



**Phu Nhuan Jewelry Joint Stock  
Company and its subsidiaries**

Financial Statements for the year ended  
31 December 2010

**Phu Nhuan Jewelry Joint Stock Company**  
**Corporate Information**

**Business Registration**  
**Certificate No**

0300521758

2 January 2004

The business registration certificate was issued by the Department of Planning and Investment of Ho Chi Minh City and amended several times; the most recent amendment was issued on 16 February 2011.

**Board of Management**

Ms. Cao Thi Ngoc Dung	Chairman
Mr. Nguyen Vu Phan	Vice Chairman
Ms. Nguyen Thi Cuc	Member
Ms. Nguyen Thi Ngo	Member
Mr. Bui Viet	Member (from 8 March 2011)
Mr. Dang Phuoc Dua	Member (until 8 March 2011)

**Board of Directors**

Ms. Cao Thi Ngoc Dung	General Director
Ms. Nguyen Thi Cuc	Deputy General Director
Mr. Nguyen Vu Phan	Deputy General Director
Mr. Le Huu Hanh	Deputy General Director
Mr. Nguyen Tuan Quynh	Deputy General Director

**Registered Office**

170E Phan Dang Luu  
Phu Nhuan District  
Ho Chi Minh City  
Vietnam

**Auditors**

KPMG Limited  
Vietnam



**KPMG Limited**  
10<sup>th</sup> Floor, Sun Wah Tower  
115 Nguyen Hue Street  
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## INDEPENDENT AUDITORS' REPORT

**To the Shareholders**  
**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**

### Scope

We have audited the accompanying consolidated balance sheet of Phu Nhuan Jewelry Joint Stock Company and its subsidiaries ("the Group") and the separate balance sheet of Phu Nhuan Jewelry Joint Stock Company ("the Company") as of 31 December 2010 and the related statements of income, changes in equity and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's management on 30 March 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### Audit opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Phu Nhuan Jewelry Joint Stock Company and its subsidiaries as at 31 December 2009 and of their results of operations and their cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

**KPMG Limited**  
Vietnam  
Investment Certificate No: 011043000345  
Audit Report No: 10-01-208



Ho Chi Minh City, 30 March 2011

  
Ha Vu Dinh  
CPA No. 0414/KTV



Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Balance sheet at 31 December 2010

	Code	Note	The Group		The Company	
			31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
<b>ASSETS</b>						
<b>Current assets</b>	<b>100</b>		<b>1,176,638,742,453</b>	<b>982,017,730,615</b>	<b>1,091,212,414,489</b>	<b>867,823,005,658</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>337,769,093,757</b>	<b>274,965,948,571</b>	<b>317,023,440,697</b>	<b>244,771,724,200</b>
Cash	111		51,495,543,237	88,229,893,131	30,749,890,177	58,035,668,760
Cash equivalents	112		286,273,550,520	186,736,055,440	286,273,550,520	186,736,055,440
<b>Short-term investments</b>	<b>120</b>		<b>-</b>	<b>29,475,000,000</b>	<b>-</b>	<b>29,475,000,000</b>
<b>Accounts receivable</b>	<b>130</b>	<b>5</b>	<b>57,575,438,981</b>	<b>138,191,257,787</b>	<b>41,956,414,537</b>	<b>106,439,924,901</b>
Accounts receivable – trade	131		28,962,855,812	39,023,700,978	16,029,437,397	13,026,558,751
Prepayments to suppliers	132		14,165,423,476	21,221,519,128	11,348,628,701	19,760,327,591
Other receivables	135		16,058,429,474	79,519,332,424	16,174,833,370	75,226,333,302
Allowance for doubtful debts	139		(1,611,269,781)	(1,573,294,743)	(1,596,484,931)	(1,573,294,743)
<b>Inventories</b>	<b>140</b>	<b>6</b>	<b>751,709,044,884</b>	<b>520,649,533,349</b>	<b>718,714,872,670</b>	<b>477,039,657,212</b>
<b>Other current assets</b>	<b>150</b>		<b>29,585,164,831</b>	<b>18,735,990,908</b>	<b>13,517,686,585</b>	<b>10,096,699,345</b>
Short-term prepayments	151		12,765,289,565	6,952,661,989	6,587,463,910	3,555,743,505
Deductible value added tax	152		7,933,589,620	3,847,907,717	-	-
Taxes receivable from State Treasury	154		576,939,248	-	115,590,835	-
Other current assets	158		8,309,346,398	7,935,421,202	6,814,631,840	6,540,955,840

The accompanying notes are an integral part of these financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Balance sheet at 31 December 2010 (continued)

	Code	Note	The Group		The Company	
			31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
<b>Long-term assets</b>	<b>200</b>		<b>1,287,569,967,482</b>	<b>1,043,636,942,969</b>	<b>1,110,647,819,291</b>	<b>865,772,260,671</b>
<b>Fixed assets</b>	<b>220</b>		<b>331,638,373,756</b>	<b>362,827,774,927</b>	<b>293,887,652,439</b>	<b>260,624,885,020</b>
Tangible fixed assets	221	7	96,848,837,225	102,456,222,071	59,355,070,397	48,619,779,375
Cost	222		170,255,698,399	179,485,689,995	114,459,921,911	94,143,089,866
Accumulated depreciation	223		(73,406,861,174)	(77,029,467,924)	(55,104,851,514)	(45,523,310,491)
Intangible fixed assets	227	8	193,164,202,785	210,294,141,155	192,907,248,296	202,582,212,236
Cost	228		193,653,741,363	211,669,894,351	193,276,744,251	202,832,509,251
Accumulated amortisation	229		(489,538,578)	(1,375,753,196)	(369,495,955)	(250,297,015)
Construction in progress	230	9	41,625,333,746	50,077,411,701	41,625,333,746	9,422,893,409
<b>Long-term investments</b>	<b>250</b>	<b>10</b>	<b>749,471,560,231</b>	<b>520,427,787,830</b>	<b>797,419,988,080</b>	<b>592,572,191,080</b>
Investments in subsidiaries	251		-	-	80,000,000,000	90,990,000,000
Investments in associates	252		261,453,501,831	129,730,479,430	230,474,829,680	110,884,882,680
Other long-term investments	258		498,818,058,400	401,497,308,400	497,745,158,400	401,497,308,400
Allowance for diminution in the value of long-term investments	259		(10,800,000,000)	(10,800,000,000)	(10,800,000,000)	(10,800,000,000)
<b>Other long-term assets</b>	<b>260</b>		<b>206,460,033,495</b>	<b>160,381,380,212</b>	<b>19,340,178,772</b>	<b>12,575,184,571</b>
Long-term prepayments	261	12	204,184,834,997	158,917,372,541	18,530,656,111	11,765,661,910
Deferred tax assets	262	13	835,847,692	1,440,007,671	809,522,661	809,522,661
Other long-term assets	244		1,439,350,806	24,000,000	-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>2,464,208,709,935</b>	<b>2,025,654,673,584</b>	<b>2,201,860,233,780</b>	<b>1,733,595,266,329</b>

The accompanying notes are an integral part of these financial statements



Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Balance sheet at 31 December 2010 (continued)

Code	Note	The Group		The Company	
		31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
<b>RESOURCES</b>					
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
300		1,388,651,100,968	1,023,112,370,551	1,197,190,189,172	815,483,568,314
310		1,238,244,894,919	905,374,950,256	1,134,079,358,588	795,908,831,813
311	14	950,160,880,361	667,924,282,992	932,754,017,705	621,165,721,214
312		126,195,900,645	114,450,655,153	40,114,973,072	46,318,496,483
313		7,499,868,870	5,806,792,297	6,336,897,626	4,631,804,900
314	15	18,554,741,321	18,815,119,762	18,300,841,546	10,038,660,363
315		26,829,448,932	4,477,600,706	25,834,751,274	2,736,400,718
316	16	9,974,319,640	13,638,665,427	9,974,319,640	10,611,063,796
319	17	85,484,874,814	44,565,367,975	87,477,958,485	65,759,622,922
323	18	13,544,860,336	35,696,465,944	13,285,599,240	34,647,061,417
<b>Long-term liabilities</b>					
330		150,406,206,049	117,737,420,295	63,110,830,584	19,574,736,501
333		66,789,066,688	65,735,259,799	426,284,500	426,284,500
334	19	80,143,593,277	48,222,514,236	59,211,000,000	15,383,000,000
336	20	3,473,546,084	3,779,646,260	3,473,546,084	3,765,452,001

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Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Balance sheet at 31 December 2010 (continued)

	Code	Note	The Group		The Company	
			31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
<b>EQUITY</b>	400		1,046,885,979,792	955,741,161,339	1,004,670,044,608	918,111,698,015
Equity	410		1,046,885,979,792	955,741,161,339	1,004,670,044,608	918,111,698,015
Share capital	411	21	599,991,420,000	399,999,210,000	599,991,420,000	399,999,210,000
Share premium	412	21	225,008,580,000	425,000,790,000	225,008,580,000	425,000,790,000
Treasury shares	414	21	(7,090,000)	(7,090,000)	(7,090,000)	(7,090,000)
Investment and development funds	417		52,461,168,576	52,698,926,954	31,070,897,000	31,070,897,000
Financial reserves	418		25,704,156,577	25,704,156,577	24,129,654,000	24,129,654,000
Retained profits	420		143,727,744,639	52,345,167,808	124,476,583,608	37,918,237,015
<b>MINORITY INTEREST</b>	439	22	28,671,629,175	46,801,141,694	-	-
<b>TOTAL RESOURCES</b>	440		2,464,208,709,935	2,025,654,673,584	2,201,860,233,780	1,733,595,266,329

Prepared by:



Dang Thi Lai  
Chief Accountant

Cao Thi Ngoc Dung  
General Director

30 MAR 2011

The accompanying notes are an integral part of these financial statements



Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Statement of income for the year ended 31 December 2010

	Code	Note	The Group		The Company	
			2010 VND	2009 VND	2010 VND	2009 VND
Total revenue	01	3	13,798,302,596,222	10,290,503,190,514	13,077,790,334,837	9,625,462,675,283
Less sales deductions	02	3	(45,921,930,526)	(34,203,428,628)	(43,326,504,617)	(34,161,993,758)
Net sales	10		13,752,380,665,696	10,256,299,761,886	13,034,463,830,220	9,591,300,681,525
Cost of sales	11	3	(13,210,528,300,660)	(9,755,444,424,582)	(12,582,230,280,410)	(9,199,860,068,593)
Gross profit	20		541,852,365,036	500,855,337,304	452,233,549,810	391,440,612,932
Financial income	21	23	64,650,321,180	74,014,998,344	77,904,594,375	57,619,629,324
Financial expenses	22	24	(60,390,301,471)	(75,807,391,931)	(55,410,407,231)	(65,064,285,736)
Selling expenses	24		(243,304,931,356)	(185,512,985,806)	(166,504,109,176)	(124,140,261,830)
General and administration expenses	25		(79,166,636,200)	(61,079,143,055)	(60,118,489,521)	(41,984,654,676)
Net operating profit	30		223,640,817,189	252,470,814,856	248,105,138,257	217,871,040,014
Results of other activities	40					
Other income	31	25	30,711,526,150	12,101,550,024	21,569,250,516	4,150,582,716
Other expenses	32	26	(11,902,840,151)	(1,039,248,353)	(11,756,140,090)	(989,665,615)
Share of profit in associates	40	10	21,442,711,729	11,187,254,025	-	-

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Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Statement of income for the year ended 31 December 2010 (continued)

	Code	Note	The Group		The Company	
			2010 VND	2009 VND	2010 VND	2009 VND
Profit before tax	50		263,892,214,917	274,720,370,552	257,918,248,683	221,031,957,115
Income tax expense – current	51	27	(51,946,709,715)	(54,552,299,565)	(51,363,036,090)	(45,738,661,952)
Income tax (expense)/benefit – deferred	52	27	(604,159,979)	(336,191,501)	-	380,378,858
Net profit	60		211,341,345,223	219,831,879,486	206,555,212,593	175,673,674,021
Attributable to:						
Minority interest	61	22	(676,831,791)	15,340,366,447	-	-
Equity holders of the Company	62		212,018,177,014	204,491,513,039	206,555,212,593	175,673,674,021
Earnings per share						
Basic earnings per share	70	28	3,533	3,408	3,443	2,928

Prepared by:

  
Dang Thi Lai  
Chief Accountant

Approved by:

  
Cao Thi Ngoc Dung  
General Director



30 MAR 2011

The accompanying notes are an integral part of these financial statements

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Statement of changes in equity for the year ended 31 December 2010**

The Group	Share capital	Share premium	Treasury shares	Investment and development funds	Financial reserves	Retained profits	Total
	VND	VND	VND	VND	VND	VND	VND
<b>Balance at 1 January 2009</b>	300,000,000,000	525,000,000,000	-	31,728,284,680	15,449,322,840	21,420,892,925	893,598,500,445
Bonus shares issued	99,999,210,000	(99,999,210,000)	-	-	-	-	-
Net profit for the year	-	-	-	-	-	204,491,513,039	204,491,513,039
Treasury shares repurchase	-	-	(7,090,000)	-	-	-	(7,090,000)
Appropriation to funds and reserves	-	-	-	21,525,003,613	10,363,627,186	(53,079,746,192)	(21,191,115,393)
Transfer from funds to retained earnings	-	-	-	(425,337,274)	-	628,488,770	203,151,496
Dividends	-	-	-	-	-	(116,998,818,000)	(116,998,818,000)
Utilisation of reserves	-	-	-	(129,024,065)	(5,850,000)	-	(134,874,065)
Appropriation to non-equity funds	-	-	-	-	-	(4,117,162,734)	(4,117,162,734)
Reduction through business disposal	-	-	-	-	(102,943,449)	-	(102,943,449)
<b>Balance at 1 January 2010</b>	399,999,210,000	425,000,790,000	(7,090,000)	52,698,926,954	25,704,156,577	52,345,167,808	955,741,161,339

*The accompanying notes are an integral part of these financial statements*



Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Statement of changes in equity for the year ended 31 December 2010 (continued)

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development funds VND	Financial reserves VND	Retained profits VND	Total VND
<b>Balance at 1 January 2010</b>	399,999,210,000	425,000,790,000	(7,090,000)	52,698,926,954	25,704,156,577	52,345,167,808	955,741,161,339
Bonus shares issued	199,992,210,000	(199,992,210,000)	-	-	-	-	-
Net profit for the year	-	-	-	-	-	212,018,177,014	212,018,177,014
Appropriation to funds and reserves	-	-	-	-	130,509,333	(75,216,879)	55,292,454
Dividends	-	-	-	-	-	(119,996,866,000)	(119,996,866,000)
Appropriation to non- equity funds	-	-	-	-	-	(563,517,304)	(563,517,304)
Reduction through business disposal	-	-	-	(237,758,378)	(130,509,333)	-	(368,267,711)
<b>Balance at 31 December 2010</b>	599,991,420,000	225,008,580,000	(7,090,000)	52,461,168,576	25,704,156,577	143,727,744,639	1,046,885,979,792

The accompanying notes are an integral part of these financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Statement of changes in equity for the year ended 31 December 2010 (continued)

The Company	Share capital VND	Share premium VND	Treasury shares VND	Investment and development funds VND	Financial reserves VND	Retained profits VND	Total VND
Balance at 1 January 2009	300,000,000,000	525,000,000,000	-	31,070,897,000	15,120,629,000	18,858,200,994	890,049,726,994
Bonus share issued	99,999,210,000	(99,999,210,000)	-	-	-	-	-
Net profit for the year	-	-	-	-	-	175,673,674,021	175,673,674,021
Treasury shares repurchase	-	-	(7,090,000)	-	-	-	(7,090,000)
Appropriation to funds and reserves	-	-	-	-	9,014,875,000	(36,329,501,000)	(27,314,626,000)
Dividends	-	-	-	-	-	(116,998,818,000)	(116,998,818,000)
Utilisation of reserves	-	-	-	-	(5,850,000)	-	(5,850,000)
Appropriation to non- equity funds	-	-	-	-	-	(3,285,319,000)	(3,285,319,000)
Balance at 1 January 2010	399,999,210,000	425,000,790,000	(7,090,000)	31,070,897,000	24,129,654,000	37,918,237,015	918,111,698,015

The accompanying notes are an integral part of these financial statements



Phu Nhuan Jewelry Joint Stock Company  
Statement of changes in equity for the year ended 31 December 2010 (continued)

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development funds VND	Financial reserves VND	Retained profits VND	Total VND
Balance at 1 January 2010	399,999,210,000	425,000,790,000	(7,090,000)	31,070,897,000	24,129,654,000	37,918,237,015	918,111,698,015
Bonus share issued	199,992,210,000	(199,992,210,000)	-	-	-	-	-
Net profit for the year	-	-	-	-	-	206,555,212,593	206,555,212,593
Dividends	-	-	-	-	-	(119,996,866,000)	(119,996,866,000)
<b>Balance at 31 December 2010</b>	<b>599,991,420,000</b>	<b>225,008,580,000</b>	<b>(7,090,000)</b>	<b>31,070,897,000</b>	<b>24,129,654,000</b>	<b>124,476,583,608</b>	<b>1,004,670,044,608</b>

Prepared by:

Dang Thi Lai  
Chief Accountant

Approved by:

Kao Thi Ngoc Dung  
General Director



30 MAR 2011

The accompanying notes are an integral part of these financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Statement of cash flows for the year ended 31 December 2010

	Code	Note	The Group		The Company	
			2010 VND	2009 VND	2010 VND	2009 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Profit before tax	01		263,892,214,917	274,720,370,552	257,918,248,683	221,031,957,115
Adjustments for						
Depreciation and amortisation	02		43,922,848,994	41,018,313,453	15,208,211,655	13,172,203,112
Allowances and provisions	03		57,814,791	2,549,400,200	23,190,188	2,603,892,647
Unrealised foreign exchange losses	04		-	22,808,291,931	-	22,131,194,245
Gain on disposal of fixed assets	05		(2,544,166,131)	(201,736,540)	(2,544,166,131)	(213,265,540)
Gain on transfer of assets to subsidiaries	05		-	-	(2,281,408,704)	(2,281,409,000)
Gain from investments in securities	05		-	(25,893,396,000)	-	(900,000,000)
Gain on disposal of a subsidiary	05		(3,229,607,274)	(1,286,857,437)	(3,458,000,000)	(4,178,163,000)
Dividends and interest income	05		(41,503,821,527)	(33,929,329,028)	(55,962,749,172)	(41,429,423,343)
Gains from investments in securities through trusted fund	05		(15,125,454,250)	(10,342,193,078)	(15,125,454,250)	(10,342,193,078)
Share of profit in associates	05		(21,442,711,729)	(11,187,254,025)	-	-
Interest expense	06		58,801,093,754	41,421,831,862	53,623,329,476	35,701,424,763
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>282,828,211,545</b>	<b>299,677,441,890</b>	<b>247,401,201,745</b>	<b>235,296,217,921</b>
Change in receivables and other current assets	09		53,293,918,839	(105,161,138,461)	61,039,332,936	(57,575,941,699)
Change in inventories	10		(261,578,272,583)	(61,216,882,336)	(241,675,215,458)	(59,983,363,941)
Change in payables and other liabilities	11		62,077,903,873	11,581,239,860	2,118,611,364	(16,378,696,028)
			<b>136,621,761,674</b>	<b>144,880,660,953</b>	<b>68,883,930,587</b>	<b>101,358,216,253</b>

The accompanying notes are an integral part of these financial statements



Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Statement of cash flows for the year ended 31 December 2010 (continued)

	Code	Note	The Group		The Company	
			2010 VND	2009 VND	2010 VND	2009 VND
Interest paid	13		(58,319,330,507)	(39,890,584,302)	(54,105,092,723)	(34,043,289,288)
Corporate income tax paid	14		(51,918,613,481)	(45,712,047,230)	(42,347,212,409)	(41,993,107,219)
Other payments for operating activities	16		(23,312,694,402)	(13,743,552,956)	(21,361,462,177)	(11,445,997,496)
<b>Net cash generated from/(used in) operating activities</b>	<b>20</b>		<b>3,071,123,284</b>	<b>45,534,476,465</b>	<b>(48,929,836,722)</b>	<b>13,875,822,250</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Payments for additions to fixed assets and other long-term assets	21		(112,361,991,985)	(102,468,852,843)	(66,263,175,739)	(34,007,801,836)
Proceeds from disposals of fixed assets	22		13,571,368,595	751,500,000	13,571,368,595	743,500,000
Payments for investments in other entities	25		(217,110,697,000)	(125,568,170,000)	(222,337,797,000)	(112,824,881,000)
Proceeds from investments in other entities	26		29,675,000,000	59,393,497,000	29,675,000,000	5,650,000,000
Receipts of interest and dividends	27		51,388,081,132	33,929,329,028	55,962,749,172	41,429,423,343
Receipt from investment through trusted fund	27		15,125,454,250	10,342,193,078	15,125,454,250	10,342,193,078
Proceed from disposal of subsidiary, net of cash disposed			16,390,530,450	21,137,863,351	20,748,000,000	21,450,800,000
<b>Net cash used in investing activities</b>	<b>30</b>		<b>(203,322,254,558)</b>	<b>(102,482,640,386)</b>	<b>(153,518,400,722)</b>	<b>(67,216,766,415)</b>

The accompanying notes are an integral part of these financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Statement of cash flows for the year ended 31 December 2010 (continued)

	Code	Note	The Group		The Company	
			2010 VND	2009 VND	2010 VND	2009 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Treasury shares repurchases	31		-	(7,090,000)	-	(7,090,000)
Proceeds from short-term and long-term borrowings	33		6,599,955,894,699	3,836,446,956,347	6,515,652,194,699	3,589,602,743,108
Payments to settle debts	34		(6,254,018,176,391)	(3,613,830,205,036)	-	(3,386,915,781,612)
Payments of dividends to minority interest	35		(2,167,099,298)	(4,092,849,000)	(6,160,235,898,208)	-
Payments of dividends	36		(80,716,342,550)	(96,911,091,000)	(80,716,342,550)	(137,086,545,000)
<b>Net cash generated from financing activities</b>	<b>40</b>		<b>263,054,276,460</b>	<b>121,605,721,311</b>	<b>274,699,953,941</b>	<b>65,593,326,496</b>
<b>Net cash flows during the year</b>	<b>50</b>		<b>62,803,145,186</b>	<b>64,657,557,390</b>	<b>72,251,716,497</b>	<b>52,427,836,331</b>
Cash and cash equivalents at the beginning of the year	60	4	274,965,948,571	210,458,127,512	244,771,724,200	191,816,526,514
Effect of exchange rate fluctuations on cash and cash equivalents	61		-	(149,736,331)	-	527,361,355
<b>Cash and cash equivalents at the end of the year</b>	<b>70</b>	<b>4</b>	<b>337,769,093,757</b>	<b>274,965,948,571</b>	<b>317,023,440,697</b>	<b>244,771,724,200</b>

The accompanying notes are an integral part of these financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Statement of cash flows for the year ended 31 December 2010 (continued)

**NON-CASH INVESTING ACTIVITIES**

Please see Note 11 for assets and liabilities disposed through business disposal.

Prepared by:



Dang Thi Lai  
Chief Accountant

Approved by:



Cao Thi Ngoc Dung  
General Director

30 MAR 2011



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010**

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

**1. Reporting Entity**

Phu Nhuan Jewelry Joint Stock Company ("the Company") is a joint stock company incorporated in Vietnam. The consolidated financial statements of the Company for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. The principal activities of the Company are to trade gold, silver, jewelry and gemstones; import and export jewelry in gold, silver and gemstones; provide foreign exchange services; explore and extract gold, silver and gemstones.

As at 31 December 2010 the Group had 2,340 employees (31/12/2009: 2,704 employees); the Company had 2,045 employees (31/12/2009: 1,833 employees).

**2. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Group and the Company in the preparation of these financial statements.

**(a) Basis of financial statement preparation**

**(i) General basis of accounting**

The financial statements, expressed in Vietnam Dong ("VND"), have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect method.

**(ii) Basis of consolidation**

*Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

*Associates (equity accounted investees)*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

*Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

**(b) Fiscal year**

The fiscal year of the Group and the Company is from 1 January to 31 December.

**(c) Foreign currency transactions**

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling at the transaction dates. All realised and unrealised foreign exchange differences are recorded in the statement of income.

All foreign exchange differences are recorded in the statement of income in accordance with Vietnamese Accounting Standard No. 10 ("VAS 10") – *The Effects of Changes in Foreign Exchange Rates*.

**(d) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are gold and short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value.



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**(e) Investments**

Investments in term deposits, debt instruments and equity instruments of entities over which the Group has no control or significant influence are stated at cost. Allowance is made for reductions in investment values which in the opinion of the management are not temporary. The allowance is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

**(f) Accounts receivable**

Trade and other receivables are stated at cost less allowance for doubtful debts.

**(g) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventory.

**(h) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings	3 – 25 years
▪ machinery and equipment	3 – 15 years
▪ office equipment	3– 8 years
▪ motor vehicles	4 – 10 years

**(i) Intangible fixed assets**

**(i) Land use rights**

Land use rights consist of freehold and leasehold land use rights. Freehold land use rights are stated at cost and are not amortized. Leasehold land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right. Amortisation on leasehold land is computed on a straight-line basis over the term of the lease.

**(ii) Software**

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 3 years.

**(j) Construction in progress**

Construction in progress represents the cost of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

**(k) Long-term prepayments**

**(i) Gas cylinders**

Gas cylinders are initially stated at cost, and are amortised on a straight line basis over 10 years.

**(ii) Prepaid house rentals**

Prepaid house rentals are recognised in the statement of income on a straight-line basis over the term of the lease from 1 to 5 years.

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**(iii) Prepaid land cost**

Prepaid land costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the statement of income on a straight-line basis over the term of the lease of 40 years.

**(iv) Others**

Other long-term prepayments mainly represent office equipment which does not qualify for recognition as tangible fixed assets under Vietnamese regulations as they cost less than VND10 million each. The office equipment is classified as long-term prepayments and is amortised on a straight-line basis over 3 years.

**(l) Trade and other payables**

Trade and other payables are stated at their cost.

**(m) Provisions**

A provision is recognised if, as a result of a past event, the Group and the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(n) Bonus and welfare funds**

Allocation is made to bonus and welfare funds from retained earnings annually based on shareholders' resolution. This fund is used exclusively to pay bonus and welfare to the Group's staff. Payments from bonus and welfare funds are not charged to the statement of income.

**(o) Other long-term liabilities**

Other long-term liabilities mainly represent deposits on gas cylinders. The deposits on gas cylinders are stated at the original deposit amount less charges to the depositors for their usages of the cylinders. The annual charge (i.e. the amount released as a credit to the income statement) is equal to the amortisation charge on the gas cylinders.



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**(p) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(q) Share capital**

**(i) Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

**(ii) Treasury shares**

When share capital recognised as equity is purchased, the amount of the consideration paid, which includes directly attributable cost, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

**(r) Equity funds and reserves**

Allocation was made to equity funds and reserves based on the shareholders decision at their annual general meeting.



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**(s) Revenue**

**(i) Goods sold**

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

**(ii) Services rendered**

Revenue from services rendered is recognised in the statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(iii) Processing services**

Revenue from processing services is recognised in the statement of income when the goods have been processed and accepted by the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(t) Operating lease payments**

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

**(u) Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying tangible fixed assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

**(v) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**(w) Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those in other segments. The Group's primary format for segment reporting is based on its business segments. The Group operates in one single geography segment, which is Vietnam.

**(x) Off balance sheet items**

Amounts which are defined as off balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these financial statements.



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**3. Segment reporting**

**(a) Business segments**

The Group comprises the following main business segments:

	Jewelry		Gas and gas cylinders		Fisheries		Elimination		Consolidated	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Segment sales	13,147,992,146,870	9,625,906,882,540	568,865,576,963	475,733,323,321	109,656,282,076	200,261,355,397	(28,211,409,687)	(11,398,370,744)	13,798,302,596,222	10,290,503,190,514
Less segment sale deductions	(45,878,677,653)	(34,163,577,238)	-	-	(43,252,873)	(39,851,390)	-	-	(45,921,930,526)	(34,203,428,628)
Segment cost of sales	(12,626,261,623,245)	(9,200,219,584,279)	(518,494,131,667)	(399,509,199,974)	(93,450,853,197)	(166,295,177,539)	27,678,307,449	10,579,537,210	(13,210,528,300,660)	(9,755,444,424,582)
Segment gross profit	475,851,845,972	391,523,721,023	50,371,445,296	76,224,123,347	16,162,176,006	33,926,326,468	(533,102,238)	(818,833,534)	541,852,365,036	500,855,337,304
Segment result	237,532,916,491	227,349,187,790	(1,716,818,714)	31,295,914,084	2,059,544,048	8,295,020,911	313,841,654	(1,614,612,671)	238,189,483,479	265,325,510,114
Unallocated revenue									64,650,321,180	74,014,998,344
Unallocated expenses									(60,390,301,471)	(75,807,391,931)
Capital expenditure	66,296,692,603	34,068,127,472	44,093,682,136	64,725,043,667	556,266,440	3,651,681,704	(574,623,277)	-	110,372,017,902	102,444,852,843
Depreciation	11,207,655,754	9,486,041,403	2,930,297,007	3,864,554,875	2,166,956,165	3,991,565,966	-	-	16,304,908,926	17,342,162,244
Amortization	4,016,841,586	3,686,161,709	25,468,941,242	19,687,353,550	413,565,944	302,635,950	(2,281,408,704)	-	27,617,940,068	23,676,151,209



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

	Jewelry		Gas and gas cylinders		Fisheries		Consolidated	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Segment assets	1,424,621,498,549	1,114,609,642,578	290,115,651,155	251,568,867,381	-	109,573,375,795	1,714,737,149,704	1,475,751,885,754
Unallocated segment assets	740,695,621,622		8,775,938,609				749,471,560,231	549,902,787,830
							2,464,208,709,935	2,025,654,673,584
Segment liabilities	(1,203,182,553,392)	(738,158,201,794)	(185,468,547,576)	(152,721,632,959)	-	(76,536,069,854)	(1,388,651,100,968)	(987,415,904,607)

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**4. Cash and cash equivalents**

	The Group		The Company	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Cash on hand	24,607,085,313	11,828,104,182	22,950,658,818	9,385,107,469
Cash in banks	26,657,052,846	75,944,357,820	7,567,826,281	48,583,819,333
Cash in transit	231,405,078	457,431,129	231,405,078	66,741,958
Cash equivalents	286,273,550,520	186,736,055,440	286,273,550,520	186,736,055,440
	337,769,093,757	274,965,948,571	317,023,440,697	244,771,724,200

As at 31 December 2010, cash and cash equivalents of the Group included amounts denominated in currencies other than VND of VND358 million (31/12/2009: VND24 billion); cash and cash equivalents of the Company included amounts denominated in currencies other than VND of VND341 million (31/12/2009: VND17 billion).

**5. Accounts receivable**

Other receivables comprised:

	The Group		The Company	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Entrusting contract	5,088,237,418	68,440,824,976	5,088,237,418	68,440,824,976
Loans to a subsidiary	-	-	3,800,000,000	-
Receivables from Trade Union	-	802,479,644	-	802,479,644
Loans to an associate	1,500,000,000	-	1,500,000,000	-
Receivables from pawning services	1,974,100,000	2,044,045,000	1,974,100,000	2,044,045,000
Loans to shareholders	-	3,830,304,190	-	-
Others	7,496,092,056	4,401,678,614	3,812,495,952	3,938,983,682
	16,058,429,474	79,519,332,424	16,174,833,370	75,226,333,302



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

Entrusting contract represented cash balances in the Company's accounts at entrusted party and investments in shares of other entities by entrusted party on the Group's behalf and are stated at cost. No impairment was recognised as the aggregate market value of these shares at 31 December 2010 was higher than cost.

Loans to a subsidiary and an associate were unsecured, interest free and repayable at call.

Movements in the allowance for doubtful debts during the year were as follows:

	The Group		The Company	
	2010 VND	2009 VND	2010 VND	2009 VND
Opening balance	1,573,294,743	721,092,873	1,573,294,743	721,092,873
Increase in allowance during the year	37,975,038	911,257,776	23,190,188	911,257,776
Written back	-	(59,055,906)	-	(59,055,906)
Closing balance	1,611,269,781	1,573,294,743	1,596,484,931	1,573,294,743

**6. Inventories**

	The Group		The Company	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Goods in transit	365,167,709	89,010,500	365,167,709	89,010,500
Raw materials	8,788,552,862	12,293,324,813	8,788,552,862	7,618,548,866
Tools and supplies	7,484,186,818	5,408,682,532	7,474,954,137	5,122,601,305
Work in progress	5,885,590,856	4,093,837,930	5,885,590,856	4,031,573,511
Finished goods	30,967,036,089	47,838,397,836	30,967,036,089	25,955,783,651
Merchandise inventories	653,715,317,110	442,637,079,173	620,760,507,486	426,176,441,321
Goods on consignment	44,503,193,440	8,289,200,565	44,473,063,531	8,045,698,058
	751,709,044,884	520,649,533,349	718,714,872,670	477,039,657,212

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**7. Tangible fixed assets**

**The Group**

	<b>Buildings VND</b>	<b>Machinery and equipment VND</b>	<b>Office equipment VND</b>	<b>Motor vehicles VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	60,960,203,597	88,846,097,667	10,037,204,348	19,642,184,383	179,485,689,995
Additions	91,913,354	10,617,860,262	2,040,939,288	3,760,722,732	16,511,435,636
Transfer from construction in progress	20,346,494,075	8,730,261,030	-	-	29,076,755,105
Disposals	(2,078,286,949)	(793,446,971)	-	(209,532,590)	(3,081,266,510)
Decreases through business disposal	(24,813,500,249)	(24,118,729,377)	(1,158,329,683)	(1,646,356,518)	(51,736,915,827)
Closing balance	54,506,823,828	83,282,042,611	10,919,813,953	21,547,018,007	170,255,698,399
<b>Accumulated depreciation</b>					
Opening balance	19,908,250,166	40,599,632,780	6,475,021,340	10,046,563,638	77,029,467,924
Charge for the year	3,383,984,719	9,339,875,969	1,843,939,758	1,737,108,480	16,304,908,926
Disposals	(994,877,918)	(444,705,903)	-	(170,245,225)	(1,609,829,046)
Decreases through business disposal	(12,388,511,376)	(4,826,478,317)	(540,848,498)	(561,848,439)	(18,317,686,630)
Closing balance	9,908,845,591	44,668,324,529	7,778,112,600	11,051,578,454	73,406,861,174
<b>Net book value</b>					
Closing balance	44,597,978,237	38,613,718,082	3,141,701,353	10,495,439,553	96,848,837,225
Opening balance	41,051,953,431	48,246,464,887	3,562,183,008	9,595,620,745	102,456,222,071

Included in the cost of tangible fixed assets were assets costing VND27,558 million which were fully depreciated as of 31 December 2010 (31/12/2009: VND19,305 million), but which are still in active use.

At 31 December 2010 tangible fixed assets with a carrying value of VND31,255 million (31/12/2009: VND28,744 million) were pledged with banks as security for loans granted to the Group.



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**The Company**

	<b>Buildings VND</b>	<b>Machinery and equipment VND</b>	<b>Office equipment VND</b>	<b>Motor vehicles VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	24,393,010,344	54,853,880,611	8,718,309,352	6,177,889,559	94,143,089,866
Additions	49,999,914	10,236,089,131	1,958,270,738	2,062,845,363	14,307,205,146
Transfer from construction in progress	9,090,893,409	-	-	-	9,090,893,409
Disposals	(2,078,286,949)	(793,446,971)	-	(209,532,590)	(3,081,266,510)
Closing balance	31,455,616,718	64,296,522,771	10,676,580,090	8,031,202,332	114,459,921,911
<b>Accumulated depreciation</b>					
Opening balance	3,649,483,407	32,350,869,437	5,929,892,026	3,593,065,621	45,523,310,491
Charge for the year	1,527,765,035	7,258,125,052	1,707,361,789	698,118,193	11,191,370,069
Disposals	(994,877,918)	(444,705,903)	-	(170,245,225)	(1,609,829,046)
Closing balance	4,182,370,524	39,164,288,586	7,637,253,815	4,120,938,589	55,104,851,514
<b>Net book value</b>					
Closing balance	27,273,246,194	25,132,234,185	3,039,326,275	3,910,263,743	59,355,070,397
Opening balance	20,743,526,937	22,503,011,174	2,788,417,326	2,584,823,938	48,619,779,375

Included in the cost of tangible fixed assets were assets costing VND26,851 million which were fully depreciated as of 31 December 2010 (31/12/2009: VND17,318 million), but which are still in active use.

At 31 December 2010 tangible fixed assets with a carrying value of VND11,419 million (31/12/2009: VND1,909 million) were pledged with banks as security for loans granted to the Company.

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**8. Intangible fixed assets**

**The Group**

	<b>Land use right VND</b>	<b>Software VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening balance	210,840,537,638	829,356,713	211,669,894,351
Additions	-	39,612,012	39,612,012
Disposals	(9,555,765,000)	-	(9,555,765,000)
Decreases through business disposal	(8,500,000,000)	-	(8,500,000,000)
Closing balance	192,784,772,638	868,968,725	193,653,741,363
<b>Accumulated amortisation</b>			
Opening balance	1,086,094,586	289,658,610	1,375,753,196
Charge for the year	94,443,012	199,879,968	294,322,980
Decrease through business disposal	(1,180,537,598)	-	(1,180,537,598)
Closing balance	-	489,538,578	489,538,578
<b>Net book value</b>			
Closing balance	192,784,772,638	379,430,147	193,164,202,785
Opening balance	209,754,443,052	539,698,103	210,294,141,155



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**The Company**

	Land use right VND	Software VND	Total VND
<b>Cost</b>			
Opening balance	202,340,537,638	491,971,613	202,832,509,251
Disposals	(9,555,765,000)	-	(9,555,765,000)
Closing balance	192,784,772,638	491,971,613	193,276,744,251
<b>Accumulated amortisation</b>			
Opening balance	-	250,297,015	250,297,015
Charge for the year	-	119,198,940	119,198,940
Closing balance	-	369,495,955	369,495,955
<b>Net book value</b>			
Closing balance	192,784,772,638	122,475,658	192,907,248,296
Opening balance	202,340,537,638	241,674,598	202,582,212,236

At 31 December 2010 intangible fixed assets of the Group and Company with a carrying value of VND106,543 million (31/12/2009: VND17,008 million) were pledged with banks as security for loans granted to the Company.

**9. Construction in progress**

	The Group		The Company	
	2010 VND	2009 VND	2010 VND	2009 VND
Opening balance	50,077,411,701	25,124,318,854	9,422,893,409	13,164,071,681
Additions during the year	46,198,863,178	50,393,427,973	43,724,008,757	8,520,336,239
Transfer to tangible fixed assets	(29,076,755,105)	(24,350,497,295)	(9,090,893,409)	(12,261,514,511)
Transfer to long-term prepayments	(25,574,186,028)	(1,089,837,831)	(2,430,675,011)	-
Closing balance	41,625,333,746	50,077,411,701	41,625,333,746	9,422,893,409

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**10. Long-term investments**

	The Company	
	31/12/2010 VND	31/12/2009 VND
Long-term equity investments in subsidiaries:		
▪ Dai Viet Energy Joint Stock Company ("Dai Viet") (a)	70,000,000,000	70,000,000,000
▪ SG Fisheries Joint Stock Company ("SG Fisco")	-	17,290,000,000
▪ CAO Fashion Company Limited ("CAO") (b)	10,000,000,000	3,700,000,000
▪ PNJ Laboratory Company Limited ("PNJL") (c)	-	-
	80,000,000,000	90,990,000,000

a. This represents 70% of the shares of Dai Viet, a company incorporated in Vietnam. The principal activities of Dai Viet are to trade gasoline, gas cookers, machinery and equipment in oil and gas industry; provide transportation services, trade in oil, lubricant and petrol-chemical products.

b. This represents 100% of the shares of CAO, a company incorporated in Vietnam. The principal activities of CAO are to produce and trade in fashion products such as suitcases, handbag, wallet, footwear, clothes cosmetic and perfume, watches, sunglasses; produce and trade in silver and gold jewellery; trade in souvenir, knit products, arts and crafts products; import and export art and craft products.

c. As at 31 December 2010, the Company has not contributed share capital to this subsidiary. The principal activities of PNJL are to provide jewelry inspection and consultancy services and trade inspection machinery and equipment.

Movements of investments in subsidiaries during the year were as follows:

	The Company	
	2010 VND	2009 VND
Opening balance	90,990,000,000	104,562,637,000
New investments during the year	6,300,000,000	3,700,000,000
Disposals during the year	(17,290,000,000)	(17,272,637,000)
Closing balance	80,000,000,000	90,990,000,000



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

	The Group		The Company	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Long-term equity investments in associates:				
▪ Dong A Land Joint Stock Company ("Dong A Land") (d)	89,039,291,026	71,965,739,593	91,866,300,000	70,066,300,000
▪ Sai Gon Fuel Joint Stock Company ("Saigon Fuel") (e)	164,711,172,196	49,926,514,956	138,608,529,680	40,818,582,680
▪ Hong Vina Gas Cylinders Co., Ltd ("Hong Vina") (f)	7,703,038,609	7,838,224,881	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	261,453,501,831	129,730,479,430	230,474,829,680	110,884,882,680

d. This represents 30.62% of the shares of Dong A Land, a company incorporated in Vietnam. The principal activities of Dong A Land are to provide designing services, project management, building services for constructions; provide real estate consultant services and real estate agency; trade building and interior materials.

e. This represents 49.99% of the shares of Saigon Fuel, a listed company incorporated in Vietnam. The principal activities of Saigon Fuel are to trade oils and gas products; trade tools, supplies and machineries for oil and gas; produce and trade agriculture products; import, produce and trade wooden products; transportation service, rental and construction services.

f. This represents 35% of the shares of Hong Vina, a company incorporated in Vietnam, held by Dai Viet Energy Joint Stock Company which is a 70% owned subsidiary of the Company. The principal activities of Hong Vina, are to produce and trade gas cylinders; pressure cylinders and the accessories and spare parts of these products; provide gas cylinders repair and maintenance services.

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

Movement of investments in associates during the year were:

	The Group		The Company	
	2010 VND	2009 VND	2010 VND	2009 VND
Opening balance	129,730,479,430	79,000,021,680	110,884,882,680	79,000,021,680
Capital contribution	119,589,947,000	39,392,641,000	119,589,947,000	31,884,861,000
Share of profit in associates	22,017,335,006	11,337,816,750	-	-
Dividend received during the year	(9,884,259,605)	-	-	-
Closing balance	261,453,501,831	129,730,479,430	230,474,829,680	110,884,882,680

	The Group		The Company	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Other long-term investments in:				
▪ DongA Bank shares	356,775,363,400	272,083,613,400	356,775,363,400	272,083,613,400
▪ Saigon M&C Real Estate Joint Stock Company shares	65,380,375,000	65,380,375,000	65,380,375,000	65,380,375,000
▪ Kinh Do Land Corporation shares	23,000,000,000	23,000,000,000	23,000,000,000	23,000,000,000
▪ Que Huong Liberty Joint Stock Company shares	40,833,320,000	40,833,320,000	40,833,320,000	40,833,320,000
▪ Que Huong Liberty Joint Stock Company convertible bonds (g)	1,666,600,000	-	1,666,600,000	-
▪ Government bonds	-	200,000,000	-	200,000,000
▪ Investment cooperation contract (h)	10,089,500,000	-	10,089,500,000	-
▪ Others	1,072,900,000	-	-	-
	498,818,058,400	401,497,308,400	497,745,158,400	401,497,308,400



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

- g. This represents 8,333 convertible bonds issued by Que Huong Liberty Joint Stock Company. These bonds have par value of VND100,000, interest free and will be converted into shares on 26 December 2012 at the conversion rate of 1:10.
- h. This represents amounts advanced according to an investment corporation contracts to develop a piece of land at 8 Hoang Minh Giam, Phu Nhuan District, Ho Chi Minh city with Vietnam Festival Travel Company Limited and Dong A Land, an associate. The main purpose of the project is to construct and exploit a complex for hotel, business and apartments centre at 8 Hoang Minh Giam, Phu Nhuan District, Ho Chi Minh City. As at 31 December 2010, the investors of this project are still in the progress to obtain the approval for the construction from local authority.

As at 31 December 2010, other long-term investments included Dong A Bank shares with carrying amount of VND257 billion (31/12/2009: VND205 billion) pledged with a bank as security for loans granted to the Company.

<b>The Group/Company</b>	
<b>2010</b>	<b>2009</b>
<b>VND</b>	<b>VND</b>

Allowance for diminution in value of long-term investments	(10,800,000,000)	(10,800,000,000)
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There is no movement in the allowance for diminution in value of long-term investments during the year.

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**11. Group entities**

The following is a list of subsidiaries and associates as at 31 December 2010:

Name	Address	31/12/2010		31/12/2009	
		% of ownership	% of voting right	% of ownership	% of voting right
<b>Subsidiaries</b>					
Dai Viet Energy Joint Stock Company	176/6 Duong Quang Ham, Ward No. 5, Go Vap District, Ho Chi Minh City	70.00%	70.00%	70.00%	70.00%
S.G Fisheries Joint Stock Company	C24-24B/II, Street No. 2F, Vinh Loc Industrial Zone, Binh Chanh District, Ho Chi Minh City	-	-	57.63%	57.63%
CAO Fashion Company Limited	170E Phan Dang Luu Phu Nhuan District Ho Chi Minh City	100.00%	100.00%	-	-
PNJ Laboratory Company Limited	205 Phan Dang Luu Phu Nhuan District Ho Chi Minh City	100.00%	100.00%	100.00%	100.00%
<b>Associates</b>					
Dong A Land Joint Stock Company	432R/12 Ho Van Hue, Ward No.9, Phu Nhuan District, Ho Chi Minh City	30.62%	30.62%	23.36%	23.36%
Sai Gon Fuel Joint Stock Company	1A Pham Ngoc Thach, District No.1, Ho Chi Minh City	49.99%	49.99%	22.72%	22.72%
Hong Vina Gas Cylinders Co., Ltd	295/71 An Duong Vuong, District No.6, Ho Chi Minh City	24.50%	24.50%	24.50%	24.50%



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

During the year, the Company disposed a subsidiary – S.G Fisheries Joint Stock Company as at 30 June 2010, the details of the transaction were as follows:

	VND
<b>Net assets of the subsidiary at disposal date</b>	
<b>Assets</b>	
Cash and cash equivalents	4,357,469,550
Accounts receivable	13,894,617,972
Inventories	30,518,761,048
Other current assets	3,276,124,090
Fixed assets	40,738,691,599
Other long term assets	605,213,560
<b>Liabilities</b>	
Short-term borrowings	(22,953,700,000)
Accounts payable – trade	(23,620,405,022)
Other current liabilities	(6,220,992,884)
Long-term liabilities	(8,826,341,898)
<b>Net assets at disposal date</b>	<b>31,769,438,015</b>
Minority interest	(13,882,777,578)
	<b>17,886,660,437</b>
Proceeds from disposal	20,748,000,000
	<b>2,861,339,563</b>
Add:	
Investment and development fund	237,758,378
Financial reserves	130,509,333
<b>Net gain on disposal of subsidiary</b>	<b>3,229,607,274</b>

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**12. Long-term prepayments**

<b>The Group</b>	<b>Gas cylinders VND</b>	<b>House rental VND</b>	<b>Prepaid land cost VND</b>	<b>Others VND</b>	<b>Total VND</b>
Opening balance	146,096,960,138	5,653,286,100	1,624,963,450	5,542,162,853	158,917,372,541
Additions	38,560,367,425	-	5,761,233,323	2,725,883,051	47,047,483,799
Unrealised profit	574,623,277	-	-	-	574,623,277
Transfer from constructions in progress	-	-	23,143,511,017	2,430,675,011	25,574,186,028
Amortisation for the year	(22,697,996,047)	(2,209,719,000)	(583,410,789)	(1,832,491,252)	(27,323,617,088)
Decrease through business disposal	-	-	-	(605,213,560)	(605,213,560)
<b>Closing balance</b>	<b>162,533,954,793</b>	<b>3,443,567,100</b>	<b>29,946,297,001</b>	<b>8,261,016,103</b>	<b>204,184,834,997</b>

At 31 December 2010 long-term prepayments of the Group with a carrying value of VND22,787 million (31/12/2009: Nil) were pledged with bank as security for loan granted to a subsidiary.

**The Company**

	<b>House rental VND</b>	<b>Prepaid land cost VND</b>	<b>Others VND</b>	<b>Total VND</b>
Opening balance	5,653,286,100	1,624,963,450	4,487,412,360	11,765,661,910
Additions	-	5,761,233,323	2,470,728,513	8,231,961,836
Transfer from construction in progress	-	-	2,430,675,011	2,430,675,011
Amortisation for the year	(2,209,719,000)	(227,356,773)	(1,460,566,873)	(3,897,642,646)
<b>Closing balance</b>	<b>3,443,567,100</b>	<b>7,158,840,000</b>	<b>7,928,249,011</b>	<b>18,530,656,111</b>



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**13. Deferred tax assets**

	The Group		The Company	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Provision for severance allowance	941,363,000	941,363,000	941,363,000	941,363,000
Unrealised profits on intra Group sale	26,325,031	630,485,010	-	-
Unrealised foreign exchange gain	(131,840,339)	(131,840,339)	(131,840,339)	(131,840,339)
Deferred tax assets	835,847,692	1,440,007,671	809,522,661	809,522,661

The deductible temporary differences do not expire under current tax legislation.

**14. Short-term borrowings**

	The Group		The Company	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Short-term borrowings				
▪ Dominated in USD	114,289,500,000	26,817,000,000	114,289,500,000	26,817,000,000
▪ Dominated in VND	129,758,888,666	134,815,390,570	116,758,888,666	92,415,390,570
▪ Dominated in Gold	685,633,629,039	501,218,330,644	685,633,629,039	501,218,330,644
	929,682,017,705	662,850,721,214	916,682,017,705	620,450,721,214
Current portion of long-term borrowings (Note 19)	20,478,862,656	5,073,561,778	16,072,000,000	715,000,000
	950,160,880,361	667,924,282,992	932,754,017,705	621,165,721,214

At 31 December 2010 the Company's short-term loans included VND478,140 million (31/12/2009: VND319,962 million) which are unsecured and VND438,542 million (31/12/2009: VND300,488 million) secured by the Company's Dong A Bank shares with carrying amount of VND257 billion (31/12/2009: VND205 billion).

As 31 December 2010, the subsidiaries' bank loans included VND13,000 million (31/12/2009: VND14,400 million) which are guaranteed by the Company.

The borrowings from banks and individuals in USD, VND and gold bore interest at rates ranging from 5.80% to 7.00% (2009: from 5.50% to 7.50%), 8.40% to 18.60% (2009: 9.80% to 12.00%) and 2.40% to 7.90% (2009: 5.40% to 7.90%) per annum during the year, respectively.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Notes to the financial statements for the year ended 31 December 2010 (continued)

15. Taxes payable to State Treasury

	The Group		The Company	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Value added tax	2,376,746,232	2,837,398,135	2,140,676,808	2,825,995,746
Corporate income tax	15,950,917,478	15,650,050,638	15,950,917,478	6,935,093,797
Other taxes	227,077,611	327,670,989	209,247,260	277,570,820
	18,554,741,321	18,815,119,762	18,300,841,546	10,038,660,363

16. Accrued expenses

	The Group		The Company	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Interest expenses	2,085,914,946	2,567,678,193	2,085,914,946	2,567,678,193
Bonus and 13 <sup>th</sup> month salary	-	2,025,352,570	-	-
Promotion, discount expenses	7,259,713,748	4,130,255,519	7,259,713,748	3,129,326,822
Professional fee	-	388,059,000	-	388,059,000
House rental	628,690,946	1,137,620,410	628,690,946	1,137,620,410
Loss on gold trading	-	1,794,069,934	-	1,794,069,934
Loss on forward contract	-	1,279,500,000	-	1,279,500,000
Others	-	316,129,801	-	314,809,437
	9,974,319,640	13,638,665,427	9,974,319,640	10,611,063,796



Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Notes to the financial statements for the year ended 31 December 2010 (continued)

17. Other payables

	The Group		The Company	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Trade union fees	2,241,645,600	1,284,787,522	1,848,551,703	910,520,322
Social insurance	174,599,314	540,544,945	107,893,103	473,018,826
Health insurance	338,235,803	444,854,097	337,917,867	427,194,177
Dividends	61,341,637,152	21,059,613,000	60,340,136,450	21,059,613,000
Unearned revenue	-	-	4,734,330,673	7,015,739,377
Board of Management and Board of Directors funds	3,613,115,644	6,620,466,852	3,613,115,644	6,339,175,546
Loans from subsidiaries	-	-	-	16,149,448,994
Others	17,775,641,301	14,615,101,559	16,496,013,045	13,384,912,680
	85,484,874,814	44,565,367,975	87,477,958,485	65,759,622,922

18. Bonus and welfare fund

	The Group		The Company	
	2010 VND	2009 VND	2010 VND	2009 VND
Opening balance	35,696,465,944	19,960,194,077	34,647,061,417	18,772,582,913
Addition	909,528,000	29,344,950,758	-	27,314,626,000
Reclassification from other non-equity fund	281,291,306	-	-	-
Utilised during year	(23,312,694,402)	(13,608,678,891)	(21,361,462,177)	(11,440,147,496)
Decrease through business disposal	(29,730,512)	-	-	-
Closing balance	13,544,860,336	35,696,465,944	13,285,599,240	34,647,061,417

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**19. Long-term borrowings**

	The Group		The Company	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
From Dong A Bank				
▪ Facility 1	-	10,756,900,081	-	-
▪ Facility 2 (a)	690,000,000	1,098,000,000	690,000,000	1,098,000,000
▪ Facility 3 (b)	14,693,000,000	15,000,000,000	14,693,000,000	15,000,000,000
From Asia Commercial Bank				
▪ Facility 4 (c)	25,339,455,933	26,441,175,933	-	-
▪ Facility 5 (d)	9,900,000,000	-	9,900,000,000	-
From Saigon Thuong Tin Commercial Bank				
▪ Facility 6 (e)	50,000,000,000	-	50,000,000,000	-
	100,622,455,933	53,296,076,014	75,283,000,000	16,098,000,000
Repayable within twelve months	(20,478,862,656)	(5,073,561,778)	(16,072,000,000)	(715,000,000)
Repayable after twelve months	80,143,593,277	48,222,514,236	59,211,000,000	15,383,000,000

- a. Facility 2 is secured by tangible fixed assets with net book value as at 31 December 2010 of VND1,580 million (31/12/2009: VND1,909 million) and bears interest at rates ranging from 6.50% to 11.6% (2009: 10.5%) per annum during the year. The loans under this facility are repayable in 35 equal monthly instalments of VND34 million each beginning in October 2009 and a final instalment comprising the remaining balance in September 2012.
- b. Facility 3 is secured by land use right with net book value as at 31 December 2010 of VND9,595 million (31/12/2009: VND9,595 million) and bears interest at rate ranging from 8% to 11.6% (2009: 12%) per annum during the year. The loan under this facility is repayable in 48 equal monthly instalments of VND307 million each beginning in December 2010 and a final instalment comprising the remaining balance in December 2014.
- c. Facility 4 relates to a subsidiary's loan which is guaranteed by the Company and secured by prepaid land cost and its associated tangible fixed assets with carrying value as at 31 December 2010 of VND22,787 million and VND19,836 million, respectively (31/12/2009: Construction in progress with carrying value of VND40,654 million). The loan under this facility bears interest at rate ranging from 10.5% to 19.14% (2009: 10.05% to 12%) per annum during the period. Principal outstanding at 31 December 2010 is repayable in 69 equal monthly instalments of VND367 million each and a final instalment comprising the remaining balance in September 2016.



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

- d. Facility 5 is secured by building and structures with net book value as at 31 December 2010 of VND8,958 million and bears interest at 18% per annum during the year. The loan under this facility is repayable in 60 equal monthly instalments of VND165 million each beginning in January 2011 and a final instalment comprising the remaining balance in December 2015.
- e. Facility 6 is secured by land use right and building with net book value as at 31 December 2010 of VND96,948 million and VND881 million, respectively and bears interest at 20.5% per annum during the year. The loan under this facility is repayable in 60 equal monthly instalments of VND833 million each beginning in January 2011 and a final instalment comprising the remaining balance in December 2015.

**20. Provision for severance allowance**

Movements of provision for severance allowance during the year were as follows:

	<b>The Group VND</b>	<b>The Company VND</b>
Opening balance	3,779,646,260	3,765,452,001
Provision made during the year	19,839,753	-
Provision used during the year	(325,939,929)	(291,905,917)
Closing balance	<u>3,473,546,084</u>	<u>3,473,546,084</u>

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more (“eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employees severance allowance calculated based on years of service and employees’ compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Group and its employees are required to contribute to unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees’ basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to existing eligible employees as of 31 December 2008 will be determined based on eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

For the year ended 31 December 2010, the Group contributed VND774 million (2009: VND369 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the consolidated statement of income, the Company contributed VND695 million (2009: VND288 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the statement of income.

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**21. Share capital**

The Company's authorised and issued share capital are:

	31/12/2010		31/12/2009	
	Number of shares	VND	Number of shares	VND
<b>Authorised share capital</b>	59,999,142	599,991,420,000	40,000,000	400,000,000,000
<b>Issued share capital</b>				
Ordinary shares	59,999,142	599,991,420,000	39,999,921	399,999,210,000
<b>Treasury shares</b>				
Ordinary shares	(709)	(7,090,000)	(709)	(7,090,000)
<b>Shares currently in circulation</b>				
Ordinary shares	59,998,433	599,984,330,000	39,999,212	399,992,120,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements in share capital during the year were as follows:

	2010		2009	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the year	39,999,212	399,992,120,000	30,000,000	300,000,000,000
Bonus shares issued during the year	19,999,221	199,992,210,000	9,999,921	99,999,210,000
Treasury shares purchased during the year	-	-	(709)	(7,090,000)
Balance at the end of the year	59,998,433	599,984,330,000	39,999,212	399,992,120,000



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

Movements in share premium during the year were as follows:

	2010 VND	2009 VND
Opening balance	425,000,790,000	525,000,000,000
Bonus shares issued	(199,992,210,000)	(99,999,210,000)
Closing balance	225,008,580,000	425,000,790,000

**22. Minority interest**

	The Group	
	2010 VND	2009 VND
Opening balance	46,801,141,694	50,759,929,838
Net (loss)/profit for the year attributable to minority interests	(676,831,791)	15,340,366,447
Allocation to funds charged to minority interest	(401,303,150)	(8,153,835,365)
Dividends payable to minority interests	(3,168,600,000)	(4,092,849,000)
Decrease through business disposal	(13,882,777,578)	(7,316,439,998)
Transfer from funds	-	263,969,772
Closing balance	28,671,629,175	46,801,141,694

**23. Financial income**

	The Group		The Company	
	2010 VND	2009 VND	2010 VND	2009 VND
Interest income	1,536,282,927	1,536,487,997	857,388,947	720,815,943
Gains from investments in securities through trusted fund	15,125,454,250	10,342,193,078	15,125,454,250	10,342,193,078
Gains from investments in securities	-	25,893,396,000	-	900,000,000
Dividends	39,967,538,600	32,392,841,031	55,105,360,225	40,708,607,400
Gains from gold trading	415,202,987	769,849,903	415,202,987	769,849,903
Foreign exchange gains	3,529,097,846	1,744,736,740	2,096,050,670	-
Gain on disposal of subsidiary	3,229,607,274	1,286,857,437	3,458,000,000	4,178,163,000
Others	847,137,296	48,636,158	847,137,296	-
	64,650,321,180	74,014,998,344	77,904,594,375	57,619,629,324

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries  
Notes to the financial statements for the year ended 31 December 2010 (continued)

24. Financial expenses

	The Group		The Company	
	2010 VND	2009 VND	2010 VND	2009 VND
Interest expense	58,801,093,754	41,421,831,862	53,623,329,476	35,701,424,763
Losses from investment in securities	127,822,500	156,218,940	127,822,500	-
Foreign exchange losses	748,882,172	33,834,806,486	1,071,270,845	29,362,860,973
Others	712,503,045	394,534,643	587,984,410	-
	60,390,301,471	75,807,391,931	55,410,407,231	65,064,285,736

25. Other income

	The Group		The Company	
	2010 VND	2009 VND	2010 VND	2009 VND
Gain on transfer of assets to subsidiaries	-	-	2,281,408,704	2,281,409,000
Deposits on cylinders released during the year	11,133,754,723	9,799,005,182	-	-
Proceeds from disposals of tangible fixed assets	603,456,906	751,500,000	603,456,906	743,500,000
Proceeds from disposals of intangible fixed assets	12,967,911,689	-	12,967,911,689	-
Proceeds from disposal of tools, equipment and spare parts	-	65,902,000	-	-
Others	6,006,402,832	1,485,142,842	5,716,473,217	1,125,673,716
	30,711,526,150	12,101,550,024	21,569,250,516	4,150,582,716



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**26. Other expenses**

	The Group		The Company	
	2010 VND	2009 VND	2010 VND	2009 VND
Net book value of tangible fixed assets disposed	1,471,437,464	-	1,471,437,464	-
Net book value of intangible fixed assets disposed	9,555,765,000	-	9,555,765,000	-
Others	875,637,687	1,039,248,353	728,937,626	989,665,615
	11,902,840,151	1,039,248,353	11,756,140,090	989,665,615

**27. Income tax**

**(a) Recognised in the statement of income**

	The Group		The Company	
	2010 VND	2009 VND	2010 VND	2009 VND
<b>Current tax expense</b>				
Current year	51,832,333,498	54,552,299,565	51,363,036,090	45,738,661,952
Under provision in prior years	114,376,217	-	-	-
	51,946,709,715	54,552,299,565	51,363,036,090	45,738,661,952
<b>Deferred tax expense/(benefit)</b>				
Origination/(reversal) of temporary differences	604,159,979	336,191,501	-	(380,378,858)
Income tax expense	52,550,869,694	54,888,491,066	51,363,036,090	45,358,283,094

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**(b) Reconciliation of effective tax rate**

	The Group		The Company	
	2010 VND	2009 VND	2010 VND	2009 VND
Profit before tax	263,892,214,917	274,720,370,552	257,918,248,683	221,031,957,115
Tax at the Company's tax rate	65,973,053,729	68,680,092,638	64,479,562,170	55,257,989,279
Effect of different tax rates in subsidiaries	(132,325,926)	(275,667,402)	-	-
Non-deductible expenses	704,622,648	481,032,916	659,813,976	277,445,665
Tax exempt income	(15,496,218,401)	(10,267,306,225)	(13,776,340,056)	(10,177,151,850)
Deferred tax asset on tax losses not recognised	1,109,446,954	281,328,985	-	-
Effect of tax incentives	(97,756,463)	(4,010,989,846)	-	-
Deferred tax assets written off	375,670,936	-	-	-
Under-provision in prior years	114,376,217	-	-	-
	52,550,869,694	54,888,491,066	51,363,036,090	45,358,283,094

**(c) Applicable tax rates**

The Company and its subsidiaries have obligations to pay the Government income tax as follows:

Entity	Current tax rate	Tax incentives
Phu Nhuan Jewelry Joint Stock Company	25%	None
Dai Viet Energy Joint Stock Company	25%	None
CAO Fashion Limited Liabilities Company	25%	None
SG Fisheries Joint Stock Company	15%	50% reduction in income tax from 2008 to 2014 and additional 20% reduction in income tax for profits generated from export sales.



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**28. Basic earnings per share**

The calculation of basic earnings per share at 31 December 2010 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

**(a) Net profit attributable to ordinary shareholders**

	The Group		The Company	
	2010 VND	2009 VND	2010 VND	2009 VND
Net profit for the year	212,018,177,014	204,491,513,039	206,555,212,593	175,673,674,021
Net profit attributable to ordinary shareholders	212,018,177,014	204,491,513,039	206,555,212,593	175,673,674,021

**(b) Weighted average number of ordinary shares**

	The Group/Company	
	2010	2009
Issued ordinary shares at the beginning of the year	39,999,921	30,000,000
Effect of bonus shares issued on 15 October 2009	-	9,999,921
Effect of bonus shares issued on 11 August 2010	19,999,221	19,999,221
Effect of treasury shares repurchased on 19 October 2009	(709)	(142)
Weighted average number of ordinary shares for the year ended 31 December	59,998,433	59,999,000

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**29. Significant transactions with related parties**

In addition to the related party balances disclosed in other notes to the financial statements, during the year, there were the following significant transactions with related parties:

	The Group		The Company	
	Transaction value		Transaction value	
	2010	2009	2010	2009
	VND	VND	VND	VND
<b>Related companies</b>				
<b>Dai Viet</b>				
Borrowings from Dai Viet	-	-	10,500,000,000	16,216,152,804
Dividends received	-	-	4,900,000,000	9,800,000,000
Disposal of subsidiary	-	-	-	10,725,400,000
Loans to Dai Viet	-	-	2,572,761,734	16,041,552,804
<b>CAO</b>				
Sales of goods	-	-	24,511,276,378	20,091,222
Purchase of goods	-	-	8,159,576,539	344,195,165
Contributed capital	-	-	6,300,000,000	3,700,000,000
Loans to CAO	-	-	7,635,097,937	-
<b>SG Fisco</b>				
Dividends received	-	-	1,383,200,000	-
<b>Dong A Land</b>				
Payment for fixing construction, building	9,620,570,626	12,896,484,187	9,620,570,626	12,896,484,187
Loans to Dong A Land	11,500,000,000	32,000,000,000	11,500,000,000	32,000,000,000
Advance	-	22,500,000,000	-	22,500,000,000
Contributed capital	21,800,000,000	23,866,300,000	21,800,000,000	23,866,300,000
Dividends received	1,869,324,625	-	1,869,324,625	-
<b>Saigon Fuel</b>				
Dividends received	6,985,297,000	2,045,204,000	6,985,297,000	2,045,204,000
<b>Ben Thanh Jewellery</b>				
Dividends received	-	45,000,000	-	45,000,000
<b>Hong Vina</b>				
Sales of fixed assets	-	710,000,000	-	710,000,000
Purchases of goods and services	34,913,894,618	6,562,578,260	34,913,894,618	6,562,578,260
Divident received	1,029,637,260	-	1,029,637,980	-



**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

	The Group Transaction value		The Company Transaction value	
	2010 VND	2009 VND	2010 VND	2009 VND
Members of Board of Directors and Board of Management Remuneration	5,868,989,648	5,013,938,080	5,394,051,648	5,013,938,080

### 30. Commitments

#### (a) Capital expenditure

As at 31 December 2010 the Group and the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

	The Group		The Company	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Approved and contracted	79,721,269,600	25,143,362,700	79,089,169,600	22,846,053,800

#### (b) Leases

The future minimum lease payments under non-cancellable operating leases were:

	The Group		The Company	
	31/12/2010 VND	31/12/2009 VND	31/12/2010 VND	31/12/2009 VND
Within one year	24,947,346,415	7,106,035,539	18,800,260,260	7,020,819,101
Within two to five years	49,444,851,589	15,991,273,139	40,071,721,654	15,510,944,372
More than five years	30,491,461,834	4,414,989,745	30,491,461,834	4,414,989,745
	104,883,659,838	27,512,298,423	89,363,443,748	26,946,753,218

**Phu Nhuan Jewelry Joint Stock Company and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**31. Production and business costs by element**

	The Group		The Company	
	2010 VND	2009 VND	2010 VND	2009 VND
Raw material costs included in production costs	12,729,172,792,277	9,062,511,552,189	12,592,049,049,660	8,936,996,430,269
Labour costs and staff costs	179,172,151,417	124,228,475,909	148,214,888,494	97,445,471,605
Depreciation and amortisation	43,922,848,994	16,039,703,608	15,208,211,655	9,583,568,868
Outside services	58,350,572,937	58,594,102,859	38,333,219,889	43,138,206,775
Other expenses	126,717,266,911	76,097,719,815	96,458,351,913	64,592,519,155

**32. Corresponding figures**

Certain corresponding figures have been reclassified to conform with the current period's presentation as follows:

	The Group		The Company	
	31/12/2009 (Reclassified) VND	31/12/2009 (as previously reported) VND	31/12/2009 (Reclassified) VND	31/12/2009 (as previously reported) VND
Bonus and welfare fund (current liabilities)	35,696,465,944	-	34,647,061,417	-
Bonus and welfare fund (equity)	-	35,696,465,944	-	34,647,061,417

Prepared by:

Dang Thi Lai  
Chief Accountant



Approved by:

Cao Thi Ngoc Dung  
General Director

30 MAR 2011