORS (CONT'D)

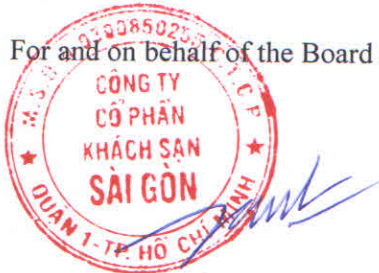
COMMITMENTS OF THE BOARD OF DIRECTORS (CONT'D)

The Board of Directors confirms that the Company has complied with the above requirements in preparing the financial statements.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the financial statements comply with accounting principles generally accepted in Vietnam. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors is committed that the Company has complied with the information disclosure in accordance with Circular No. 155/2015/TT-BTC dated 06 October 2015 issued by The Ministry of Finance guiding the disclosure of information on securities market, and management requirement prescribed in Circular No. 121/2012/TT-BTC dated 26 July 2012 for public companies.

For and on behalf of the Board of Directors,



Mr. Do Dang Duy

Director

Ho Chi Minh City, 22 February 2016

No.: 05/2016/UHYACA HCM- BCKTDL

INDEPENDENT AUDITORS' REPORT

To: Shareholders, Members and Boards of Management and Directors
Saigon Hotel Corporation

We have audited the accompanying financial statements of Saigon Hotel Corporation (The "Company"), which is prepared on 22 February 2016, from page 06 to page 39 that includes Balance sheet as at 31 December 2015, Income statement and Cash flow statement for the year then ended, and Notes to the financial statements.

Respective responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and the statutory requirements relevant to preparation and presentation of financial statements and for devising and maintaining a system of internal accounting controls sufficient to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Basis of audit opinion

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

Opinion of Auditors

In our opinion, the accompanying financial statements gives a true and fair view, in all material respects, of the financial position of Saigon Hotel Corporation as at 31 December 2015, and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and relevant legal regulations on preparation and presentation of the financial statements.



Mr. Phan Thanh Dien
Director

Certificate of practice registration
No. 1496-2014-112-1

For and on behalf of

UHY ACA AUDITING & CONSULTING COMPANY LIMITED – HO CHI MINH CITY BRANCH
Ho Chi Minh City, 22 February 2016

Ms. Luong Ngo Bao Tran
Auditor

Certificate of practice registration
No. 1828-2014-112-1

BALANCE SHEET
As at 31 December 2015

ASSETS	Codes	Note	As at 31/12/2015	As at 01/01/2015
			VND	VND
CURRENT ASSETS	100		19,132,548,694	20,110,969,827
Cash and cash equivalents	110	5	12,246,375,937	9,599,447,065
Cash	111		1,082,264,909	796,411,152
Cash equivalents	112		11,164,111,028	8,803,035,913
Short-term financial investments	120	6	2,794,900,000	2,794,900,000
Trading securities	121		2,794,900,000	2,794,900,000
Short-term receivables	130		3,146,432,310	2,988,953,912
Short-term trade account	131	7	3,016,532,727	2,858,466,832
Short-term advances to suppliers	132		71,250,000	61,575,542
Other short-term receivables	136	8	58,649,583	68,911,538
Inventories	140	9	586,349,811	645,110,882
Inventories	141		586,349,811	645,110,882
Other short-term assets	150		358,490,636	4,082,557,968
Short-term prepayments	151	10	191,828,497	468,176,682
Value Added Tax to be reclaimed	152		-	3,594,433,587
Taxes and other receivables from the State Budget	153	14	166,662,139	19,947,699
NON-CURRENT ASSETS	200		55,640,467,213	61,950,311,507
Long-term receivables	210		300,000,000	300,000,000
Other long-term receivables	216	8	300,000,000	300,000,000
Fixed assets	220		52,544,843,010	56,527,296,649
Tangible fixed assets	221	11	52,446,320,850	56,398,994,485
- Cost	222		84,954,593,918	85,345,235,561
- Accumulated depreciation	223		(32,508,273,068)	(28,946,241,076)
Intangible fixed assets	227	12	98,522,160	128,302,164
- Cost	228		148,900,000	148,900,000
- Accumulated amortization	229		(50,377,840)	(20,597,836)
Other none-current assets	260		2,795,624,203	5,123,014,858
Long-term prepayments	261	10	2,795,624,203	5,123,014,858
TOTAL ASSETS	270		74,773,015,907	82,061,281,334

BALANCE SHEET (CONT'D)

As at 31 December 2015

RESOURCES	Codes	Note	As at 31/12/2015	As at 01/01/2015
			VND	VND
LIABILITIES	300		25,041,905,367	34,766,489,256
Current liabilities	310		7,712,075,438	6,111,659,327
Short-term trade accounts payable	311	13	644,960,680	3,365,157,043
Short-term advances from customers	312		108,648,713	277,405,948
Taxes and other payables to State budget	313	14	492,959,011	389,139,763
Payables to employees	314		1,814,204,142	854,066,426
Short-term accrued expenses	315	15	77,254,706	568,901,860
Other current payables	319	16	217,409,502	445,014,403
Loans and short-term financial lease	320	17	4,000,000,000	-
Bonus and welfare funds	322		356,638,684	211,973,884
Long-term liabilities	330		17,329,829,929	28,654,829,929
Other long-term payables	337	16	1,425,000,000	750,000,000
Loans and long-term financial lease	338	17	15,904,829,929	27,904,829,929
OWNERS' EQUITY	400		49,731,110,540	47,294,792,078
Owners' equity	410		49,731,110,540	47,294,792,078
Legal capital	411	18	35,326,000,000	35,326,000,000
- Ordinary shares with voting rights	411a		35,326,000,000	35,326,000,000
Other capital of owners	414		1,868,174,955	1,868,174,955
Investment and development funds	418	18	3,303,364,068	3,303,364,068
Retained earnings	421	18	9,233,571,517	6,797,253,055
- Retained earnings until the end of the previous period	421a		6,585,253,055	4,671,516,739
- Current retained earnings	421b		2,648,318,462	2,125,736,316
TOTAL RESOURCES	440		74,773,015,907	82,061,281,334



Mr. Do Dang Huy
Director

Ho Chi Minh City, 22 February 2016

Ms. Tran Thi Minh Hieu
Chief accountant

Ms. Nguyen Thu Suong
Preparer

INCOME STATEMENT
For the year ended 31/12/2015

Items	Codes	Notes	Year 2015	Year 2014
			VND	VND
Gross sales of merchandise and services	01	19	34,586,338,013	24,988,305,656
Less deductions	02		-	-
Net sales of merchandise and services	10		34,586,338,013	24,988,305,656
Cost of goods sold	11	20	21,901,076,870	16,622,397,716
Gross profit from sales of merchandise and services	20		12,685,261,143	8,365,907,940
Financial incomes	21	21	398,261,192	476,568,560
Financial expenses	22	22	1,378,172,202	1,635,926,102
- Including : Interest expense	23		1,376,887,435	1,635,105,494
Selling expenses	25	23	-	-
General and administration expenses	26	23	7,008,801,356	4,326,102,964
Operating profit	30		4,696,548,777	2,880,447,434
Other incomes	31	24	564,793,226	971,015,473
Other expenses	32		79,356,414	6,749,607
Profit from other activities	40		485,436,812	964,265,866
Net profit before tax	50		5,181,985,589	3,844,713,300
Current Corporate income tax	51	25	1,165,319,949	759,600,440
Deferred Corporate income tax	52		-	48,650,000
Net profit after tax	60		4,016,665,640	3,036,462,860
Basic earnings per share	70	26	711	542
Diluted earnings per share	71	27	711	542



Tran Thi Minh Hieu

Nguyen Thu Suong

Mr. Do Dang Huy
Director
Ho Chi Minh City, 22 February 2016

Ms. Tran Thi Minh Hieu
Chief Accountant

Ms. Nguyen Thu Suong
Preparer

CASH FLOW STATEMENT

(Indirect method)

For the year ended 31/12/2015

Items	Codes	Notes	Year 2015 VND	Year 2014 VND
Cash flows from operating activities				
Profit before tax	01		5,181,985,589	3,844,713,300
Adjustments for				
Depreciation and amortization of fixed assets and investment property	02		3,969,415,441	2,363,510,599
(Gain)/loss from revaluation of monetary items of foreign currency origin	04		(1,405,069)	(1,095,291)
(Gain)/loss from investing activities	05		(349,408,512)	(474,952,109)
Interest expense	06		1,376,887,435	1,635,105,494
Operating profit before movements in working capital	08		10,177,474,884	7,367,281,993
(Increase)/Decrease in receivables	09		3,275,276,757	(4,293,980,784)
(Increase)/Decrease in inventories	10		58,761,071	445,660,869
Increase/(Decrease) in accounts payable (Excluding interests from accounts payable, corporation tax)	11		(3,161,167,357)	(424,205,842)
Increase/(Decrease) in other assets	12		2,603,738,840	(5,541,808,182)
Interest paid	14		(1,386,103,176)	(1,603,635,047)
Corporate income tax paid	15		(1,299,867,918)	(1,395,522,859)
Other cash inflows	16		-	750,000,000
Other cash outflows	17		-	(690,275,660)
Net cash from operating activities	20		10,268,113,101	(5,386,485,512)
Cash flows from investing activities				
Acquisition of fixed assets, other long-term assets	21		-	(23,585,438,902)
Interest income, dividend and profit	27		377,410,702	436,594,059
Net cash from (used in) investing activities	30		377,410,702	(23,148,844,843)
Cash flows from financing activities				
Proceeds from borrowings	33		-	28,204,829,929
Repayment of borrowings	34		(8,000,000,000)	(300,000,000)
Net cash from (used in) financing	40		(8,000,000,000)	27,904,829,929
Net decrease/(increase) in cash and cash equivalents	50		2,645,523,803	(630,500,426)
Cash and cash equivalents at the beginning of the year	60	5	9,599,447,065	10,228,852,200
Effect from changing foreign exchange rate	61		1,405,069	1,095,291
Cash and cash equivalents at the end of the year	70	5	12,246,375,937	9,599,447,065



Mr. Do Dang Huy
Director
Ho Chi Minh City, 22 February 2016

Ms. Tran Thi Minh Hieu
Chief Accountant

Ms. Nguyen Thu Suong
Preparer

NOTES TO THE FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

1. GENERAL INFORMATION

1.1 STRUCTURE OF OWNERSHIP

Saigon Hotel Corporation (“the Company”) was incorporated and operated in Vietnam under Investment License No. 0300850255 dated 12th April 1994 issued by the Ho Chi Minh City People’s Committee and the Investment License was amended for the twelfth time on 15 May 2015).

The legal capital of the Company in Investment License was amended for the twelfth time is VND 35,326,000,000.

The Company has its head office at 41 - 47 Dong Du, Ben Nghe Ward, District 1, Ho Chi Minh City.

On 12/07/2001, the Company was officially listed on Hochiminh Stock Exchange with the code: SGH. On 30/07/2009, the Company has moved to be listed on Hanoi Stock Exchange.

1.2 FUNCTIONAL AREAS OF BUSINESS

The business area is to provide restaurant and hotel services.

1.3 PRINCIPAL ACTIVITIES

The Company’s principal activities under the Investment License are as follows:

- Accommodation service and Office for lease;
- Restaurants and Bars;
- Currency Exchange;
- Travel and Tour desk;
- Recreational facilities and Conference rooms;
- Car rental service;
- Karaoke;
- Sauna and Massage service;
- Sales of Wine and Tobacco;
- Laundry service;
- Sales of published books;
- Travel and Tour desk.

1.4 THE NORMAL PRODUCTION AND BUSINESS CYCLE

The Company’s principal activities are accommodation and restaurants services. Consequently, the normal production and business cycle is usually short and regular continuity turnover several time over the month.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

1. GENERAL INFORMATION (CONT'D)

1.5 CHARACTERISTICS OF OPERATION OF ENTERPRISES IN THE FISCAL YEAR THAT AFFECT THE FINANCIAL STATEMENTS

The Company's principal activities are accommodation and restaurants services. Consequently, the number of tourists to Ho Chi Minh City as well as the policies to attract tourists of the State, and the rating promotion policy of the Company will influence sales revenue. Furthermore, along with the current condition of Vietnam economy, the extremely increasing number of hotels also has the significant effect on operating performance of The Company.

1.6 STRUCTURE OF ENTERPRISES

The Company does not have subsidiaries, associated companies, joint ventures, and subordinate units of depend cost accounting.

1.7 DECLARATION OF THE ABILITY TO COMPARE INFORMATION ON THE FINANCIAL STATEMENTS

Comparative figures are the data on the audited financial statements for the year ended 31 December 2014 of The Company. These data are categorized suitably in order to compare with the data of this year based on the regulations of Circular No. 200/2014/TT-BTC of The Ministry of Finance on guidelines for accounting policies for enterprises.

2. ACCOUNTING PERIOD, CURRENCY USED IN ACCOUNTING

2.1 ANNUAL ACCOUNTING PERIOD

The accounting period of the Company begins on 01 January and ends on 31 December of the Calendar year.

2.2 CURRENCY USED IN ACCOUNTING

The currency used in accounting is Vietnam Dong (VND).

3 STANDARDS AND APPLICABLE ACCOUNTING POLICY

3.1 APPLICABLE ACCOUNTING POLICY

The applicable accounting policy being adopted by the Company is approved in writing in accordance with Circular No. 200/2014/TT-BTC dated December 22, 2014 of The Ministry of Finance; that replaces Decision No. 15/2006/QD-BTC dated March 20, 2006 and Circular No. 244/2009/TT-BTC dated December 31, 2009 of The Ministry of Finance.

3.2 DECLARATION OF COMPLIANCE WITH ACCOUNTING STANDARDS AND ACCOUNTING POLICY

Those financial statements have been prepared and presented in accordance with Accounting Standards and Accounting policy of Vietnam for the fiscal year ended 31 December 2015.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The new accounting policies of Circular 200/2014/TT-BTC, dated on 22 December 2014 are used for preparing the financial statements for the fiscal year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 EXCHANGE RATES USED IN ACCOUNTING

The exchange rates used in accounting are that of Vietin Bank – Branch 7 and that of Vietcombank.

Real exchange rate upon recording and re-determining accounts derived from foreign currencies classified as asset is exchange rates of purchase of commercial banks where enterprises regularly conduct transaction at the time of the financial statements. For foreign currency deposited in bank, the real exchange rate upon revaluation is exchange rate of purchase of the bank where enterprises open foreign currency accounts.

Real exchange rate upon revaluation of accounts derived from foreign currencies classified as liabilities is exchange rates of selling foreign currency of commercial Banks where enterprises regularly conduct transaction at the time of the financial statements.

Real exchange rate upon recording receivables is exchange rates of purchase of commercial Banks where enterprises assigned customers to make payment at the time of incurred transactions. Exchange rates upon retrieving receivables from customers are actual bookkeeping rate for every type of debtors. In case debtors have many actual bookkeeping rates, the exchange rate shall be determined according to mobile weighted average method.

Transactions in currencies other than VND during the period have been translated into VND. Weighted average rate shall be applied to the credit side of foreign currency account and actual exchange rate shall be applied to the debit side of cash account. In case, if the foreign currencies on hand are withdrawn and deposit to bank, those have been translated into VND according to accounting book exchange rates.

4.2 ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Vietnamese Accounting Standards requires the Board of Directors to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

4.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and at bank, deposits (demand deposits), cash in transit, short-term investments such as guarantee deposits and escrow with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 TRADING SECURITIES AND ALLOWANCE FOR DECLINE IN VALUE OF TRADING SECURITIES

This item records the value of securities and other financial instruments held for trading purposes at the time of recording (held for the purpose of waiting for increase in price to sell for profit). Trading securities must be recorded in the ledger according to original prices. The basis price of trading securities shall be determined according to the fair value of payments at the time in which the transaction takes place the trading securities shall be recorded when the investors acquire ownership.

Allowance for decline in value of trading securities is used to record creating or reverting of allowance for decline in market value of held for sale trading securities. Allowance for decline in value of trading securities is made when The Board of Directors considers that the decrease is not temporary in nature. The allowance is reserved if the market price subsequently increases after the allowance was recognized. In case, The Company cannot collect enough appropriate evidence of decline in value of trading securities, the investments are still reflected in the financial statement by the historical cost method.

4.5 RECEIVABLES

The receivables shall be kept records in details according to period receivables, entities receivables, types of currency receivable and other factors according to requirements for management. When preparing financial statements, the receivables shall be classified into short-term receivables or long-term receivables according to their remaining terms.

The company made the provision according to Decree 228/2009/TT-BTC dated 07/12/2009 of Ministry of Finance guiding "to make the provision for inventory, loss from financial investments, bad debts and guarantees for products, goods, constructions in the company".

The increase or decrease of provision for doubtful debts is recorded as business expenses of the year.

4.6 INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and where applicable, direct labors costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Cost of goods sold is calculated using the weighted average method. Inventories are accounted for by using perpetual system.

Provision for devaluation of inventories of the Company is based on Circular 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad receivable debts and warranty for products, goods and construction works at enterprises" and Circular No. 89/2013/TT-BTC dated 28 June 2013, which amends and supplements the Circular No. 228.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less accumulated depreciation.

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

Fixed assets which have been put into use but remain unaccounted for will be temporarily added up to the cost of fixed assets and depreciated. Cost and depreciation will accordingly be adjusted upon a final account of these assets.

Tangible fixed assets are depreciated using a straight-line method over their estimated useful lives in accordance with Circular No 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance on fixed asset management, use and depreciation.

The depreciation rates in use are as follows:

Categories	Years
Buildings and Structures	10 – 50
Office equipment	05 – 10
Means of transport, transmission	06 – 10
Instruments and tools for management	05 – 10

4.8 PREPAID EXPENSES

Short-term prepaid expenses include the cost of advertising, marketing, property insurance and other expenses and is allocated within 12 months.

Long-term prepaid expenses include the residual value of the tools and instruments that do not qualify as fixed assets but are able bring future economic benefits with the usage time of over 01 year. These costs are capitalized in form of long-term prepayments and are allocated for the cost of production and business in the accounting period for within 03 years.

4.9 LOANS AND FINANCE LEASE LIABILITES

This account shall be used to record loans, finance lease liabilities and payment of the loans, finance lease liabilities of the enterprise. The loans, finance lease liabilities with payment period of more than 12 months from the date of the financial statements, accountants shall present as long-term loans and finance lease liabilities. Loans and finance lease liabilities fall due for settlement within the next 12 months from the date of the financial statements, accountants shall present as short-term loans and finance lease liabilities for the payment plan.

Borrowing expenses directly related to the loans (other than payable interest), such as expenses for verification, audit, making application...shall be accounted for in financial expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

4 SUMMARY OF SIGNIFICANT FIANCIAL POLICIES (CONT'D)

4.10 ACCURED EXPENSES PAYABLE

This account is used to report payables to goods or services received from the seller or provided for the seller during a reporting period, but payments of such goods or services have not been made, which are recorded to operating expenses of the reporting period.

4.11 RECORNITION OF OWENR'S CAPITAL

Owner's capital shall only account according to the actual amount of capital contributed by owners.

Share premium records the positive/negative difference between the issue price and the par value of shares; the difference between price of repurchasing of treasury stocks and the re-issue price of treasury stocks. The expense directly relates to the repurchasing or re-issue of treasury stocks are recorded as a minus for share premium.

Treasury shares are shares issued by companies and bought-back by the companies, which issued shares. Value of Treasury shares is recorded and presented in the Balance sheet under to prices actually bought-back, and shall be recorded a decrease in owner's capital. Any gain (loss) from buying, selling, issuing, or dissolving shares are not recorded.

Undistributed post-tax profits are profits from operating activities of the Company after misusing (-) the adjustment due to retrospective application of changes in accounting policies and retrospective restatement of material misstatement from the previous year.

Undistributed post-tax profits shall be distributed to investors based on the allowed capital contribution ratio of General Assembly of Shareholders and after setting up the fund in accordance with the Company's Charter and the law of Vietnam.

4.12 REVENUE AND EXPENSE RECOGNITION

Revenue is recognized when the economic benefits can be measured reliably. Net sales are measured by the reasonable value of amounts received and to be received upon leasing trade discount, sales rebate and sales return. Revenue is recognized when it meets the following conditions:

Sales of goods

Revenue arising from the sale of goods is recognized when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is recognized when the goods are delivered and the Company has transferred to the buyer the significant risks and rewards of ownership.

Sales of services

Revenue is recognized when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is recognized by reference to the percentage of completion of the transaction at the balance sheet date.

As the result of providing services transaction cannot be determined surely, revenues will be recognized equivalently to the recorded and recovered expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

4 SUMMARY OF SIGNIFICANT FINANCIAL POLICIES (CONT'D)

4.12 REVENUE AND EXPENSE RECOGNITION (CONT'D)

Revenue from financing activities:

Bank interest is recorded on accrual basis and determined on the balance of the deposit account and the interest rate being applied for different period.

4.13 FOREIGN CURRENCY

Transactions derived from foreign currencies are converted based on the real exchange rate under the following principles. Real exchange rate upon recorded receivables is exchange rate for purchasing of commercial banks where enterprises assigned customers to make payment at the time of incurred transactions; Real exchange rate upon recording liabilities is exchange rates of purchase of commercial banks where enterprises expect to conduct transactions at the time of incurred transactions. All sums of exchange differences are recorded immediately in financial income (if gain) or financial expense (if loss) at the time of incurring.

At the date of the financial statements, real exchange rate upon re-determining accounts derived from foreign currencies classified as asset: is exchange rates of purchase of commercial banks where enterprises regularly conduct transaction at the time of the financial statements. For foreign currency deposited in bank, the real exchange rate upon revaluation is exchange rate of purchase of the bank where enterprises open foreign currency accounts. Exchange differences arising from re-evaluation are recorded in financial income.

4.14 TAXATION AND AMOUNTS PAYABLE TO THE STATE

Business income tax expenses record the total current income tax and deferred income tax expenses incurred during year.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are neither taxable nor deductible. It is calculated using the rate of 22% that has been enacted by the balance sheet date.

The determination of corporate income tax ("CIT") due is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and its ultimate determination depends on the results of tax authorities' examination.

Other taxes are in accordance with the prevailing regulations in Vietnam.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 SEGMENT REPORTING

An operating segment is a distinguishable component of an entity. It engages in the course of manufacturing or supplying separable products, services, a group of related products or services on which the segment has risks and economic benefit different from that of other components of the same entity.

Accordingly, the business activities of the Company are providing accommodations, food, beverages, and other services. Operations of these services take place in Vietnam. Hence, there is no geographical difference among these services.

Segment report that consists of items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Items that are not allocated include: assets, liabilities, financial income, financial expense, selling expense, general and administration expense, other gains/losses and corporate income tax.

4.16 FINANCIAL INSTRUMENTS

Initial recognition

Financial assets

At the initial recognition date, a financial asset is measured at historical cost plus the cost of transaction directly related to the purchase of that asset.

Financial assets of the company consist of cash, cash equivalents, short- term investments, other long- term investments, accounts receivable and other financial assets.

Financial liabilities

At the initial recognition date, a financial liability is measured at historical cost minus cost of transaction directly related to the issue of the debt.

Financial debts of the company include trade accounts payable, other payables, liabilities, loans and accrued expenses.

Subsequent measurement of financial instruments

Currently, there is no standard regarding revaluation subsequent to initial recognition.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Company currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 RELATED PARTY TRANSACTION

A party is considered related to the Company if it has the ability to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa.

- Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Company, including Parent company subsidiaries, associates, joint ventures, fellow subsidiaries.
- Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, key management personnel and relatives of such personnel.
- Enterprises over which any person described above is able to exercise significant influence.

Accordingly, the related parties of Saigon Hotel Corporation are Saigontourist Travel Service Company, subsidiaries, associates of Saigontourist Travel Service Company, members of the Board of Directors, members of the Board of Management and shareholders with significant amount of shares.

5. CASH AND CASH EQUIVALENTS

	<u>As at 31/12/2015</u>	<u>As at 01/01/2015</u>
	<u>VND</u>	<u>VND</u>
Cash on hand	79,665,000	35,378,500
Cash in bank	1,002,599,909	761,032,652
Cash equivalents (*)	11,164,111,028	8,803,035,913
Total	<u>12,246,375,937</u>	<u>9,599,447,065</u>

() Cash equivalents include term deposits with an original maturity of 03 months or less.*

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***6. TRADING SECURITIES**

	As at 31/12/2015 (VND)			As at 01/01/2015 (VND)		
	Original price	Reasonable value (*)	Provision	Original price	Reasonable value (*)	Provision
Total value of investment in shares at	2,794,900,000	-	-	2,794,900,000	-	-
Orient Commercial Joint Stock Bank	2,794,900,000	-	-	2,794,900,000	-	-
Investment in bonds	-	-	-	-	-	-
Other investment	-	-	-	-	-	-

On 31 December 2015, the number of shares of Orient Commercial Joint Stock Bank being held by The Company is 406,734 shares, increased by 36,975 shares against the number of shares on December 31, 2014. These are preference shares according to the Notification announced the release of stock issuance in order to raise equity from owner's capital No. 135/2014/CV-HDQT dated December 31, 2014 of Orient Commercial Joint Stock Bank on issuing stocks for existing shareholders with the rate of 10% based on the contributed capital.

(*) At the reporting date, responsible value of this investment is not available. Since there are stocks that are traded on over the counter market, not based on a fixed trading market (stock exchange market); which is mainly based on competitive price quotation and negotiation systems through media channel. Consequently, price information of this market is not reliable.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

7. TRADE RECEIVABLES

	<u>As at 31/12/2015</u>	<u>As at 01/01/2015</u>
	VND	VND
Short-term receivables	3,016,532,727	2,858,466,832
- Mot Con Kien Entertainment Corp	987,218,166	222,141,120
- Saigontourist Travel Service Company	90,843,000	141,136,000
- Other clients	1,938,471,561	2,495,189,712
Long-term receivables	-	-
Receivables from related parties	90,843,000	141,136,000
- Saigontourist Travel Service Company	90,843,000	141,136,000
Total	<u>3,016,532,727</u>	<u>2,858,466,832</u>

8. OTHER RECEIVABLES

	<u>As at 31/12/2015</u>		<u>As at 01/01/2015</u>	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
Short-term	58,649,583	-	68,911,538	-
- Accured interest	23,243,283	-	38,207,275	-
- Personal Income tax	-	-	13,991,381	-
- Mortgage, collateral, and short term deposits	5,000,000	-	5,000,000	-
- Other receivables	5,454,545	-	-	-
- Social insurance	24,694,175	-	11,712,882	-
- Health insurance	257,580	-	-	-
Long-term	300,000,000	-	300,000,000	-
- Collateral and deposit (*)	300,000,000	-	300,000,000	-
Total	<u>358,649,583</u>	<u>-</u>	<u>368,911,538</u>	<u>-</u>

(*) This is a compulsory deposit at Commercial Bank for Foreign Trade of Vietnam (Vietcombank) to provide travel services under the regulation of the Law on Tourism.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

9. INVENTORIES

	<u>As at 31/12/2015</u>		<u>As at 01/01/2015</u>	
	<u>Original price</u>	<u>Provision</u>	<u>Original</u>	<u>Provision</u>
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
Raw materials	302,996,980	-	299,561,278	-
Tools and supplies	243,613,189	-	288,835,512	-
Merchandise	39,739,642	-	56,714,092	-
Total	586,349,811	-	645,110,882	-

10. PREPAYMENTS

	<u>As at 31/12/2015</u>	<u>As at 01/01/2015</u>
	<u>VND</u>	<u>VND</u>
Short-term prepayments	191,828,497	468,176,682
- Tools and supplies used	114,175,375	436,117,741
- Others	77,653,122	32,058,941
Long-term prepayments	2,795,624,203	5,123,014,858
- Tools and supplies used	2,791,779,203	5,123,014,858
- Others	3,845,000	-
Total	2,987,452,700	5,591,191,540

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For the year ended 31/12/2015**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***11. TANGIBLE FIXED ASSETS**

	Building and structures VND	Machinery & Equipment VND	Transportation VND	Office Equipment VND	Total VND
Cost					
As at 01/01/2015	70,790,425,839	11,660,717,388	2,567,042,145	327,050,189	85,345,235,561
- Disposals	-	(63,591,454)	-	(327,050,189)	(390,641,643)
As at 31/12/2015	70,790,425,839	11,597,125,934	2,567,042,145	-	84,954,593,918
Accumulated depreciation					
As at 01/01/2015	26,092,716,193	1,861,358,298	681,454,062	310,712,523	28,946,241,076
- Depreciation	2,637,291,940	1,060,479,289	238,564,740	3,299,468	3,939,635,437
- Eliminated on disposals	-	(63,591,454)	-	(314,011,991)	(377,603,445)
As at 31/12/2015	28,730,008,133	2,858,246,133	920,018,802	-	32,508,273,068
Net book value					
As at 01/01/2015	44,697,709,646	9,799,359,090	1,885,588,083	16,337,666	56,398,994,485
As at 31/12/2015	42,060,417,706	8,738,879,801	1,647,023,343	-	52,446,320,850

The cost of fixed assets fully depreciated but still in use at 31 December 2015: VND 18,185,378,813

The value of fixed assets, which were pledged, mortgaged for loans from medium-term contract No.13.42.0078/2013-HDTDDA/NHCT924-KSSG dated 12 October 2013 is the amount of buildings and structures of VND 42,060,417,706 reflected on the financial statements as at 31 December 2015.

12. INTANGIBLE FIXED ASSETS

Intangible fixed asset is the hotel management software. It is amortized using a straight-line method in 05 years.

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For the year ended 31/12/2015**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***13. TRADE PAYABLES**

	As at 31/12/2015		As at 01/01/2015	
	Amount	The ability to repay	Amount	The ability to repay
	VND	VND	VND	VND
a) Short-term trade payables	644,960,680	644,960,680	3,365,157,043	3,365,157,043
- Mechanic Works And Construction Investment JSC No. 9	-	-	2,022,489,696	2,022,489,696
- R.E.E Electric Appliances JSC	334,572,131	334,572,131	334,572,131	334,572,131
- 4/10 Fire Equipment Center	-	-	174,225,658	174,225,658
- Saigon Construction Quality Control	-	-	346,387,295	346,387,295
- Thanh Trung Construction and Trade Co., Ltd	124,102,858	124,102,858	37,351,600	37,351,600
- Other payables	186,285,691	186,285,691	450,130,663	450,130,663
b) Long-term payables	-	-	-	-
c) Unpaid overdue debts	-	-	-	-
d) Accounts payables to related parties	-	-	-	-
Total	644,960,680	644,960,680	3,365,157,043	3,365,157,043

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***14. TAXES AND OTHER PAYABLES TO STATE BUDGET**

	As at 01/01/2015 VND	Payable VND	Paid VND	As at 31/12/2015 VND
Taxes and other payables to State budget				
- Corporate Income Tax	383,439,864	1,165,319,949	1,299,867,918	248,891,895
- Personal Income Tax	5,699,899	58,121,850	59,461,404	4,360,345
- Value Added Tax	-	343,234,601	103,527,830	239,706,771
- Land and housing tax, land rental charges	-	2,964,457,980	2,964,457,980	-
- Other taxes	-	15,530,544	15,530,544	-
Total	389,139,763	4,546,664,924	4,442,845,676	492,959,011
Taxes and receivables from State budget				
- Special consumption tax	-	-	3,407,307	3,407,307
- Personal Income tax	19,947,699	68,082,330	81,794,944	33,660,313
- Fee and charge and other payables	-	52,955,279	182,549,798	129,594,519
Total	19,947,699	121,037,609	267,752,049	166,662,139

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

15. ACCRUED EXPENSES

	As at 31/12/2015	As at 01/01/2015
	VND	VND
a) Short-term accrued expenses	77,254,706	568,901,860
- Accrual for land leasing fee	-	412,431,413
- Accrual for electric, water, telephone fees, etc.	55,000,000	125,000,000
- Accrual for interest expense	22,254,706	31,470,447
b) Long-term accrued expenses	-	-
Total	77,254,706	568,901,860

16. OTHER PAYABLES

	As at 31/12/2015	As at 01/01/2015
	VND	VND
a) Short-term	217,409,502	445,014,403
- Labor union expense	73,165,479	105,641,859
- Other payables and receivables	144,244,023	339,372,544
+ <i>Remuneration of the Board of Directors and Board of Supervisors</i>	25,000,000	260,000,000
+ <i>Dividends</i>	-	27,800,000
+ <i>Commission</i>	101,903,490	45,640,604
+ <i>Other payables</i>	17,340,533	5,931,940
b) Long-term	1,425,000,000	750,000,000
- Long-term deposits received	1,425,000,000	750,000,000
c) Unpaid overdue debts	-	-
Total	1,642,409,502	1,195,014,403

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NOTES TO THE FINANCIAL STATEMENT (CONT'D)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***17. LOAN AND FINANCIAL LEASE LIABILITIES**

	As at 31/12/2015		Arising during the period		As at 01/01/2015	
	Amount VND	The ability to repay (VND)	Increase VND	Decrease VND	Amount VND	The ability to repay (VND)
a) Short-term borrowings	4,000,000,000	4,000,000,000	4,000,000,000	-	-	-
Vietin Bank - Branch 7 (long-term loans which are due)	4,000,000,000	4,000,000,000	4,000,000,000	-	-	-
b) Long-term borrowings (for 05 and under 05 years)	15,904,829,929	15,904,829,929	169,167	12,000,169,167	27,904,829,929	27,904,829,929
Vietin Bank - Branch 7	15,904,829,929	15,904,829,929	169,167	12,000,169,167	27,904,829,929	27,904,829,929
Total	19,904,829,929	19,904,829,929	4,000,169,167	12,000,169,167	27,904,829,929	27,904,829,929

This is the medium-term loan with Industrial Commercial Bank Viet Nam under credit limit contract No.13.42.0078/2013-HĐTDDA/NHCT924-KSSG dated 12 October 2013, detail as follow:

- Credit limit: VND40,000,000,000.
- The purpose of loan is payment for legal investment costs of renovation and improvement of Saigon Hotel.
- Credit term is 60 months from the first time of disbursement.
- Interest rate is taken at the time when receiving loans and will be changed every 3 months.

Mortgaged assets for the loan is the Hotel which will finish in a near future located at 41-47 Dong Du street, Ben Nghe Ward, District 1, Ho Chi Minh City.

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NOTES TO THE FINANCIAL STATEMENT (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

FINANCIAL STATEMENTS
For year ended 31/12/2015

18. OWNERS' EQUITY
18.1 CHANGES IN OWNERS' EQUITY

Items	Equity		Other equity		Development investment fund		Retained earnings		Total	
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
As at 01/01/2014	17,662,969,959	1,868,174,955	1,868,174,955	3,303,364,068	22,926,834,883	45,761,343,865				
- Equity increase from net profit	17,663,030,041	-	-	-	(17,663,030,041)	-				
- Profit increase in the year	-	-	-	-	3,036,462,860	3,036,462,860				
- Appropriations to bonus and welfare funds 2013	-	-	-	-	(302,288,103)	(302,288,103)				
- Remuneration for the Board of Directors for the year 2014	-	-	-	-	(290,000,000)	(290,000,000)				
- Profit from service charge payable to employees for the year 2014	-	-	-	-	(910,726,544)	(910,726,544)				
As at 31/12/2014	35,326,000,000	1,868,174,955	1,868,174,955	3,303,364,068	6,797,253,055	47,294,792,078				
As at 01/01/2015	35,326,000,000	1,868,174,955	1,868,174,955	3,303,364,068	6,797,253,055	47,294,792,078				
- Equity increase within year	-	-	-	-	-	-				
- Profit within year	-	-	-	-	4,016,665,640	4,016,665,640				
- Appropriations to bonus and welfare funds 2014 (*)	-	-	-	-	(212,000,000)	(212,000,000)				
- Profit from service charge payable to employees for the year 2015	-	-	-	-	(1,225,347,178)	(1,225,347,178)				
- Remuneration for the Board of Directors and the Board of Supervisors for the year 2015	-	-	-	-	(143,000,000)	(143,000,000)				
As at 31/12/2015	35,326,000,000	1,868,174,955	1,868,174,955	3,303,364,068	9,233,571,517	49,731,110,540				

(*) The profit of the Company is distributed in accordance with the Resolution of the Council of Shareholders No. 08/NQ-DHDCD2015 dated 22 April 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

18. OWNERS' EQUITY (CONT'D)

18.2 DETAILS OF OWNERS' EQUITY

	As at 31/12/2015		As at 01/01/2014	
	Rate	VND	Rate	VND
Saigontourist Travel Service Company	38.86%	13,726,000,000	38.86%	13,726,000,000
The Blackhore Enhanced Vietnam INC	0.00%	-	18.76%	6,628,200,000
Mr. Ly Thanh Tung	18.76%	6,628,200,000	0.00%	-
UBS AG London Branch	0.00%	-	16.53%	5,840,000,000
Mr. Pham Ai Quoc	17.47%	6,173,000,000	0.00%	-
Lotus Corporation	8.93%	3,154,400,000	8.93%	3,154,400,000
The Blackhore Emerging Enterprise Master Fund	0.00%	-	5.23%	1,847,600,000
Others	15.98%	5,644,400,000	11.69%	4,129,800,000
Total	100%	35,326,000,000	100%	35,326,000,000

18.3 TRANSACTIONS OF OWNER'S EQUITY, DISTRIBUTION OF DIVIDEND AND PROFIT SHARINGS

	As at 31/12/2015	As at 01/01/2015
	VND	VND
Capital investment of owner's equity	35,326,000,000	35,326,000,000
- Capital investment at the beginning of year	35,326,000,000	35,326,000,000
- Capital investment increase within the year	-	-
- Capital investment decrease within the year	-	-
- Capital investment at the end of year	35,326,000,000	35,326,000,000
Distributed dividends and profits	-	-

18.4 SHARES

	As at 31/12/2015	As at 01/01/2015
	Shares	Shares
- The number of shares authorized to issue	3,532,600	3,532,600
- The number of issued shares	3,532,600	3,532,600
+ Ordinary shares	3,532,600	3,532,600
+ Preferred shares	-	-
- The number of treasury stock	-	-
- The number of outstanding shares	3,532,600	3,532,600
+ Ordinary shares	3,532,600	3,532,600
+ Preferred shares	-	-
* Par value outstanding share (VND/Share)	10,000	10,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

19. SALES OF MERCHANDISE AND SERVICE

	<u>Year 2015</u> VND	<u>Year 2014</u> VND
a) Sales of merchandise and service	34,586,338,013	24,988,305,656
Of which:		
- Revenue from room services	22,038,438,486	15,571,338,576
- Revenue from food and beverage services	7,007,601,231	5,605,108,763
- Revenue from other services	3,968,864,186	2,644,047,155
- Revenue from service charge	1,571,434,110	1,167,811,162
Total	<u>34,586,338,013</u>	<u>24,988,305,656</u>
b) Revenue with related parties	1,001,171,592	380,548,830
- Saigon Tourist Corporation	1,001,171,592	380,548,830

20. COST OF GOODS SOLD

	<u>Year 2015</u> VND	<u>Year 2014</u> VND
Cost of room services	14,745,291,510	10,513,407,140
Cost of food and beverage services	6,356,589,987	5,511,373,867
Cost of other services	799,195,373	597,616,709
Total	<u>21,901,076,870</u>	<u>16,622,397,716</u>

21. FINANCIAL INCOMES

	<u>Year 2015</u> VND	<u>Year 2014</u> VND
Bank interest	362,400,710	290,053,946
Gain from investing in securities	44,000	39,000
Dividend, profit shared	2,000	184,859,163
Gain from interest rate difference	20,978,857	521,160
Gain from interest rate difference due to selling foreign currency	13,430,556	-
Gain from revaluation of monetary items of foreign currency origin	1,405,069	1,095,291
Total	<u>398,261,192</u>	<u>476,568,560</u>

22. FINANCIAL EXPENSES

	<u>Year 2015</u> VND	<u>Year 2014</u> VND
Interest expense	1,376,887,435	1,635,105,494
Loss from interest rate difference	1,284,767	820,608
Total	<u>1,378,172,202</u>	<u>1,635,926,102</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

23. NET SALES OF GOODS AND SERVICES

	Year 2015 VND	Year 2014 VND
<i>a. Operating expenses</i>	7,008,801,356	4,326,102,964
- Employees expense	2,989,017,357	2,747,606,631
- Tools and supplies expense	127,184,616	129,172,733
- Depreciation and amortization expense	-	11,378,570
- Taxes and other duties	2,973,675,963	587,607,160
- Outsourcing service expenses	197,694,544	130,826,978
- Other cash expense	721,228,876	719,510,892
<i>b. Selling expenses</i>	-	-
<i>c. Reducing for selling expenses and operating expenses</i>	-	-

24. OTHER INCOMES

	Year 2015 VND	Year 2014 VND
Refunded surplus land leasing fee	412,431,413	773,746,276
Disposals of fixed assets, tools and supplies	18,768,172	2,454,534
Contract penalty	10,980,000	76,352,744
Incomes from room booking cancelling, compensations for accomodation damages	66,661,712	49,748,620
Other incomes	55,951,929	68,713,299
Total	564,793,226	971,015,473

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

25. CURRENT CORPORATE INCOME TAX EXPENSES

	Year 2015	Year 2014
	VND	VND
Total accounting profit before tax	5,181,985,589	3,844,713,300
Increase in accounting profit for taxable income determination	88,386,910	14,011,500
- Increase adjustment	89,791,979	14,011,500
Decrease in accounting profit for taxable income determination	(1,405,069)	(379,459,163)
- Gain from revaluation of monetary items of foreign currency origin	(1,405,069)	-
- Other decrease adjustment	-	(379,459,163)
Total taxable income	5,270,372,499	3,479,265,637
Current corporate income tax	1,159,481,949	765,438,440
Supplemented Corporate Income Tax for the year 2014	5,838,000	(5,838,000)
Deferred tax expenses of the year 2014	-	48,650,000
Current Corporate income tax	1,165,319,949	808,250,440

26. BASIC EARNINGS PER SHARE

	Year 2015	Year 2014
Net profit after tax (VND)	4,016,665,640	3,036,462,860
Payables for service fees of employee (VND)	(1,225,347,178)	(910,726,544)
Bonus and welfare fund (VND)	(279,000,000)	(212,000,000)
Amount of average share (shares)	3,532,600	3,532,600
Basic earning per share (VND/shares)	711	542

(*) Bonus and welfare fund in 2015 is calculated based on the previous prepaid at the rate of 10% of profit after tax (service expenses are deducted) in order to calculate basic earnings per share in accordance with Circular No. 200/2014/TT-BTC.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

27. DILUTED EARNINGS PER SHARE

	<u>Year 2015</u>	<u>Year 2014</u>
Net profit after tax (VND)	4,016,665,640	3,036,462,860
Payables for service fees of employee (VND)	(1,225,347,178)	(910,726,544)
Bonus and welfare fund (VND)	(279,000,000)	-
Amount of average share (shares)	3,532,600	3,532,600
Number of shares that is planned to issue additionally	-	-
Diluted earning per share (VND/shares)	<u>711</u>	<u>602</u>

(*) Bonus and welfare funds in 2015 is calculated based on the previous prepaid at the rate of 10% for profit after tax (service expenses are deducted) in order to calculate Diluted earnings per share in accordance with Circular No. 200/2014/TT-BTC.

28. EXPENSES BY ELEMENTS

	<u>Year 2015</u>	<u>Year 2014</u>
	<u>VND</u>	<u>VND</u>
Material expense	2,611,838,826	2,270,352,972
Employees expense	9,843,878,102	8,303,815,949
Depreciation and amortization expense	3,969,415,441	2,363,510,599
Tools and supplies expense	3,647,248,776	2,415,451,186
Taxes and other duties	2,973,675,963	587,607,160
Outsourcing service expenses	3,151,759,460	2,442,861,899
Other cash expense	2,712,061,658	2,564,900,915
Total	<u>28,909,878,226</u>	<u>20,948,500,680</u>

29. SEGMENT REPORTING

For management purpose, Company has organized segments based on business areas including: Room, Food and beverage, Others and service charges, and Service charges. The business income is managed separately in order for the Executive Board to make decisions in allocating resources and business strategy. Information presented on business areas of the Company is a must. Due to the Company is operating in the economics environment where there are no significant risks and huge differences on economics interest, the segment reporting by geography area is not presented.

SAIGON HOTEL CORPORATION

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

29. SEGMENT REPORTING (CONT'D)

The segment reporting by business areas is as follows:

Year 2015	Room	Food and beverage	Others	Service charges	Total
	VND	VND	VND	VND	VND
Net sales of merchandise and services	22,038,438,486	7,007,601,231	3,968,864,186	1,571,434,110	34,586,338,013
Total net sales of merchandise and services	22,038,438,486	7,007,601,231	3,968,864,186	1,571,434,110	34,586,338,013
Segment expense	(14,745,291,510)	(6,356,589,987)	(799,195,373)	-	(21,901,076,870)
Segment net sales	7,293,146,976	651,011,244	3,169,668,813	1,571,434,110	12,685,261,143
Segment-based unallocated cost	-	-	-	-	(7,008,801,356)
Gross profit from merchandise and services	-	-	-	-	5,676,459,787
Financial income	-	-	-	-	398,261,192
Financial expenses	-	-	-	-	(1,378,172,202)
Other incomes	-	-	-	-	564,793,226
Other expenses	-	-	-	-	(79,356,414)
Current Corporate income tax	-	-	-	-	(1,165,319,949)
Deferred Corporate income tax	-	-	-	-	-
Net profit after tax	-	-	-	-	4,016,665,640
Total assets	-	-	-	-	74,773,015,907
Total liabilities	-	-	-	-	25,041,905,367

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

29. SEGMENT REPORT (CONT'D)

Year 2014	Room	Food and beverage	Others	Service charges	Total
	VND	VND	VND	VND	VND
Net sales of merchandise and services	15,571,338,576	5,605,108,763	2,644,047,155	1,167,811,162	24,988,305,656
Total net sales of merchandise and services	15,571,338,576	5,605,108,763	2,644,047,155	1,167,811,162	24,988,305,656
Segment expense	10,513,407,140	5,511,373,867	597,616,709	-	16,622,397,716
Segment net sales	5,057,931,436	93,734,896	2,046,430,446	1,167,811,162	8,365,907,940
Segment-based unallocated cost	-	-	-	-	(4,326,102,964)
Gross profit from merchandise and services	-	-	-	-	4,039,804,976
Financial income	-	-	-	-	476,568,560
Financial expenses	-	-	-	-	(1,635,926,102)
Other incomes	-	-	-	-	971,015,473
Other expenses	-	-	-	-	(6,749,607)
Current Corporate income tax	-	-	-	-	(759,600,440)
Deferred Corporate income tax	-	-	-	-	(48,650,000)
Net profit after tax	-	-	-	-	3,036,462,860
Total assets	-	-	-	-	82,061,281,334
Total liabilities	-	-	-	-	34,766,489,256

30. OFF BALANCE SHEET ITEMS

	As at 31/12/2015		As at 01/01/2015	
	VND	USD	VND	USD
US dollar	72,540,440	3,231.20	70,888,692	3,316.43

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

31. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Company manages capital resources to ensure both its going concern and maximum interests of shareholders through optimizing balances of resources and liabilities.

The Company's capital structure consists of net liabilities, equity owned by its shareholders (including contributed capital, and retained earnings).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Details of significant accounting policies and methods adopted by the Company (including recognition criteria, basis for value determination and recognition of incomes and expenses) for each financial asset, financial liability and capital instruments are presented in Note 4.16.

TYPES OF FINANCIAL INSTRUMENTS

Circular 210/2009/TT-BTC dated 06 November 2009 and other prevailing regulations have yet to provide specific guidelines in determining the fair value of financial assets and liabilities. Circular 210/2009/TT- BTC dated 06 November 2009 requires the adoption of IFRS in presenting the financial statements and notes to the financial instruments without providing respective guidelines for the evaluation and recognition of financial instruments, including adopting the fair value to match IFRS. Accordingly, the Company has yet to evaluate the fair value of financial assets and liabilities at the balance sheet day.

COLLATERAL SECURITY

Mortgaged assets to creditors

During the accounting period, there is no use of mortgaged assets.

Mortgaged assets of debtors

During the accounting period, the Company does not hold any collateral of other companies as at 31 December 2015.

OBJECTIVE OF FINANCIAL RISK MANAGEMENT

Financial risk consists of market risk (including Exchange rate risk, interest rate risk and Price risk), credit risk, liquidity risk and interest rate of cash flow. The Company has not taken measures to hedge against exposure to these risks due to the lack of market to purchase financial instruments.

MARKET RISK

Once there are any changes in exchange rate and interest, the business activities of the Company would be affected mainly. The Company has not taken measures to hedge against exposure to these risks due to the lack of market to purchase financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

31. FINANCIAL INSTRUMENTS (CONT'D)

Currency risk

The Corporation is not exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the VND. The foreign currency that has this kind of risk is primarily U.S dollar ("USD).

The business activities of the Company will be primarily at risk when there is a change in the exchange rate. As the Company does business with foreign customers, the Company will bear the risk of exchange rate fluctuations. The Board does not enter into currency hedging transactions after considering that the cost of using such instruments might outweigh potential risk of exchange rate fluctuation.

The book value of the monetary assets and liabilities denominated in foreign currency at the end of the reporting period is:

	As at 31/12/2015		As at 01/01/2015	
	VND	USD	VND	USD
Foreign currency				
US Dollar	72,540,440	3,231.20	70,888,692	3,316.43

Interest risk

The Company is exposed to material interest rate risk arising from agreed interest-born loans. The Company is exposed to interest rate risk when the Company has loan at the floating rate and fixed interest rate. The risk is managed by maintaining a reasonable level of loan at fixed interest rate and floating interest rates.

Price risk

The Company is exposed to price risk of capital instruments arising from investments in equity instruments. Investments in equity instruments are held not for trading purposes, but for long-term strategic goals. The Company does not intend to sell these investments.

CREDIT RISK

Credit risk refers to the risk that a customer or a partner is unable to accomplish their contract's obligations, resulting in financial losses for the Company and the risk principally incurred from the company's accounts receivable. The Company has no credit policies but they monitored the payment of debt for large and regular transactions to assess whether the Company has credit risk or not. The Board of Directors of the Company said that the Company does not bear any significant credit risk with major customers or partners, because of receivables from a large number of customers operating in many different industries and distributed in different geographical areas.

LIQUIDITY RISK

The purpose of liquidity risk management is to maintain capital to fulfill present and future financial commitments. As part of its overall prudent liquidity management, the liquidity is managed by ensuring that the excess of the maturing liability over the maturing asset in any period is kept at manageable level relatives to the amount of funds that the Company believes to generate within that period. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient levels of cash, cash equivalents and capital that the owners committed to contribute to meet the regulations on short-term and long-term liquidity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

31. FINANCIAL INSTRUMENTS (CONT'D)

LIQUIDITY RISK MANAGEMENT (CONT'D)

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment period. The table is drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company is required to pay. To the extent that the interest flows are floating rate, the undiscounted amount is derived from the interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company is required to pay.

Financial liabilities	Up to 01 year VND	Over 01 year to 05 years VND	Total VND
As at 31/12/2015			
Loans and financial lease	4,000,000,000	15,904,829,929	19,904,829,929
Trade accounts payable	644,960,680	-	644,960,680
Other liabilities	119,244,023	1,425,000,000	1,544,244,023
Accrued expenses	77,254,706	-	77,254,706
Total	4,841,459,409	17,329,829,929	22,171,289,338
As at 01/01/2015			
Loans and financial lease	-	27,904,829,929	27,904,829,929
Trade accounts payable	3,416,729,587	750,000,000	4,166,729,587
Accrued expenses	568,901,860	-	568,901,860
Total	3,985,631,447	28,654,829,929	32,640,461,376

The Board of Directors assesses the liquidity risk at the low level and it believes that the Company can generate sufficient sources of money to meet financial obligations in the future.

The below table details the due amounts for non-derivative financial assets. The table is presented based on the due amounts of undiscounted contracts of financial assets, including its interest, if any. The presentation of information about non-derivative financial assets is necessary to understand the management of liquidity risk of the Company when the liquidity is managed on a liability and net asset basis.

Financial assets	Up to 01 year VND	Over 01 year to 05 years VND	Total VND
As at 31/12/2015			
Cash and Cash equivalents	12,246,375,937	-	12,246,375,937
Trading securities	2,794,900,000	-	2,794,900,000
Trade accounts payable and other financial assets	3,073,473,838	300,000,000	3,373,473,838
Total	18,114,749,775	300,000,000	18,414,749,775

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

31. FINANCIAL INSTRUMENTS (CONT'D)

LIQUIDITY RISK MANAGEMENT (CONT'D)

Financial assets	Up to 01 year VND	Over 01 year to 05 years VND	Total VND
As at 01/01/2015			
Cash and Cash equivalents	9,599,447,065	-	9,599,447,065
Trading securities	2,794,900,000	-	2,794,900,000
Trade accounts payable and other financial assets	2,953,872,763	300,000,000	3,253,872,763
Total	15,348,219,828	300,000,000	15,648,219,828

32. OTHER INFORMATIONS

32.1 RELATED PARTIES

The relation of Company and other related parties that there are transactions with during the year 2015 and/or the balance as at 31/12/2015 are as follows:

	Year 2015 VND	Year 2014 VND
<u>Transaction with related parties</u>		
Saigontourist Travel Service Company	1,001,171,592	380,548,830
- Revenue with related parties	1,001,171,592	380,548,830
<u>Income and loan of the Board of Directors, Board of Management and Supervisors</u>		
Income of the Board of Directors	519,656,000	633,366,000
- Salary and allowances	499,750,000	633,366,000
- Other welfares	19,906,000	-
Remuneration for Board of Management and Supervisors	143,000,000	290,000,000
- Board of Management and Supervisors	143,000,000	290,000,000
<u>The balance of related parties</u>		
	As at 31/12/2015 VND	As at 01/01/2015 VND
Saigontourist Travel Service Company	90,843,000	141,136,000
- Trade receivables	90,843,000	141,136,000

32.2 CONTINGENCIES

There are not potential liabilities arising from past events that may affect the information presented on the financial statements that the Company does not control or unrecognized.

32.3 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are not any significant events occurring after the balance sheet date that may affect the financial statements and as well as do or may significantly affect the operations of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

32. OTHER INFORMATION (CONT'D)

32.4 OPERATING LEASE COMMITMENTS

The land used for the Company's head office is leased from Ho Chi Minh City People's Committee, as agreed in the contract No. 4789/HD-TNMT-QLSDD dated 16/08/2012 with the lease term of 50 years, started since 15/01/1997.

32.5 GOING CONCERN

There are not any events causing significant doubts about the ability to continue as a going concern and the Company does not intend and forced to stop working, or narrow the scope of their activities.

33. COMPARATIVE FIGURES

The comparative figures are from the audited financial statements of the Company for the year ended 31 December 2014.

As described in Note 3.1, the Company adopted prospectively Circular No. 200/2014/TT-BTC dated December 22, 2014 of The Ministry of Finance; that replaces Decision No. 15/2006/QD-BTC dated March 20, 2006 and Circular No. 244/2009/TT-BTC dated December 31, 2009 of The Ministry of Finance. Consequently, a comparison of the amounts previously reported and as reclassified as follows:

Items	Codes	As at 31/12/2014	As at 01/01/2015
		according to Decision No.15/2006 VND	according to Circular No.200/2014 VND
Balance sheet			
Trading securities	121	-	2,794,900,000
Other short-term receivables	136	63,911,538	68,911,538
Other current assets	155	5,000,000	-
Other long-term receivables	216	-	300,000,000
Long-term financial investments	250	2,794,900,000	-
Other non-current assets	268	300,000,000	-
Income statement			
		Year 2014	Year 2014
		according to	according to
		Decision No. 15/2006	Circular No. 200/2014
Basic earnings per share	70	602	542



Mr. Do Dang Duy
Director

Ho Chi Minh City, 22 February 2016

Ms. Tran Thi Minh Hieu
Chief Accountant

Ms. Nguyen Thu Suong
Preparer