

LAO CAI INTERNATIONAL HOTEL JOINT VENTURE COMPANY

AUDITED FINANCIAL STATEMENTS
[IFRS]

For the period form 01/01/2012 to 30/6/2012

KRESTON ACA

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LAO CAI INTERNATIONAL HOTEL JOINT VENTURE COMPANY
AUDITED FINANCIAL STATEMENTS
[IFRS]

For the period form 01/01/2012 to 30/6/2012

October 2012

LAO CAI INTERNATIONAL HOTEL JOINT VENTURE COMPANY
No. 88, Thuy Hoa Street, Duyen Hai Ward
Lao Cai City, Lao Cai Province, Vietnam

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LAO CAI INTERNATIONAL HOTEL JOINT VENTURE COMPANY
No. 88, Thuy Hoa Street, Duyen Hai Ward
Lao Cai City, Lao Cai Province, Vietnam

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Lao Cai International Hotel Joint Venture Company ("the Company") presents this report together with the Company's Financial Statements for the period from 01/01/2012 to 30/6/2012.

THE BOARDS OF MANAGEMENT AND DIRECTORS

The members of the Boards of Management and Directors of the Company at the date of this report are as follows:

Board of Management

Mr. Do Du Bac	Chairman
Mr. Benjamin Lim Keong Hoe	Member
Mr. Ang Teck Foo	Member
Mr. Lim Keong Yew	Member
Mr. Ong Chong Hock	Member
Mr. Mai Xuan Dung	Member

Board of Directors

Mr. Tan lam Howi	General Director
Mr. Tran Quoc Hung	Deputy General Director
Mr. Chew Hock Seng	Deputy General Director

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

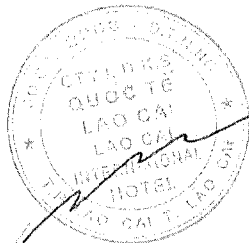
The Board of Directors of the Company is responsible for preparing the Financial Statements from pages 4 to 28, which give a true and fair view of the financial position of the Company and of its results change in equity and cash flows for the period. In preparing these Financial Statements, the Board 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;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing the Financial Statements so as to minimize error and fraud.

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 International Financial Reporting Standards. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing these Financial Statements.

For and on behalf of the Board of Directors,



Tan lam Howi
General Director

31 October 2012

Hanoi Office:

Suite 1401, 17T5 Building, Trung Hoa - Nhan Chinh, Hanoi

Tel: (84 4) 6 2811 488

Fax: (84 4) 6 2811 499

E-mail: contact@krestonaca.vn

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No.: 490/Kreston - ACA

INDEPENDENT AUDITOR'S REPORT

**To: The Boards of Management and Directors
Lao Cai International Hotel Joint Venture Company**

We have audited the accompanying Financial Statements of Lao Cai International Hotel Joint Venture Company ("the Company"), which comprise the statement of financial position as at 30/6/2012, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 01/01/2012 to 30/6/2012 and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation the Financial Statements from pages 4 to 28 in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International 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 auditors' 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 and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

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

Basic for Qualified Opinion

We did not observe the counting of the cash on hand, inventories and physical non - current assets as at 30/6/2012, since that date was prior to our appointment auditors of the Company. Therefore, we were unable to obtain sufficient appropriate audit evidence regarding the existence of cash on hand, inventories and physical non - current assets at the date.

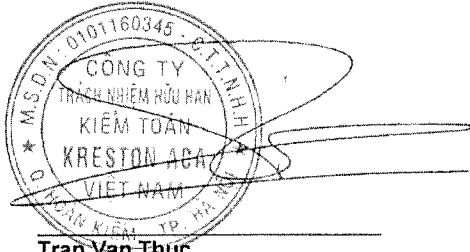
As stated in Note 18 of the Notes to the Financial Statements, the comparative information presented in the Statement of profit or loss and other comprehensive income, Cash flow Statement and relevant notes are the figures for the period from 01/01/2011 to 30/6/2011 which are not audited. Due to the limitation on scope, we were unable to obtain sufficient appropriate audit evidence regarding the comparative information.

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INDEPENDENT AUDITOR'S REPORT (continued)

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at 30/6/2012, and of its financial performance, changes in equity and cash flows for the period from 01/01/2012 to 30/6/2012 in accordance with International Financial Reporting Standards.



Tran Van Thuc
General Director
CPA Certificate No: 0554/KTV

For and on behalf of
KRESTON ACA VIETNAM AUDITING COMPANY LIMITED
Member of Kreston International
31 October 2012
Hanoi, S.R. Vietnam

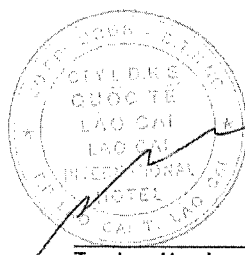
Tran Duc Cuong
Auditor
CPA Certificate No: 1595/KTV



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 01/01/2012 to 30/6/2012

	Notes	From 01/01/2012 to 30/06/2012 VND	From 01/01/2011 to 30/06/2011 VND
Continuing operations			
Revenue	5	102,095,379,279	70,315,084,634
Cost of sales		(6,211,363,548)	(3,807,980,012)
Gross profit		95,884,015,731	66,507,104,622
Investment income	6	5,685,993,389	15,856,367,858
Other gains		49,676,241	80,953,354
Distribution and Administration expenses		(27,584,344,219)	(18,870,763,588)
Other expenses		-	(364,439,952)
Finance costs	7	(7,346,408)	(4,352,477,027)
Profit before income tax		74,027,994,734	58,856,745,267
Income tax expense	8	(18,585,865,513)	(14,490,109,729)
Profit for the year from continuing operations		<u>55,442,129,221</u>	<u>44,366,635,538</u>
Discontinued operations			
Profit for the year from discontinued operations		-	-
PROFIT FOR THE YEAR		55,442,129,221	44,366,635,538
Other comprehensive income:			
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year		<u>55,442,129,221</u>	<u>44,366,635,538</u>



Tan lam Howi
 General Director

Tran Quoc Hung
 Deputy General Director

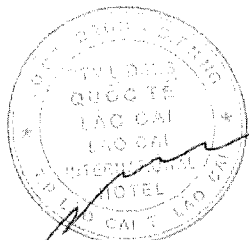
Nguyen Thi Tuyet
 Chief Accountant

31 October 2012

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	30/06/2012 VND	31/12/2011 VND
Assets			
Non-current assets			
Property, plant and equipment	9	87,180,998,435	74,435,065,385
Other intangible assets		103,600,000	124,000,000
Other assets	11	4,145,535,298	2,509,710,681
Total non-current assets		91,430,133,733	77,068,776,066
Current assets			
Inventories	10	2,333,470,217	2,910,879,671
Trade and other receivables		442,229,640	138,137,471
Other financial assets		-	9,871,361,654
Other assets	11	94,734,423,168	30,094,998,669
Cash and bank balances	12	168,317,586,240	227,037,309,854
Total current assets		265,827,709,265	270,052,687,319
Total assets		357,257,842,998	347,121,463,385
Equity and liabilities			
Capital and reserves			
Contributed Capital		27,659,711,136	27,659,711,136
Retained earnings		140,709,469,458	147,667,340,237
Total equity		168,369,180,594	175,327,051,373
Non-current liabilities			
Provisions		198,134,140	236,089,240
Total non-current liabilities		198,134,140	236,089,240
Current liabilities			
Trade and other payables	13	153,758,543,621	127,175,045,695
Borrowings	14	992,766,620	992,766,620
Current tax liabilities		33,232,865,513	42,565,667,457
Other liabilities		706,352,510	824,843,000
Total current liabilities		188,690,528,264	171,558,322,772
Total liabilities		188,888,662,404	171,794,412,012
Total equity and liabilities		357,257,842,998	347,121,463,385



Tan lam Howi
 General Director

31 October 2012

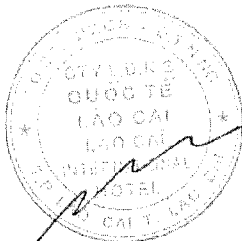
Tran Quoc Hung
 Deputy General Director

Nguyen Thi Tuyet
 Chief Accountant

STATEMENT OF CHANGES IN EQUITY

For the period from 01/01/2012 to 30/6/2012

	Contributed capital	Retained earnings	Total
	VND	VND	VND
FROM 01/01/2011 TO 30/06/2011			
Balance at 01/01/2011	27,659,711,136	46,902,062,299	74,561,773,435
Total comprehensive income	-	44,366,635,538	44,366,635,538
Dividend paid	-	(32,000,000,000)	(32,000,000,000)
Balance at 30/06/2011	27,659,711,136	59,268,697,837	86,928,408,973
FROM 01/01/2012 TO 30/06/2012			
Balance at 01/01/2012	27,659,711,136	147,667,340,237	175,327,051,373
Total comprehensive income	-	55,442,129,221	55,442,129,221
Dividend paid	-	(62,400,000,000)	(62,400,000,000)
Balance at 30/06/2012	27,659,711,136	140,709,469,458	168,369,180,594



Tan lam Howi
 General Director

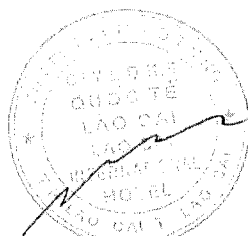
31 October 2012

Tran Quoc Hung
 Deputy General Director

Nguyen Thi Tuyet
 Chief Accountant

STATEMENT OF CASH FLOWS
 For the period from 01/01/2012 to 30/6/2012

	From 01/01/2012 to 30/06/2012	From 01/01/2011 to 30/06/2011
	VND	VND
Cash flows from operating activities		
Profit before tax	74,027,994,734	58,856,745,267
Interest income recognised in profit or loss	(3,139,576,038)	(1,542,420,457)
Interest expenses recognised in profit or loss	-	585,671,903
Depreciation, amortisation and impairment	1,395,792,799	928,242,639
	72,284,211,495	58,828,239,352
Movements in working capital		
Changes in trade and other receivables	(304,092,169)	300,074,373
Changes in inventories	577,409,454	(26,046,600)
Changes in other assets	(66,275,249,116)	(3,065,209,258)
Changes in other financial assets	9,871,361,654	2,347,400,000
Changes in trade and other payables	89,452,535,982	46,499,485,412
Changes in other liabilities	(21,576,890)	524,378,713
Changes in provision	(37,955,100)	(65,687,500)
Payment for bonus and welfare fund	(96,913,600)	-
Cash generated from operations	105,449,731,710	105,342,634,492
Income tax paid	(27,918,667,457)	(14,424,176,965)
Net cash generated by operating activities	77,531,064,253	90,918,457,527
Cash flows from investing activities		
Payments for property, plant and equipment	(76,990,363,905)	(8,254,537,800)
Interest received	3,139,576,038	1,542,420,457
Net cash used in investing activities	(73,850,787,867)	(6,712,117,343)
Cash flows from financing activities		
Dividends paid to owners of the Company	(62,400,000,000)	(32,000,000,000)
Net cash used in financing activities	(62,400,000,000)	(32,000,000,000)
Net decrease in cash and cash equivalents	(58,719,723,614)	52,206,340,184
Cash and cash equivalents at the beginning of the period	227,037,309,854	118,510,899,445
Cash and cash equivalents at the end of the period	168,317,586,240	170,717,239,629



Tan lam Howi
 General Director

Tran Quoc Hung
 Deputy General Director

Nguyen Thi Tuyet
 Chief Accountant

31 October 2012

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Structure of ownership

Lao Cai International Hotel Joint Venture Company ("the Company") was incorporated in Vietnam as a joint venture for 30 years under investment License No.2268/GP dated 19 July 2002 issued by Ministry of Planning and Investment. The third amended license dated 27 February 2009.

The Company's number of employees as at 30/6/2012 was 396 (31/12/2011: 381).

1.2 Operating industry and principal activities

Principal activities of the Company are to operate a 4 – star hotel and provide international recreational services including bonus entertainment activities for foreign customers.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 Amendments to IFRSs affecting amounts reported in the Financial Statements

The following amendments to IFRSs have been applied in the current year and have affected the amounts reported in these financial statements.

Amendments to IFRS 7 Disclosures - Transfers of Financial Assets

The Company has applied the amendments to IFRS 7 Disclosures - Transfers of Financial Assets in the current year.

The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

In the current year, the Company discounted certain trade receivables to a bank for cash. If the trade receivables are not paid at maturity, the bank has the right to request the Company to pay the unsettled balance. As the Company has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as a secured borrowing.

The relevant disclosures have been made regarding the transfer of these trade receivables on application of the amendments to IFRS 7. In accordance with the transitional provisions set out in the amendments to IFRS 7, the Company has not provided comparative information for the disclosures required by the amendments.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Company has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income in advance of the effective date (annual periods beginning on or after 1 July 2012).

The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'.

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.1 Amendments to IFRSs affecting amounts reported in the Financial Statements (continued)

Amendments to IAS 1 Presentation of Financial Statements (as part of the Annual Improvements to IFRSs 2009-2011 Cycle issued in May 2012)

The Company has applied the amendments to IAS 1 as part of the Annual Improvements to IFRSs 2009-2011 Cycle in advance of the effective date (annual periods beginning on or after 1 January 2013).

IAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

2.2 New and revised IFRSs in issue but not yet effective

IFRS 9	Financial Instruments ³
IFRS 10	Consolidated Financial Statements ¹
IFRS 11	Joint Arrangements ¹
IFRS 12	Disclosure of Interests in Other Entities ¹
IFRS 13	Fair Value Measurement ¹
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition
IAS 19 (as revised in 2011)	Employee Benefits ¹
IAS 27 (as revised in 2011)	Separate Financial Statements ¹
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities ²
Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle except for the amendment to IAS 1 ¹ (see note 2.1)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine ¹

(1) Effective for annual periods beginning on or after 1 January 2013.

(2) Effective for annual periods beginning on or after 1 January 2014.

(3) Effective for annual periods beginning on or after 1 January 2015.

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.2 New and revised IFRSs in issue, but not yet effective (continued)

The directors do not anticipate that the application of IFRS 9 will have a significant effect on the Company's financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation - Special Purpose Entities will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return.

Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers will be withdrawn upon the effective date of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs for the first time.

These five standards together with the amendments regarding the transition guidance are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted provided all of these standards are applied at the same time. The directors do not anticipate that the application of these five standards will have a significant effect on the Company's financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors do not anticipate that the application of the new Standard will have a significant effect on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.2 New and revised IFRSs in issue but not yet effective (continued)

Amendments to IFRS 7 and IAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors do not anticipate that the application of these amendments to IAS 32 and IFRS 7 will have a significant effect on the Company's financial statements.

IAS 19 Employee Benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012

The Annual Improvements to IFRSs 2009 - 2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include:

- amendments to IAS 16 Property, Plant and Equipment; and
- amendments to IAS 32 Financial Instruments: Presentation.

Amendments to IAS 16

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to IAS 16 will have a significant effect on the Company's financial statements.

Amendments to IAS 32

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The directors do not anticipate that the amendments to IAS 32 will have a significant effect on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.2 New and revised IFRSs in issue but not yet effective (continued)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognized as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with IAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

IFRIC 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply IFRIC 20 for the first time. However, IFRIC 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. The directors anticipate that IFRIC 20 will have no effect to the Company's financial statements as the Company does not engage in such activities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards.

3.2 Basis of preparation

The Financial Statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These Financial Statements are presented in Vietnam Dong (VND) since that is the currency in which the majority of the Company's transactions are denominated. This is also the functional currency of the Company.

The principal accounting policies are set out below.

3.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of gaming centers

Revenue at the playing table is recognized upon differences between chips at the closing and chips at the opening in each playing table plus (+) chips transferred from the playing table to cage minus (-) chips transferred from the cage to the playing table.

Revenue from business activities by slot machines represents the amount received over the exchange counter less the amount returned to customers.

Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3.3 Revenue recognition (continued)

Sales of goods that result in award credits for customers are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value – the amount for which the award credits could be sold separately. Such consideration is not recognized as revenue at the time of the initial sale transaction – but is deferred and recognized as revenue when the award credits are redeemed and the Company's obligations have been fulfilled.

Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.4 Foreign currencies

In preparing the Financial Statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost of assets other than properties under construction less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3.8 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognised.

3.9 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3.12 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3.12 Financial instruments (continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed redeemable notes held by the Company that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Company also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and held-to-maturity investments) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3.12 Financial instruments (continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3.12 Financial instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

Other financial liabilities

Balances with bankers and financial institutions, borrowings, debt securities and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

4. CRITICAL ACCOUNTING JUDGMENTS

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. REVENUE

	From 01/01/2012 to 30/06/2012	From 01/01/2011 to 30/06/2011
	VND	VND
Gross sales of merchandise and services	130,695,999,908	90,013,620,673
Revenue from Restaurant and Hotel	6,852,601,953	4,720,851,545
Revenue from Casino	123,843,397,955	85,292,769,127
Deductions	28,600,620,629	19,698,536,039
Special Sales Tax	28,600,620,629	19,698,536,039
Net sales of merchandise and service	102,095,379,279	70,315,084,634

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. INVESTMENT INCOME

	From 01/01/2012 to 30/06/2012	From 01/01/2011 to 30/06/2011
	VND	VND
Bank deposit interest	3,139,576,038	1,542,420,457
Foreign exchange gains	2,542,799,018	14,304,793,385
Other financial income	3,618,333	9,154,016
	<u>5,685,993,389</u>	<u>15,856,367,858</u>

7. FINANCIAL COSTS

	From 01/01/2012 to 30/06/2012	From 01/01/2011 to 30/06/2011
	VND	VND
Interest expenses	-	585,671,903
Foreign exchange losses	7,239,375	3,754,001,339
Other financial costs	107,033	12,803,785
	<u>7,346,408</u>	<u>4,352,477,027</u>

8. INCOME TAX EXPENSES

	From 01/01/2012 to 30/06/2012	From 01/01/2011 to 30/06/2011
	VND	VND
Current tax expense	18,585,865,513	14,490,109,729
Income tax expense	<u>18,585,865,513</u>	<u>14,490,109,729</u>

The income tax expense varied from the amount of income tax expense determined by applying the Vietnam corporate income tax rate of 25% to profit before tax as a result of the following differences:

	From 01/01/2012 to 30/06/2012	From 01/01/2011 to 30/06/2011
	VND	VND
Profit before income tax	74,027,994,734	58,856,745,267
Add: foreign exchange loss	315,467,317	-
Less: foreign exchange gain	-	896,306,352
Taxable income	74,343,462,051	57,960,438,915
Ordinary Vietnam corporate income tax rate	25%	25%
Income tax expense at Vietnam corporate income tax rate	<u>18,585,865,513</u>	<u>14,490,109,729</u>
	<u>18,585,865,513</u>	<u>14,490,109,729</u>

LAO CAI INTERNATIONAL HOTEL JOINT VENTURE COMPANY

No. 88 Thuy Hoa street, Duyen Hai Ward
Lao Cai City, Lao Cai Province, Vietnam

Financial Statements
For the period from 01/01/2012 to 30/6/2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Structures	Machinery, equipments	Motor Vehicles	Office Equipment	Others	Construction in progress	Total
	VND	VND	VND	VND	VND	VND	VND	VND
COST								
As at 01/01/2012	1,111,271,562	23,391,699,197	26,568,569,446	3,340,309,694	1,451,387,391	2,019,290,715	50,934,491,688	108,817,019,693
Purchase	-	315,315,000	364,331,600	-	57,616,000	58,324,500	13,727,686,855	14,523,273,955
Other addition	-	-	-	-	52,727,000	-	-	52,727,000
Other decrease	-	-	(62,727,000)	-	-	-	(162,913,590)	(214,740,590)
As at 30/06/2012	1,111,271,562	23,707,014,197	26,880,174,046	3,340,309,694	1,561,730,391	2,077,615,215	64,500,184,953	123,178,280,058
ACCUMULATED DEPRECIATION								
As at 01/01/2012	342,642,022	7,670,665,966	24,638,119,754	533,755,910	837,464,039	359,286,617	-	34,381,954,308
Charge for the period	18,521,190	512,302,663	321,934,136	286,345,632	187,453,716	288,769,978	-	1,615,327,315
Other addition	-	-	-	-	6,590,874	-	-	6,590,874
Disposals	-	-	-	-	-	-	-	-
Other decrease	-	-	(6,590,874)	-	-	-	-	(6,590,874)
As at 30/06/2012	361,163,212	8,182,988,629	24,953,463,016	820,101,542	1,031,508,629	648,056,595	-	35,997,281,623
NET BOOK VALUE								
As at 01/01/2012	768,629,540	15,721,013,231	1,930,449,692	2,806,553,784	613,923,352	1,660,004,098	50,934,491,688	74,435,065,385
As at 30/06/2012	750,108,350	15,524,025,568	1,926,711,030	2,520,208,152	530,221,762	1,429,558,620	64,500,164,953	87,180,998,435

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. INVENTORY

	<u>30/06/2012</u>	<u>31/12/2011</u>
	VND	VND
Raw material	367,405,139	353,548,567
Tool and supplies	1,087,436,328	1,372,899,107
Goods	878,628,750	1,184,431,997
	<u>2,333,470,217</u>	<u>2,910,879,671</u>

11. OTHER ASSETS

	<u>30/06/2012</u>	<u>31/12/2011</u>
	VND	VND
Advances to suppliers	93,139,049,248	28,480,885,015
Value added tax deductibles	-	524,348,951
Other short-term assets	593,160,000	568,450,900
Short-term prepayments	1,002,213,920	521,313,803
Long -term prepayments	3,762,121,298	2,121,228,181
Other non - current assets	383,414,000	388,482,500
	<u>98,879,958,466</u>	<u>32,604,709,350</u>

12. CASH AND BANK BALANCES

For the purpose of preparing the statement of cash flows, cash and bank balances are current asset, which are highly liquid and readily convertible to known amount of cash. Cash and bank balances include:

	<u>30/06/2012</u>	<u>31/12/2011</u>
	VND	VND
Cash on hand	109,235,835,761	84,177,693,882
Cash in bank	8,923,584,860	8,669,217,377
Cash in transit	11,799,571,898	21,373,958,846
Cash equivalent (*)	38,358,593,720	112,816,439,749
	<u>168,317,586,240</u>	<u>227,037,309,854</u>

(*) Cash equivalents are deposits with period less than 03 months at the Bank with an interest rate of 0.5%/year in USD, 12%/year in VND and 2%/year for deposits of less than 1 month for deposits in VND.

13. TRADE AND OTHER PAYABLES

	<u>30/06/2012</u>	<u>31/12/2011</u>
	VND	VND
Trade payables	2,640,532,011	2,589,140,921
Payables to employees	2,561,776,009	3,195,037,802
VAT payables	10,354,235,089	13,188,159,296
Special Sales Tax	32,202,620,629	41,819,957,103
Personal income tax payable	79,357,249	288,849,167
Social insurance, Health insurance	3,438,200	13,038,380
Trade union fees	20,940,200	16,203,000
Short - term deposits	382,831,620	342,523,620
Floating chips (*)	105,497,768,523	65,707,092,315
Other payables	15,044,091	15,044,091
	<u>153,758,543,621</u>	<u>127,175,045,695</u>

(*) Number of floating chips is determined by the difference between the number of the chips registered with State Authorities and the actual chips counted in Casino as at 31 December.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. SHORT – TERM BORROWING

	30/06/2012	31/12/2011
	VND	VND
Donaco Singapore Private Limited (*)	992,766,620	992,766,620
	<u>992,766,620</u>	<u>992,766,620</u>

(*) It represents the loan from Donaco Singapore Private Limited with the amount of USD 47,665. The principal repaid shall be determined annually based on the Amendments. The purpose of this loan is to fund the working capital and it is not secured and non – interest bearing loan.

15. FINANCIAL INSTRUMENTS

(a) *Capital risk management*

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to owner through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt and equity attributable to equity holders of the Company (comprising capital and retained earnings).

Gearing Ratio

The gearing ratio at the end of the reporting period was as follows:

	30/06/2012	31/12/2011
	VND	VND
Debt (i)	992,766,620	992,766,620
Net debt	992,766,620	992,766,620
Equity (ii)	168,369,180,594	175,327,051,373
Debt to equity ratio	0.59%	0.57%

(i) Debt is defined as long- term borrowing and short – term borrowing;

(ii) Equity includes all capital and reserves of the Company that are managed as capital.

(b) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	30/06/2012	31/12/2011
	VND	VND
Financial assets		
Cash and bank balances (including cash and bank balances in a disposal group held for sale)	168,317,586,240	227,037,309,854
Held-to-maturity investments	-	9,871,361,654
Loans and receivables (including trade receivables balance in a disposal group held for sale)	442,229,640	138,137,471
Total	<u>168,759,815,880</u>	<u>237,046,808,979</u>
Financial liabilities		
Amortised cost	154,751,310,241	128,167,812,315
Total	<u>154,751,310,241</u>	<u>128,167,812,315</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FINANCIAL INSTRUMENTS (Continued)

(c) Financial risk management objectives

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. Management establishes policies to identify and analyze the risks faced by the Company to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

(e) Foreign currency risk

Foreign currency risk is the risk to earnings and value of financial instruments caused by fluctuations in foreign exchange rates.

The Company is exposed to movements in the foreign exchange rates from trading and non-trading transactions of its business units. Variations in the foreign exchange rates can lead to capital losses or reduced profit or loss. The Company's exposure to currency risk is controlled and monitored daily by a series of end of day, overnight and dealers' position limits.

During the period, the Company had trading and non-trading transactions denominated in USD, CNY and VND.

The table below summarizes the Company's financial assets and financial liabilities that are denominated in the currencies as well as the functional currency of the Company entities:

	Original currency			Total
	USD	CNY	VND	VND
As at 30/06/2012	Equivalent in VND			
Financial Assets				
Trade and other receivables	416,560,000	-	25,669,640	442,229,640
Other financial assets	-	-	-	-
Cash and bank balances	26,163,240,594	119,953,432,841	22,200,912,805	168,317,586,240
Total	26,579,800,594	119,953,432,841	22,226,582,445	168,759,815,880
Financial Liabilities				
Borrowings	992,766,620	-	-	992,766,620
Trade and other payables	-	106,633,707,803	47,124,835,818	153,758,543,621
Other liabilities	-	-	101,266,110	101,266,110
Total	992,766,620	106,633,707,803	47,226,101,928	154,852,576,351
Foreign exchange position gap	25,587,033,974	13,319,725,038	(24,999,519,483)	13,907,239,529

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FINANCIAL INSTRUMENTS (Continued)

(f) Foreign currency sensitivity analysis:

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items as well as foreign operations and adjusts their translation at the period end for a 10% change in foreign currency rates.

	For the period from 01/01/2012 to 30/06/2012	
	10% increase of USD/VND	10% increase of CNY/VND
Profit impact (VND)	2,568,554,729	15,106,534,949

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(g) Interest rate risk

The Company's exposure to interest rate risk results from potential changes in value of assets and liabilities as a result of movements in interest rates in the financial market in which it operates.

As interest rates change over time, the Company may be exposed to a loss in earnings due to effects of fixed and floating interest rates of these assets and liabilities. As such, the interest rate spread between these two activities is monitored closely on an on-going basis to maximize its yields and minimize its risk profile. A system is in place to track market interest rate movements and to adjust on a timely basis the Company's borrowing and lending rates.

The Management meets periodically to review the risk profile of the Company against the prevailing business and economic conditions, focusing on market and interest rate risks. The Management relates structure of assets and liabilities to funding mismatches and interest rate repricing risks and ensures compliance with ratios, limits and guidelines set by the Board of Management.

Interest rate sensitivity analysis:

As at the end of the reporting period, a 200 basis point increase (decrease) in the interest rate would increase (decrease) profit by:

	30/06/2012	31/12/2011
	VND	VND
Debt instrument		
Increase by 200 bps	-	197,427,233
Decrease by 200 bps	-	(197,427,233)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FINANCIAL INSTRUMENTS (Continued)

(h) Credit risk

Credit risks refer to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collaterals, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the risk management committee annually.

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in its loans and receivable portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures.

Bad debts will be written off when debt recovery is impossible, e.g. borrower has been made bankrupt, or actions have been exhausted. Approval of the Board of Directors as appropriate is required for write-off of bad debts above certain amounts.

The carrying amount of financial assets recorded in the Financial Statements, grossed up for any allowance for losses, represents the Company's maximum exposure to credit risk.

The maximum exposures to credit risk for the Company are as follows:

	30/06/2012	31/12/2011
	VND	VND
Trade and other receivables	442,229,640	138,137,471
Other financial assets (debt instruments)	-	9,871,361,654
Cash and bank balances	<u>168,317,586,240</u>	<u>227,037,309,854</u>
	<u>168,759,815,880</u>	<u>237,046,808,979</u>

(i) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that Company maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet their liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturity for financial assets and financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial assets and financial liabilities in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FINANCIAL INSTRUMENTS (Continued)

The following tables detail the remaining contractual maturity for financial assets and financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial assets and financial liabilities in the statement of financial position.

As at 30/06/2012

	Up to 3 months	Over 3 to 12	Over 1 year to 5	Over 5 years	Adjustment	Total
	VND	months VND	years VND	VND	VND	VND
Financial Assets						
Trade and other receivables	442,229,640	-	-	-	-	442,229,640
Cash and bank balances	168,317,586,240	-	-	-	-	168,317,586,240
Total	168,759,815,880	-	-	-	-	168,759,815,880
Financial Liabilities						
Borrowings	-	992,766,620	-	-	-	992,766,620
Trade and other payables	153,758,543,621	-	-	-	-	153,758,543,621
Current tax liabilities	-	33,232,865,513	-	-	-	33,232,865,513
Other liabilities	101,266,110	-	-	-	-	101,266,110
Total	153,659,809,731	34,225,632,133	-	-	-	188,085,441,864
Net Liquidity Gap	14,900,006,149	(34,225,632,133)	-	-	-	(19,325,625,984)



NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FINANCIAL INSTRUMENTS (Continued)

(i) Fair values versus carrying amounts

The fair value of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follow:

	30/06/2012		31/12/2011	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Financial assets				
Loans and receivables:	442,229,640	442,229,640	138,137,471	138,137,471
- trade and other receivables	442,229,640	442,229,640	138,137,471	138,137,471
Held-to-maturity investments:	-	-	9,871,361,654	9,871,361,654
- debentures	-	-	9,871,361,654	9,871,361,654
Financial liabilities				
Financial liabilities held at amortised cost:	154,751,310,241	154,751,310,241	128,167,812,315	128,167,812,315
- loans from related parties	992,766,620	992,766,620	992,766,620	992,766,620
- trade and other payables	153,758,543,621	153,758,543,621	127,175,045,695	127,175,045,695

16. COMMITMENT

As at 23 August 2012, the Company signed a contract to buy 12 Electronic Gaming Machines from Aristocrat (Macau) PTY. Ltd with the amount of USD 351,294.80.

17. RELATED PARTY

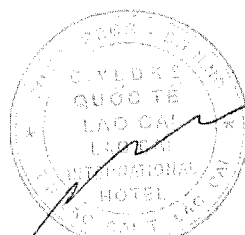
Balances:

	30/06/2012 VND	31/12/2011 VND
Loan from Donaco Singapore Private Limited - Owner of the Company (See note 14)	992,766,620	992,766,620

18. COMPARATIVE INFORMATION

The comparative information presented in the Statement of Financial Position and relevant notes are the figures of audited Financial Statements for the year ended 31 December 2011.

The comparative information presented in the Statement of profit or loss and other comprehensive income, Statement of Changes in Equity, Statement of Cash Flow and relevant notes are the figures for the period from 1 January 2011 to 30 June 2011, which are not audited.



Tan lam Howi
 General Director

31 October 2012

Tran Quoc Hung
 Deputy General Director

Nguyen Thi Tuyet
 Chief Accountant