

# **Phu Nhuan Jewelry Joint Stock Company**

Interim separate financial statements

30 June 2014

# Phu Nhuan Jewelry Joint Stock Company

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# Phu Nhuan Jewelry Joint Stock Company

## GENERAL INFORMATION

### THE COMPANY

Phu Nhuan Jewelry Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0300521758 issued by the Department of Planning and Investment of Ho Chi Minh City on 2 January 2004, as amended.

The Company was listed on the Ho Chi Minh City Stock Exchange ("HOSE") from 23 March 2009 pursuant to the Decision No. 129/DKNY issued by the General Director of HOSE on 26 December 2008.

The current principal activities of the Company are to trade gold, silver, jewelry and gemstones, and to import and export jewelry in gold, silver and gemstones.

The Company's head office is located at 170E Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. In addition, the Company also has one hundred and fifty three (153) retail shops located in various provinces in Vietnam.

### BOARD OF DIRECTORS

Members of the Board of Directors during the period and at the date of this report are:

Mrs Cao Thi Ngoc Dung	Chairwoman	
Mr Nguyen Vu Phan	Vice Chairman	
Mrs Nguyen Thi Cuc	Member	
Mr Nguyen Tuan Quynh	Member	
Mrs Nguyen Thi Bich Ha	Member	
Mrs Pham Vu Thanh Giang	Member	
Mrs Nguyen Thi Huong Giang	Member	appointed 3 March 2014
Mr Andy Ho	Member	resigned 3 March 2014

### BOARD OF SUPERVISION

Members of the Board of Supervision during the period and at the date of this report are:

Mr Pham Van Tan	Head of the Board of Supervision
Mrs Nguyen Ngoc Hue	Member
Mr Tran Van Dan	Member

### MANAGEMENT

Members of the Management during the period and at the date of this report are:

Mrs Cao Thi Ngoc Dung	General Director
Mr Le Huu Hanh	Deputy General Director
Mrs Nguyen Thi Cuc	Deputy General Director
Mr Nguyen Vu Phan	Deputy General Director
Mrs Pham Thi My Hanh	Deputy General Director

### LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mrs Cao Thi Ngoc Dung.

### AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

# Phu Nhuan Jewelry Joint Stock Company

## REPORT OF MANAGEMENT

Management of Phu Nhuan Jewelry Joint Stock Company ("the Company") is pleased to present its report and the interim separate financial statements of the Company for the six-month period ended 30 June 2014.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

Management is responsible for the interim separate financial statements of each financial period which give a true and fair view of the interim separate state of affairs of the Company and of the interim separate results of its interim operations and its interim separate cash flows for the period. In preparing those interim separate financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim separate financial statements; and
- ▶ prepare the interim separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying interim separate financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim separate financial statements give a true and fair view of the interim separate financial position of the Company as at 30 June 2014 and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim separate financial statements.

The Company is a parent company with subsidiaries and it is in the process of completing the interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the six-month period ended 30 June 2014 to meet the prevailing regulatory reporting requirements. Users of these interim separate financial statements should read them together with the said interim consolidated financial statements in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.

For and on behalf of management:



Cao Thị Ngọc Dung  
General Director

25 August 2014



Reference: 60984885/16997233

## REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

To: **The Shareholders of Phu Nhuan Jewelry Joint Stock Company**

We have reviewed the interim separate financial statements of Phu Nhuan Jewelry Joint Stock Company ("the Company"), as set out on pages 4 to 35 which comprise the interim separate balance sheet as at 30 June 2014, and the interim separate income statement and interim separate cash flow statement for the six-month period then ended, and the notes thereto.

The preparation and presentation of these interim separate financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim separate financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing No. 910 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim separate financial statements are free from material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not give a true and fair view, in all material respects, of the interim separate financial position of the Company as at 30 June 2014, and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of interim separate financial statements.

As disclosed in Note 2.1 to the interim separate financial statements, the Company is a parent company with subsidiaries and it is in the process of completing the interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the six-month period ended 30 June 2014 to meet the prevailing regulatory reporting requirements. Users of these interim separate financial statements should read them together with the said interim consolidated financial statements in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.

**Ernst & Young Vietnam Limited**



Duong Le Anthony  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 2223-2013-004-1



Nguyen Thanh Sang  
Auditor  
Audit Practicing Registration Certificate  
No. 1541-2013-004-1

Ho Chi Minh City, Vietnam

25 August 2014

INTERIM SEPARATE BALANCE SHEET  
as at 30 June 2014

VND

Code	ASSETS	Notes	30 June 2014	31 December 2013
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,554,670,324,034</b>	<b>1,379,015,621,494</b>
<b>110</b>	<b>i. Cash and cash equivalents</b>	<b>4</b>	<b>239,072,906,616</b>	<b>292,923,008,187</b>
111	1. Cash		42,491,527,024	38,116,455,254
112	2. Cash equivalents		196,581,379,592	254,806,552,933
<b>130</b>	<b>ii. Current accounts receivable</b>		<b>67,205,677,357</b>	<b>64,341,261,584</b>
131	1. Trade receivables	5	40,793,189,603	41,735,061,334
132	2. Advances to suppliers		10,140,277,986	7,656,012,768
135	3. Other receivables	6	24,024,428,427	22,702,406,141
139	4. Provision for doubtful debts		(7,752,218,659)	(7,752,218,659)
<b>140</b>	<b>iii. Inventories</b>		<b>1,208,867,428,180</b>	<b>982,085,265,360</b>
141	1. Inventories	7	1,208,867,428,180	982,085,265,360
<b>150</b>	<b>iv. Other current assets</b>		<b>39,524,311,881</b>	<b>39,666,086,363</b>
151	1. Short-term prepaid expenses		22,064,587,842	19,442,413,859
152	2. Value-added tax deductible		4,719,741,120	6,740,452,800
154	3. Tax and other receivables from the State		-	1,845,657,246
158	4. Other current assets	8	12,739,982,919	11,637,562,458
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>1,168,718,461,849</b>	<b>1,182,123,245,334</b>
<b>220</b>	<b>i. Fixed assets</b>		<b>441,916,895,054</b>	<b>435,780,257,899</b>
221	1. Tangible fixed assets	9	149,144,535,738	144,424,011,617
222	Cost		242,439,237,234	229,921,472,525
223	Accumulated depreciation		(93,294,701,496)	(85,497,460,908)
227	2. Intangible fixed assets	10	285,424,574,546	285,527,991,212
228	Cost		286,295,740,601	286,295,740,601
229	Accumulated amortization		(871,166,055)	(767,749,389)
230	3. Construction in progress		7,347,784,770	5,828,255,070
<b>250</b>	<b>ii. Long-term investments</b>	<b>11</b>	<b>715,918,073,617</b>	<b>735,830,783,927</b>
251	1. Investments in subsidiaries		158,608,529,680	158,608,529,680
252	2. Investments in associates		91,866,300,000	91,866,300,000
258	3. Other long-term investments		503,216,908,400	513,306,408,400
259	4. Provision for long-term investments		(37,773,664,463)	(27,950,454,153)
<b>260</b>	<b>iii. Other long-term assets</b>		<b>10,883,493,178</b>	<b>10,512,203,508</b>
261	1. Long-term prepaid expenses	12	9,831,833,064	9,810,353,184
262	2. Deferred tax assets	23.2	1,051,660,114	701,850,324
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,723,388,785,883</b>	<b>2,561,138,866,828</b>




INTERIM SEPARATE BALANCE SHEET (continued)  
as at 30 June 2014

VND

Code	RESOURCES	Notes	30 June 2014	31 December 2013
<b>300</b>	<b>A. LIABILITIES</b>		<b>1,498,461,317,016</b>	<b>1,287,021,992,443</b>
<b>310</b>	<b>i. Current liabilities</b>		<b>1,356,641,902,797</b>	<b>1,157,012,671,294</b>
311	1. Short-term loans	13	1,142,839,298,516	925,178,526,976
312	2. Trade payables	14	54,702,449,109	103,305,627,870
313	3. Advances from customers		5,821,564,066	8,343,390,595
314	4. Statutory obligations	15	24,327,510,578	39,316,224,376
315	5. Payables to employees		26,031,093,557	2,603,495,793
316	6. Accrued expenses		4,780,273,247	3,190,228,746
319	7. Other payables	16	57,700,296,469	39,134,459,991
323	8. Bonus and welfare fund		40,439,417,255	35,940,716,947
<b>330</b>	<b>ii. Non-current liabilities</b>		<b>141,819,414,219</b>	<b>130,009,321,149</b>
333	1. Other long-term liabilities		426,284,500	426,284,500
334	2. Long-term loans	17	141,393,129,719	129,583,036,649
<b>400</b>	<b>B. OWNERS' EQUITY</b>		<b>1,224,927,468,867</b>	<b>1,274,116,874,385</b>
<b>410</b>	<b>i. Capital</b>	<b>18</b>	<b>1,224,927,468,867</b>	<b>1,274,116,874,385</b>
411	1. Share capital		755,970,350,000	755,970,350,000
412	2. Share premium		105,021,650,000	105,021,650,000
414	3. Treasury shares		(7,090,000)	(7,090,000)
417	4. Investment and development fund		166,070,897,000	126,070,897,000
418	5. Financial reserve fund		66,734,153,783	57,634,153,783
420	6. Undistributed earnings		131,137,508,084	229,426,913,602
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>2,723,388,785,883</b>	<b>2,561,138,866,828</b>

## OFF BALANCE SHEET ITEM

ITEM	30 June 2014	31 December 2013
Foreign currencies:		
- United States dollar ("US\$")	54,129	58,203
- Gold taels	9,264	6,770

  
Duong Quang Hai  
Preparer

  
Dang Thi Lai  
Chief Accountant




  
Cao Thi Ngoc Dung  
General Director

25 August 2014

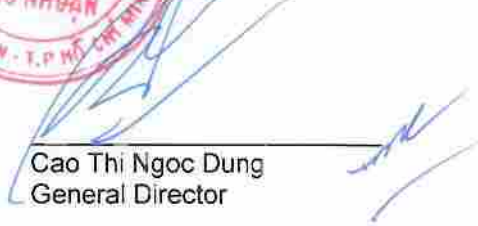
INTERIM SEPARATE INCOME STATEMENT  
for the six-month period ended 30 June 2014

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
01	1. Revenue from sale of goods and rendering of services	19.1	3,652,395,985,767	3,827,286,806,501
02	2. Deductions	19.1	(43,163,746,394)	(25,453,724,342)
10	3. Net revenue from sale of goods and rendering of services	19.1	3,609,232,239,373	3,801,833,082,159
11	4. Cost of goods sold and services rendered	20	(3,226,869,125,817)	(3,500,494,942,330)
20	5. Gross profit from sale of goods and rendering of services		382,363,113,556	301,338,139,829
21	6. Finance income	19.2	11,879,099,477	9,730,499,752
22	7. Finance expenses	21	(50,111,768,347)	(41,956,040,582)
23	- In which: Interest expense		(36,059,176,130)	(41,481,194,564)
24	8. Selling expenses		(139,854,591,880)	(116,262,578,243)
25	9. General and administrative expenses		(47,931,474,815)	(42,432,657,300)
30	10. Operating profit		156,344,377,991	110,417,363,456
31	11. Other income		721,783,770	698,388,830
32	12. Other expenses		(722,291,928)	(432,744,697)
40	13. Other (loss) profit		(508,158)	265,644,133
50	14. Profit before tax		156,343,869,833	110,683,007,589
51	15. Current corporate income tax expense	23.1	(32,490,433,144)	(28,365,027,886)
52	16. Deferred income tax benefit	23.2	349,809,790	654,407,179
60	17. Net profit after tax		124,203,246,482	82,972,386,882

  
Duong Quang Hai  
Preparer

  
Dang Thi Lai  
Chief Accountant

  
Cao Thi Ngoc Dung  
General Director

25 August 2014



INTERIM SEPARATE CASHFLOW STATEMENT  
for the six-month period ended 30 June 2014

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Profit before tax</b>		<b>156,343,869,833</b>	<b>110,683,007,589</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortization	9, 10	9,390,999,385	8,596,731,305
03	Provisions		9,823,210,310	-
04	Unrealised foreign exchange losses		-	256,682,751
05	Profits from investing activities		(8,941,866,497)	(682,249,586)
06	Interest expense	21	36,059,176,130	41,481,194,564
08	<b>Operating profit before changes in working capital</b>		<b>202,675,389,161</b>	<b>160,335,366,623</b>
09	Increase in receivables		(100,467,308)	(12,223,821,559)
10	Increase in inventories		(226,782,162,820)	(62,543,760,535)
11	Decrease in payables		(16,900,207,782)	(1,151,467,116)
12	Increase in prepaid expenses		(2,625,442,043)	(441,926,087)
13	Interest paid		(32,378,122,191)	(37,009,789,071)
14	Corporate income tax paid	23.1	(45,501,519,643)	(22,951,501,889)
16	Other cash outflows from operating activities		(14,001,299,692)	(16,342,259,971)
20	<b>Net cash flows (used in) from operating activities</b>		<b>(135,613,832,318)</b>	<b>7,670,840,395</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(15,679,826,205)	(11,085,233,471)
22	Proceeds from disposals of fixed assets		-	65,427,272
26	Proceeds from sale of investments		7,500,000,000	-
27	Interest and dividends received		11,665,344,342	629,223,314
30	<b>Net cash flows from (used in) investing activities</b>		<b>3,485,518,137</b>	<b>(10,390,582,885)</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings		1,808,333,133,921	2,071,291,340,200
34	Repayment of borrowings		(1,578,862,269,311)	(2,209,076,436,999)
36	Dividends paid	18.2	(151,192,652,000)	(93,597,185,500)
40	<b>Net cash flows from (used in) financing activities</b>		<b>78,278,212,610</b>	<b>(231,382,282,299)</b>

INTERIM SEPARATE CASHFLOW STATEMENT (continued)  
for the six-month period ended 30 June 2014.

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
50	Net decrease in cash and cash equivalents		(53,850,101,571)	(234,102,024,789)
60	Cash and cash equivalents at beginning of period		292,923,008,187	466,279,745,496
70	Cash and cash equivalents at end of period	4	239,072,906,616	232,177,720,707



Duong Quang Hai  
Preparer



Dang Thi Lai  
Chief Accountant



Cao Thi Ngoc Dung  
General Director

25 August 2014



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS  
as at and for the six-month period ended 30 June 2014

## 1. CORPORATE INFORMATION

Phu Nhuan Jewelry Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0300521758 issued by the Department of Planning and Investment of Ho Chi Minh City on 2 January 2004, as amended.

The Company was listed on the Ho Chi Minh City Stock Exchange ("HOSE") from 23 March 2009 pursuant to the Decision No. 129/DKNY issued by the General Director of HOSE on 26 December 2008.

The current principal activities of the Company are to trade gold, silver, jewelry and gemstones, and to import and export jewelry in gold, silver and gemstones.

The Company's head office is located at 170E Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. In addition, the Company also has one hundred and fifty three (153) retail shops located in various provinces in Vietnam.

The number of the Company's employees as at 30 June 2014 was 2,494 (31 December 2013: 2,172).

## 2. BASIS OF PREPARATION

### 2.1 *Accounting standards and system*

The interim separate financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System, Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying interim separate balance sheet, interim separate income statement, interim separate cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

The Company is a parent company with subsidiaries and it is in the process of completing the interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the six-month period ended 30 June 2014 to meet the prevailing regulatory reporting requirements. Users of these interim separate financial statements should read them together with the said interim consolidated financial statements in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 2. BASIS OF PREPARATION (continued)

### 2.2 *Applied accounting documentation system*

The Company's applied accounting documentation system is the General Journal system.

### 2.3 *Fiscal year*

The Company's fiscal year applicable for the preparation of its separate financial statements starts on 1 January and ends on 31 December.

### 2.4 *Accounting currency*

The interim separate financial statements are prepared in VND which is also the Company's accounting currency.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash at banks, gold, and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

### 3.2 *Receivables*

Receivables are presented in the interim separate financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the interim separate income statement.

### 3.3 *Inventories*

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Merchandises, consumables, and raw materials - cost of purchase on a weighted average basis.

Finished goods and work-in process - cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

#### *Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of merchandise goods, raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the interim separate income statement.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.4 *Fixed assets*

Tangible and intangible fixed assets are stated at cost less accumulated depreciation and amortization.

The cost of a fixed asset comprises its purchase price and any directly attributable costs of bringing the fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the interim separate income statement as incurred.

When fixed assets are sold or retired, their cost and accumulated depreciation or amortization are removed from the interim separate balance sheet and any gain or loss resulting from their disposal is included in the interim separate income statement.

##### *Land use rights*

Land use right is recorded as an intangible fixed asset on the interim separate balance sheet when the Company obtained the land use right certificates. The costs of land use right comprise all directly attributable costs of bringing the land lot to the condition available for intended use and is not amortized due to its indefinite useful life.

#### 3.5 *Depreciation and amortization*

Depreciation of tangible fixed assets and amortization of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	3 - 25 years
Machinery and equipment	3 - 15 years
Motor vehicles	4 - 10 years
Office equipment	3 - 8 years
Computer software	3 years

The useful life of the fixed assets and depreciation and amortization rates are reviewed periodically to ensure that the method and the period of the depreciation and amortisation are consistent with the expected pattern of economic benefits that will be derived from the use of fixed assets.

#### 3.6 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and are recorded as expense during the period in which they are incurred.

#### 3.7 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim separate balance sheet and are amortized over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

The following types of expenses are recorded as long-term prepaid expense and are amortised to the interim separate income statement.

- ▶ Prepaid rental includes land and shop rental prepaid for many years under operating lease contracts and are amortized over the lease term;
- ▶ Tools and consumables with large value issued in use and can be used for more than one year; and
- ▶ Others are amortized to the interim separate income statement over 2 to 3 years.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.8 *Investments in subsidiaries***

Investments in subsidiaries over which the Company has control are carried at cost.

Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognized in the interim separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

#### **3.9 *Investments in associates***

Investments in associates over which the Company has significant influence are accounted for under the cost method of accounting. Distributions from the accumulated net profits of the associates arising subsequent to the date of acquisition by the Company are recognized in the interim separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

#### **3.10 *Investments in securities and other investments***

Investments in securities and other investments are stated at their acquisition costs.

#### **3.11 *Provision for investments***

Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under the Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009 and the Circular No. 89/2013/TT-BTC issued by the Ministry of Finance on 28 June 2013. Increases and decreases to the provision balance are recorded as finance expense in the interim separate income statement.

#### **3.12 *Payables and accruals***

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

#### **3.13 *Foreign currency transactions***

The Company follows the guidance under Vietnamese Accounting Standard No. 10 - Effects of changes in foreign exchange rates and the Circular No. 179/2012/TT-BTC providing guidance on recognition, measurement, treatment for foreign exchange differences issued by the Ministry of Finance on 24 October 2012 in relation to foreign currency transactions as applied consistently in prior periods.

Transactions in currencies other than the Company's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the end of the period, monetary assets and liabilities denominated in foreign currencies are translated at buying exchange rate announced by the commercial bank where the Company maintains bank accounts ruling at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the interim separate income statement.

#### **3.14 *Treasury shares***

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.15 *Appropriation of net profits*

Net profit after tax is available for appropriation to shareholders after approval in the shareholders' meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

▶ Financial reserve fund

This fund is set aside to protect the Company's normal operations from business risks or losses, or to prepare for unforeseen losses or damages for objective reasons and force majeure, such as fire, economic and financial turmoil of the country or elsewhere.

▶ Investment and development fund

This fund is set aside for use in the Company's expansion of its operation or in-depth investments.

▶ Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits and is recognised as a liability.

#### 3.16 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

*Rendering of services*

Revenue is recognised when the service has been rendered.

*Interest*

Revenue is recognised as the interest accrues unless collectability is in doubt.

*Dividends*

Income is recognised when the Company's entitlement as an investor to receive the dividend is established.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.17 Taxation

##### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the interim separate income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current income tax assets against current income tax liabilities and when the Company intends to settle its current income tax assets and liabilities on a net basis.

##### *Deferred income tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except where the deferred income tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred income tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred income tax is charged or credited to the interim separate income statement, except when it relates to items recognised directly to equity, in which case the deferred income tax is also dealt with in the equity account.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current income tax assets against current income tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Company intends either settle current income tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.18 *Financial instruments*

##### *Financial instruments – initial recognition and presentation*

###### Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC, providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the interim separate financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost plus directly attributable transaction costs.

The Company's financial assets include cash, cash equivalents, short-term deposits, trade and other receivables.

###### Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the interim separate financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, and loans.

##### *Financial instruments – subsequent re-measurement*

There is currently no guidance in Circular 210 in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

##### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the interim separate balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**4. CASH AND CASH EQUIVALENTS**

	VND	
	30 June 2014	31 December 2013
Cash on hand	27,996,795,000	26,507,607,552
Cash at banks	14,200,844,024	9,103,947,702
Cash in transit	293,888,000	2,504,900,000
Cash equivalents	196,581,379,592	254,806,552,933
<b>TOTAL</b>	<b><u>239,072,906,616</u></b>	<b><u>292,923,008,187</u></b>

**5. TRADE RECEIVABLES**

	VND	
	30 June 2014	31 December 2013
Due from third parties	37,165,565,196	36,436,685,771
Due from a related party (Note 24)	3,627,624,407	5,298,375,563
<b>TOTAL</b>	<b><u>40,793,189,603</u></b>	<b><u>41,735,061,334</u></b>

**6. OTHER RECEIVABLES**

	VND	
	30 June 2014	31 December 2013
Due from third parties	18,224,428,427	20,702,406,141
Due from a related party (Note 24)	5,800,000,000	2,000,000,000
<b>TOTAL</b>	<b><u>24,024,428,427</u></b>	<b><u>22,702,406,141</u></b>
Provision for doubtful debts	(7,752,218,659)	(7,752,218,659)
<b>NET</b>	<b><u>16,272,209,768</u></b>	<b><u>14,950,187,482</u></b>

**Details of movements of provision for doubtful debts**

	VND	
	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
Provision for doubtful debts at beginning and end of period	<u>7,752,218,659</u>	<u>7,752,218,659</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 7. INVENTORIES

	VND	
	30 June 2014	31 December 2013
Merchandise goods	1,087,353,964,564	828,306,153,061
Goods on consignment	37,323,068,097	41,403,171,808
Raw materials	13,130,499,402	35,458,279,520
Work in process	12,638,701,540	23,435,085,328
Finished goods	29,128,655,791	34,000,318,883
Tools and supplies	18,641,316,920	15,098,468,068
Goods in transit	10,651,221,866	4,383,788,692
<b>TOTAL</b>	<b><u>1,208,867,428,180</u></b>	<b><u>982,085,265,360</u></b>

Inventories of VND 399,982,000,000 were pledged as collateral for short-term loans obtained from commercial banks (Note 13).

## 8. OTHER CURRENT ASSETS

	VND	
	30 June 2014	31 December 2013
Short-term rental deposits	11,724,029,880	10,998,437,326
Advances to employees	1,015,953,039	639,125,132
<b>TOTAL</b>	<b><u>12,739,982,919</u></b>	<b><u>11,637,562,458</u></b>



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for six-month period ended 30 June 2014

9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total	VND
<b>Cost:</b>						
As at 31 December 2013	116,702,723,057	90,295,618,175	7,515,438,696	15,407,692,597	229,921,472,525	
Additions	3,659,076,925	8,543,869,053	1,681,472,727	275,877,800	14,160,296,505	
Disposal	-	(1,334,205,723)	-	(308,326,073)	(1,642,531,796)	
As at 30 June 2014	120,361,799,982	97,505,281,505	9,196,911,423	15,375,244,324	242,439,237,234	
In which:						
Fully depreciated	101,262,000	40,096,488,007	3,037,674,490	2,364,791,157	45,600,215,654	
<b>Accumulated depreciation:</b>						
As at 31 December 2013	(11,071,848,261)	(59,646,188,124)	(5,668,365,729)	(9,111,058,794)	(85,497,460,908)	
Depreciation for the period	(2,585,250,210)	(4,915,570,052)	(296,111,505)	(1,490,650,952)	(9,287,582,719)	
Disposal	-	1,189,132,876	-	301,209,255	1,490,342,131	
As at 30 June 2014	(13,657,098,471)	(63,372,625,300)	(5,964,477,234)	(10,300,500,491)	(93,294,701,496)	
<b>Net carrying amount:</b>						
As at 31 December 2013	105,630,874,796	30,649,430,051	1,847,072,967	6,296,633,803	144,424,011,617	
As at 30 June 2014	106,704,701,511	34,132,656,205	3,232,434,189	5,074,743,833	149,144,535,738	

Buildings and machineries with the carrying amount of VND 15,234,478,078 were pledged to obtain loans from commercial banks (Note 17).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 10. INTANGIBLE FIXED ASSETS

	VND		
	<i>Indefinite land use rights</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost:</b>			
As at 31 December 2013 and 30 June 2014	285,183,268,988	1,112,471,613	286,295,740,601
<b>Accumulated amortization:</b>			
As at 31 December 2013	-	(767,749,389)	(767,749,389)
Amortization for the period	-	(103,416,666)	(103,416,666)
As at 30 June 2014	-	(871,166,055)	(871,166,055)
<b>Net carrying amount:</b>			
As at 31 December 2013	<u>285,183,268,988</u>	<u>344,722,224</u>	<u>285,527,991,212</u>
As at 30 June 2014	<u>285,183,268,988</u>	<u>241,305,558</u>	<u>285,424,574,546</u>

Land use rights with the carrying amount of VND 69,152,139,738 were pledged to obtain loans from commercial banks (Note 17).

## 11. LONG-TERM INVESTMENTS

### 11.1 Investments in subsidiaries

Name	<u>30 June 2014</u>		<u>31 December 2013</u>	
	<i>Cost of investment</i>	<i>% of interest</i>	<i>Cost of investment</i>	<i>% of interest</i>
	VND		VND	
Saigon Fuel Joint Stock Company	138,608,529,680	50.02	138,608,529,680	50.02
CAO Fashion Company Limited	10,000,000,000	100	10,000,000,000	100
PNJ Laboratory Company Limited	<u>10,000,000,000</u>	100	<u>10,000,000,000</u>	100
<b>TOTAL</b>	<u><b>158,608,529,680</b></u>		<u><b>158,608,529,680</b></u>	

Saigon Fuel Joint Stock Company ("SFC") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0300631013 issued by the Department of Planning and Investment of Ho Chi Minh City on 20 June 2000. SFC's registered head office is located at No. 146E Nguyen Dinh Chinh Street, Ward 8, Phu Nhuan District, Ho Chi Minh City, Vietnam. SFC's principal activities are to trade gasoline, diesel oil, and others and to lease premises.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 11. LONG-TERM INVESTMENTS (continued)

### 11.1 *Investments in subsidiaries* (continued)

CAO Fashion Company Limited ("CFC"), a one-member limited liability company, was established under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0309279212 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 August 2009. CFC's registered head office is located at 170E Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. CFC's principal activities are to produce and trade fashion products, silver and gold jewellery, and arts and crafts products, and to import and export art and craft products.

PNJ Laboratory Company Limited ("PLC"), a one-member limited liability company, was established under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0310521330 issued by the Department of Planning and Investment of Ho Chi Minh City on 16 December 2010. PLC's registered head office is located at 205 Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. PLC's principal activities are to provide jewellery inspection and consultancy services.

### 11.2 *Investments in associates*

Name	30 June 2014		31 December 2013	
	Cost of investment VND	% of interest	Cost of investment VND	% of interest
Dong A Land Joint Stock Company	91,866,300,000	30.62	91,866,300,000	30.62
Provision for long-term investments	(26,973,664,463)		(17,150,454,153)	
<b>NET</b>	<b>64,892,635,537</b>		<b>74,715,845,847</b>	

Dong A Land Joint Stock Company ("DAL") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 4103001739 issued by the Department of Planning and Investment of Ho Chi Minh City on 24 July 2003. DAL's registered head office is located at 43R/12, Ho Van Hue Street, Ward 9, Phu Nhuan District, Ho Chi Minh City, Vietnam. DAL's principal activities are to provide design services, project management, construction services, to provide real estate consulting services and real estate agency, and to trade houses and interior products.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 11. LONG-TERM INVESTMENTS (continued)

### 11.3 Other long-term investments

Name	30 June 2014		31 December 2013	
	Number of shares	Cost of investment VND	Number of shares	Cost of investment VND
Dong A Joint Stock Commercial Bank (DAB) (i)	38,496,250	395,271,613,400	38,496,250	395,271,613,400
Saigon M&C Real Estate Joint Stock Company	2,615,215	65,380,375,000	2,615,215	65,380,375,000
Que huong Liberty Joint Stock Company	1,008,328	42,499,920,000	916,662	42,499,920,000
Hoang Minh Giam project	-	-	-	10,089,500,000
Others	-	65,000,000	-	65,000,000
<b>TOTAL</b>		<b>503,216,908,400</b>		<b>513,306,408,400</b>
Provision for long-term investments		(10,800,000,000)		(10,800,000,000)
<b>NET</b>		<b>492,416,908,400</b>		<b>502,506,408,400</b>

(i) DAB's shares were pledged to obtain loans from commercial banks (Note 13).

### 11.4 Provision for long-term investments

	VND	
	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
At beginning of period	27,950,454,153	43,340,699,833
Add: Provision created during the period	9,823,210,310	-
At end of period	<u>37,773,664,463</u>	<u>43,340,699,833</u>
<i>In which:</i>		
Provision for investments in associates	26,973,664,463	32,540,699,833
Provision for other long-term investments	10,800,000,000	10,800,000,000

## 12. LONG-TERM PREPAID EXPENSES

	VND	
	30 June 2014	31 December 2013
Office and retail shop renovation costs	5,564,836,749	4,890,649,035
Tools and supplies	2,894,971,190	2,998,868,972
Retail shop rental	1,372,025,125	1,920,835,177
<b>TOTAL</b>	<b>9,831,833,064</b>	<b>9,810,353,184</b>



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

### 13. SHORT-TERM LOANS

	VND	
	30 June 2014	31 December 2013
Short-term loans from banks	899,396,277,056	682,286,949,816
Short-term loans from individuals	239,155,021,460	234,315,577,160
Current portion of long-term loans (Note 17)	4,288,000,000	8,576,000,000
<b>TOTAL</b>	<b><u>1,142,839,298,516</u></b>	<b><u>925,178,526,976</u></b>

Details of short-term loans from banks to finance its working capital requirements are as follows:

<i>Banks</i>	<i>30 June 2014</i>	<i>Maturity date</i>	<i>Interest</i>	<i>Collateral</i>
	<i>VND</i>		<i>% p.a.</i>	
Asia Commercial Joint Stock Bank - Main Transaction office	226,790,000,000	From 3 July 2014 to 11 September 2014	From 7 to 8	DAB shares
Orient Commercial Joint Stock Bank – Ho Chi Minh Branch	137,714,505,795	From 3 July 2014 to 16 July 2014	From 5.2 to 7.75	Unsecured
Joint Stock Company Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch	137,615,326,221	From 3 July 2014 to 27 September 2014	From 3 to 6.6	Unsecured
Petrolimex Group Commercial Joint Stock Bank - Ho Chi Minh Branch	90,000,000,000	From 2 July 2014 to 9 September 2014	From 7 to 7.5	Unsecured
Vietnam Prosperity Joint Stock Commercial Bank – Ho Chi Minh Branch	83,504,445,040	From 22 July 2014 to 12 September 2014	4.5	Inventories
CTBC Bank Company Limited – Ho Chi Minh Branch	63,000,000,000	From 15 September 2014 to 13 November 2014	From 5.5 to 5.6	Unsecured
Shinhan Bank Vietnam Limited – Ho Chi Minh Branch	60,000,000,000	From 4 July 2014 to 29 July 2014	From 5.5 to 6	Unsecured
Ho Chi Minh City Housing Development Commercial Joint Stock Bank – Ho Chi Minh branch	44,000,000,000	24 July 2014	7	Inventories

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 13. SHORT-TERM LOANS (continued)

<i>Banks</i>	<i>30 June 2014</i>	<i>Maturity date</i>	<i>Interest</i>	<i>Collateral</i>
	<i>VND</i>		<i>% p.a.</i>	
ANZ Bank (Vietnam) Limited - Ho Chi Minh Branch	43,372,000,000	From 7 July 2014 to 27 August 2014	5.75	Inventories
Vietnam Joint Stock Commercial Bank for Industry and Trade - Ho Chi Minh Branch	13,400,000,000	30 August 2014	6.5	Inventories
<b>TOTAL</b>	<b><u>899,396,277,056</u></b>			

Details of individual loans to finance its working capital requirements are as follows:

	<i>30 June 2014</i>	<i>Maturity date</i>	<i>Interest</i>	<i>Collateral</i>
	<i>VND</i>		<i>% p.a.</i>	
Individuals	<u>239,155,021,460</u>	From 2 July 2014 to 28 June 2015	From 1 to 6	Unsecured

## 14. TRADE PAYABLES

	<i>VND</i>	
	<i>30 June 2014</i>	<i>31 December 2013</i>
Due to third parties	53,166,844,594	100,685,433,870
Due to related parties (Note 24)	1,535,604,515	2,620,194,000
<b>TOTAL</b>	<b><u>54,702,449,109</u></b>	<b><u>103,305,627,870</u></b>

## 15. STATUTORY OBLIGATIONS

	<i>VND</i>	
	<i>30 June 2014</i>	<i>31 December 2013</i>
Corporate income tax (Note 23.1)	18,817,880,290	31,828,966,792
Value-added tax	4,971,306,980	7,117,187,599
Others	538,323,308	370,069,985
<b>TOTAL</b>	<b><u>24,327,510,578</u></b>	<b><u>39,316,224,376</u></b>



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 16. OTHER PAYABLES

	VND	
	30 June 2014	31 December 2013
Due to third parties	48,200,296,469	29,634,459,991
Due to a related party (Note 24)	9,500,000,000	9,500,000,000
<b>TOTAL</b>	<b><u>57,700,296,469</u></b>	<b><u>39,134,459,991</u></b>

## 17. LONG-TERM LOANS

	VND	
	30 June 2014	31 December 2013
Loans from banks	<u>145,681,129,719</u>	<u>138,159,036,649</u>
<i>In which</i>		
<i>Current portion of long-term loans (Note 13)</i>	4,288,000,000	8,576,000,000
<i>Non-current portion</i>	141,393,129,719	129,583,036,649

Details of the long-term loans from the banks are as follows:

Banks	30 June 2014	Maturity date	Purpose	Interest	Collateral
	VND			% p.a.	
Dong A Commercial Joint Stock Bank - Head office	78,128,000,000	29 April 2016	To finance working capital	6	Land use right of land lot located at 577 Nguyen Kiem, Ward 9, Phu Nhuan District, Ho Chi Minh City; house located at 52A- 52B Nguyen Van Troi Ward 15, Phu Nhuan District, Ho Chi Minh City and building and structures located at Le Thanh Ton Street, Ben Thanh Ward, District 1, Ho Chi Minh City
Asia Commercial Joint Stock Bank - Main Transaction Office	63,265,129,719	30 December 2020	To finance working capital	6.5	Land use right of land lot located at 2, Duong Quang Ham street, Binh Thanh District, Ho Chi Minh City
<b>TOTAL</b>	<b><u>141,393,129,719</u></b>				

# Phu Nhuan Jewelry Joint Stock Company

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 18. OWNERS' EQUITY

### 18.1 Movements in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Undistributed earnings	VND Total
<b>For the six-month period ended 30 June 2013:</b>							
As at 31 December 2012	719,978,350,000	105,021,650,000	(7,090,000)	96,070,897,000	46,376,732,783	210,902,740,961	1,178,343,280,744
Net profit for the period	-	-	-	-	-	82,972,386,882	82,972,386,882
Dividend declared	-	-	-	-	-	(93,597,185,500)	(93,597,185,500)
Profit appropriation	-	-	-	30,000,000,000	11,257,421,000	(41,257,421,000)	-
Transfer to bonus and welfare fund	-	-	-	-	-	(29,014,842,000)	(29,014,842,000)
As at 30 June 2013	719,978,350,000	105,021,650,000	(7,090,000)	126,070,897,000	57,634,153,783	130,005,679,343	1,138,703,640,126
<b>For the six-month period ended 30 June 2014:</b>							
As at 31 December 2013	755,970,350,000	105,021,650,000	(7,090,000)	126,070,897,000	57,634,153,783	229,426,913,602	1,274,116,874,385
Net profit for the period	-	-	-	-	-	124,203,246,482	124,203,246,482
Dividend declared	-	-	-	-	-	(151,192,652,000)	(151,192,652,000)
Profit appropriation	-	-	-	40,000,000,000	9,100,000,000	(49,100,000,000)	-
Transfer to bonus and welfare fund	-	-	-	-	-	(22,200,000,000)	(22,200,000,000)
As at 30 June 2014	755,970,350,000	105,021,650,000	(7,090,000)	166,070,897,000	66,734,153,783	131,137,508,084	1,224,927,468,867

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

#### 24. TRANSACTIONS WITH RELATED PARTIES (continued)

The outstanding balances due from and due to related parties as at 30 June 2014 as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>VND</i>
			<i>Receivable (Payable)</i>
<b><i>Trade receivable</i></b>			
CAO Fashion Company Limited	Subsidiary	Sale of goods	<u>3,627,624,407</u>
<b><i>Other receivable</i></b>			
CAO Fashion Company Limited	Subsidiary	Lending	3,800,000,000
		Dividend	2,000,000,000
			<u><b>5,800,000,000</b></u>
<b><i>Trade payables</i></b>			
PNJ Laboratory Company Limited	Subsidiary	Services rendered	(1,330,739,997)
Dong A Land Joint Stock Company	Associate	Services rendered	(204,864,518)
			<u><b>(1,535,604,515)</b></u>
<b><i>Other payable</i></b>			
PNJ Laboratory Company Limited	Subsidiary	Borrowing	<u>(9,500,000,000)</u>

This represents the non-interest bearing borrowing from PNJ Laboratory Company Limited, its subsidiary.

#### 25. OPERATING LEASE COMMITMENTS

The Company leases outlets under operating lease arrangements. Future rental amounts due under such operating leases after 30 June 2014 were as follows:

	<i>VND</i>	
	<i>30 June 2014</i>	<i>31 December 2013</i>
Within 1 year	12,631,761,029	17,480,110,344
From 1 to 5 years	30,708,159,280	32,573,796,164
Over 5 years	3,271,432,000	6,356,902,800
<b>TOTAL</b>	<u><b>46,611,352,309</b></u>	<u><b>56,410,809,308</b></u>



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise loans, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has trade and other receivables, cash, cash equivalents that arise directly from its operations. The Company does not hold or issue any derivative financial instruments

The Company is exposed to market risk, credit risk and liquidity risk.

Management reviews and agrees policies for managing each of these risks which are summarized below.

### *Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at 30 June 2014 and 31 December 2013.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's loans with floating interest rates.

The Company manages its interest rate risk by keeping close watch on relevant market situation, in order to contemplate and adapt its leverage level as well as financing strategies to the prevailing situation.

### *Interest rate sensitivity*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans.

With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows:

	<i>Increase/decrease in basis points</i>	<i>VND Effect on profit before tax</i>
<b>For the six-month period ended 30 June 2014</b>		
VND	+200	(2,827,862,594)
Gold	+200	3,931,627,592
VND	-200	2,827,862,594
Gold	-200	(3,931,627,592)
<b>For the six-month period ended 30 June 2013</b>		
VND	+200	(17,907,972,882)
Gold	+200	1,813,268,786
VND	-200	17,907,972,882
Gold	-200	(1,813,268,786)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

***Market risk (continued)***

***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities.

The Company does not employ any derivative financial instruments to hedge its foreign currency exposure.

***Foreign currency sensitivity***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's accounting currency).

No analysis on foreign currency sensitivity was performed for the six month period ended 30 June 2014 since the Company's exposure to foreign currency changes for all other currencies is not material.

***Equity price risk***

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Company manages equity price risk by placing a limit on equity investments. The Company's Board of Directors reviews and approves all equity investment decisions.

As at 30 June 2014, the exposure to listed and unlisted equity securities at fair value was VND 492,416,908,400 (31 December 2013: VND 492,351,908,400). A decrease of 10% in the value of the listed and unlisted securities could have an impact of approximately VND 49,241,690,840 (31 December 2013: VND 49,235,190,840) on the Company's profit before tax. An increase of 10% in the value of the listed and unlisted securities would increase Company's profit before tax by VND 49,241,690,840 (31 December 2013: VND 49,235,190,840).

***Commodity price risk***

The Company exposes to commodity price risk in relation to purchase of certain commodities. The Company manages its commodity prices risk by keeping close watch on relevant information and situation of commodity market in order to properly manage timing of purchases, production plans and inventories level. The Company does not employ any derivative financial instruments to hedge its commodity price risk.

***Credit risk***

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are carried in the interim separate financial statements.

	Carrying amount				Fair value		VND
	30 June 2014		31 December 2013		30 June 2014 31 December 2013		
	Cost	Provision	Cost	Provision	30 June 2014	31 December 2013	
<b>Financial assets</b>							
Other long-term investments	503,216,908,400	(10,800,000,000)	503,151,908,400	(10,800,000,000)	492,416,908,400	492,351,908,400	
Trade receivables	37,165,565,196	-	36,436,685,771	-	37,165,565,196	36,436,685,771	
Receivable from a related party	3,627,624,407	-	5,298,375,563	-	3,627,624,407	5,298,375,563	
Other receivables	18,224,428,427	(7,752,218,659)	20,702,406,141	(7,752,218,659)	10,472,209,768	12,950,187,482	
Cash and cash equivalents	239,072,906,616	-	292,923,008,187	-	239,072,906,616	292,923,008,187	
<b>TOTAL</b>	<b>801,307,433,046</b>	<b>(18,552,218,659)</b>	<b>858,512,384,062</b>	<b>(18,552,218,659)</b>	<b>782,755,214,387</b>	<b>839,960,165,403</b>	
	Carrying amount				Fair value		
	30 June 2014		31 December 2013		30 June 2014 31 December 2013		
<b>Financial liabilities</b>							
Loans							
Trade payables			1,284,232,428,235	1,054,761,563,625	1,284,232,428,235	1,054,761,563,625	
Payables to related parties			54,702,449,109	103,305,627,870	54,702,449,109	103,305,627,870	
Other payables and accrued expense			9,500,000,000	9,500,000,000	9,500,000,000	9,500,000,000	
			52,980,569,716	32,824,688,737	52,980,569,716	32,824,688,737	
<b>TOTAL</b>			<b>1,401,415,447,060</b>	<b>1,200,391,880,232</b>	<b>1,401,415,447,060</b>	<b>1,200,391,880,232</b>	



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the financial assets and liabilities had not yet been formally assessed and determined as at 30 June 2014 and 31 December 2013. However, management assessed that the fair values of these financial assets and liabilities were not materially different from their carrying values as at balance sheet date.

**28. EVENTS AFTER THE BALANCE SHEET DATE**

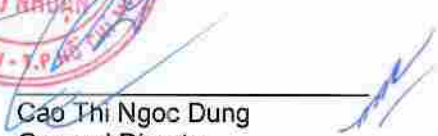
There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the interim separate financial statements.



Duong Quang Hai  
Preparer



Dang Thi Lai  
Chief Accountant



Cao Thi Ngoc Dung  
General Director

25 August 2014